

This rule was adopted on an emergency basis effective January 1, 2008. It may be used to determine tax liability until March 1, 2008, unless the Department adopts a permanent rule prior to this date.

AMENDATORY SECTION (Amending WSR 07-01-012, filed 12/7/06, effective 1/1/07)

**WAC 458-30-590 Rate of inflation--Publication--Interest rate--Calculation.** (1) **Introduction.** This section sets forth the rates of inflation discussed in WAC 458-30-550. It also explains the department of revenue's obligation to annually publish a rate of inflation and the manner in which this rate is determined.

(2) **General duty of department--Basis for inflation rate.** Each year the department determines and publishes a rule establishing an annual rate of inflation. This rate of inflation is used in computing the interest that is assessed when farm and agricultural or timber land, which are exempt from special benefit assessments, is withdrawn or removed from current use classification.

(a) The rate of inflation is based upon the implicit price deflator for personal consumption expenditures calculated by the United States Department of Commerce. This rate is used to calculate the rate of interest collected on exempt special benefit assessments.

(b) The rate is published by December 31st of each year and applies to all withdrawals or removals from farm and agricultural or timber land classification that occur the following year.

(3) **Assessment of rate of interest.** An owner of classified farm and agricultural or timber land is liable for interest on the exempt special benefit assessment. Interest accrues from the date the local improvement district is created until the land is withdrawn or removed from classification. Interest accrues and is assessed in accordance with WAC 458-30-550.

(a) Interest is assessed only for the time (years and months) the land remains classified under RCW 84.34.020 (2) or (3).

(b) If the classified land is exempt from the special benefit assessment for more than one year, the annual inflation rates are used to calculate an average rate of interest. This average is determined by adding the inflation rate for each year the classified land was exempt from the special benefit assessment after the local improvement district was created. The sum of the inflation rates is then divided by the number of years involved to determine the applicable rate of interest.

(c) Example. A local improvement district for a domestic  
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water supply system was created in January 1990 and the owner used the statutory exemption provided in RCW 84.34.320. On July 1, 1997, the land was removed from the farm and agricultural classification. An average interest rate was calculated using the inflation rates for 1990 through 1997. The owner was then notified of the amount of previously exempt special benefit assessment, plus the average interest rate.

(4) **Rates of inflation.** The rates of inflation used to calculate the interest as required by WAC 458-30-550 are as follows:

YEAR	PERCENT	YEAR	PERCENT
1976	5.6	1977	6.5
1978	7.6	1979	11.3
1980	13.5	1981	10.3
1982	6.2	1983	3.2
1984	4.3	1985	3.5
1986	1.9	1987	3.7
1988	4.1	1989	4.8
1990	5.4	1991	4.2
1992	3.3	1993	2.7
1994	2.2	1995	2.3
1996	2.2	1997	2.1
1998	0.85	1999	1.42
2000	2.61	2001	1.89
2002	1.16	2003	1.84
2004	2.39	2005	2.54
2006	3.42	<u>2007</u>	<u>2.08</u>

[Statutory Authority: RCW 84.34.360 and 84.34.310. 07-01-012, § 458-30-590, filed 12/7/06, effective 1/1/07; 05-24-119, § 458-30-590, filed 12/7/05, effective 1/1/06; 05-01-052, § 458-30-590, filed 12/7/04, effective 1/1/05; 03-24-076, § 458-30-590, filed 12/2/03, effective 1/2/04; 02-24-058, § 458-30-590, filed 12/3/02, effective 1/3/03; 02-03-041, § 458-30-590, filed 1/8/02, effective 2/8/02; 00-24-107, § 458-30-590, filed 12/6/00, effective 1/1/01; 99-24-035, § 458-30-590, filed 11/23/99, effective 12/24/99; 99-01-068, § 458-30-590, filed 12/14/98, effective 1/1/99; 98-01-179, § 458-30-590, filed 12/23/97, effective 1/1/98; 97-02-067, § 458-30-590, filed

12/31/96, effective 1/1/97; 96-01-094, § 458-30-590, filed  
12/19/95, effective 1/1/96; 95-06-043, § 458-30-590, filed  
2/24/95, effective 3/27/95. Statutory Authority: RCW  
84.34.360. 94-11-098, § 458-30-590, filed 5/17/94, effective  
6/17/94; 92-22-061, § 458-30-590, filed 10/29/92, effective  
11/29/92. Statutory Authority: RCW 84.08.010 and 84.08.070.  
90-24-087, § 458-30-590, filed 12/5/90, effective 1/5/91.  
Statutory Authority: Chapter 84.34 RCW and RCW 84.34.360. 89-  
05-010 (Order PT 89-3), § 458-30-590, filed 2/8/89. Statutory  
Authority: RCW 84.34.360. 88-07-004 (Order PT 88-4), § 458-30-  
590, filed 3/3/88; 87-07-009 (Order PT 87-3), § 458-30-590,  
filed 3/10/87.]