

PROPERTY TAXES

PROPERTY TAX DEFERRAL AND ALTERNATE VALUATION

84.33.140 FOREST LAND STATUTORY VALUES

Description: Provides a statutory formula to set values for designated forest lands as bare timber land without considering the highest and best use of the land or the standing timber.

Purpose: To encourage the retention of private land in timber production and to provide uniformity in the valuation of forest lands.

Category/Year Enacted: Other business. 1971; valuation calculation revised in 1982 and previous statute (RCW 84.33.120) repealed in 2001.

Primary Beneficiaries: Owners of some 46,300 parcels covering over 6.6 million acres of forest lands.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>CY 2008</u>	<u>CY 2009</u>	<u>CY 2010</u>	<u>CY 2011</u>
State levy	\$ 7,186	\$ 7,546	\$ 7,963	\$ 8,222
Local levies	\$ 27,819	\$ 29,668	\$ 31,818	\$ 33,409

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

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84.33.140(13-14) COMPENSATING TAX ON REMOVAL OF FOREST LAND

Description: When forest land is removed from the designated forest land program, a compensating tax is paid by the landowner to reimburse the counties for past tax losses due to the lower land valuations associated with this program. This statute waives the compensating tax when forest land is removed in a variety of situations, e.g., governmental land exchanges, transfer to a governmental or non-profit entity for conservation purposes, or a transfer or sale within two years of the death of the landowner, etc.

Purpose: To encourage land transfers for conservation purposes and to avoid penalizing family members who sell designated forest land after the landowner has died.

Category/Year Enacted: Other. 1971; expanded numerous times subsequently.

Primary Beneficiaries: Owners of some 6.4 million acres of designated forest land statewide.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>CY 2008</u>	<u>CY 2009</u>	<u>CY 2010</u>	<u>CY 2011</u>
State levy	\$ 0	\$ 0	\$ 0	\$ 0
Local levies	\$ 547	\$ 547	\$ 547	\$ 547

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes.

84.34.060 CURRENT USE: OPEN SPACE & TIMBER LAND

Description: Land classified as open space land or timber land under Chapter 84.34 RCW is valued on the basis of its current use and not its potential use. This statute also requires current use timber land to be valued the same way as designated forest land under Chapter 84.33 RCW.

Purpose: To encourage owners of open space and timber lands to retain the property in its natural state by valuing it at less than the highest and best use value.

Category/Year Enacted: Other. 1970 after approval of a constitutional amendment in 1968 allowing for taxation of such lands on their current use value.

Primary Beneficiaries: Owners of about 213,000 acres of open space and timberlands.

Possible Program Inconsistency: Preservation of open space and timberland in some areas might be considered as inconsistent with economic development and urban renewal programs.

<u>Taxpayer Savings (\$000)</u>	<u>CY 2008</u>	<u>CY 2009</u>	<u>CY 2010</u>	<u>CY 2011</u>
State levy	\$ 2,482	\$ 2,606	\$ 2,750	\$ 2,840
Local levies	\$ 9,608	\$ 10,246	\$ 10,989	\$ 11,539

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?
No - other taxpayers would experience reduced taxes for the state levy and most local levies.

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84.34.065 **CURRENT USE: FARM LAND**

Description: Farm and agricultural land classified under Chapter 84.34 RCW is valued on the basis of its productive capacity, as measured by net cash rental values of comparable lands and crops most typically grown in the area, rather than its market value based on its highest and best use.

Purpose: To encourage owners of such land to continue to use it for agricultural purposes, particularly in areas of encroaching urbanization where the highest and best use value may exceed the current use value, rather than develop it for nonagricultural uses.

Category/Year Enacted: Agriculture. 1973 after approval of a constitutional amendment in 1968 allowing for taxation of such lands on their current use value.

Primary Beneficiaries: Owners of approximately 11.3 million acres of farm land enrolled in the program.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>CY 2008</u>	<u>CY 2009</u>	<u>CY 2010</u>	<u>CY 2011</u>
State levy	\$ 16,034	\$ 16,836	\$ 17,766	\$ 18,344
Local levies	\$ 62,067	\$ 66,193	\$ 70,990	\$ 74,540

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?
No - other taxpayers would experience reduced taxes for the state levy and most local levies.

84.34.108(6) **COMPENSATING TAX ON REMOVAL OF OPEN SPACE LAND**

Description: When land is removed from the current use program, additional tax is paid by the landowner to reimburse the counties for past tax losses due to the low land valuations associated with this program. This statute waives the additional tax when land is removed in a variety of situations, e.g., governmental land exchanges, transfer to a governmental or non-profit entity for conservation purposes, a transfer or sale within two years of the death of the landowner, etc.

Purpose: To encourage transfers of open space lands under the enumerated situations.

Category/Year Enacted: Other. 1973, expanded several times in subsequent years.

Primary Beneficiaries: Owners of open space lands that are sold in these situations.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>CY 2008</u>	<u>CY 2009</u>	<u>CY 2010</u>	<u>CY 2011</u>
State levy	\$ 359	\$ 382	\$ 408	\$ 432
Local levies	\$ 1,378	\$ 1,469	\$ 1,567	\$ 1,661

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?
Yes; however, some sales to the public sector might not occur if the compensating tax had to be paid.

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84.36.381(6) SENIOR CITIZENS/DISABLED HOMEOWNERS VALUATION FREEZE

Description: The valuation of owner-occupied residential property of qualified retired senior citizens and disabled homeowners, including disabled veterans is frozen for property tax purposes. The home's assessed value is frozen as of January 1, 1995 or January 1 of the first assessment year the homeowner qualified for the property tax exemption in RCW 84.36.381. To qualify, homeowners must be at least 61 years of age or physically disabled and have household income of no more than \$35,000.

Purpose: To provide additional property tax relief for low-income senior citizens and disabled homeowners. Freezing the residential value recognizes that some of these homeowners are living on fixed incomes and may have difficulty in paying increasing property taxes on appreciating home values.

Category/Year Enacted: Individuals. 1995

Primary Beneficiaries: Approximately 115,000 homeowners benefit from the valuation freeze.

Possible Program Inconsistency: Yes; all other residential property is valued for tax purposes according to its current market value.

<u>Taxpayer Savings (\$000)</u>	<u>CY 2008</u>	<u>CY 2009</u>	<u>CY 2010</u>	<u>CY 2011</u>
State levy	\$ 17,006	\$ 19,047	\$ 21,333	\$ 23,893
Local levies	\$ 60,148	\$ 67,366	\$ 75,450	\$ 84,504

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

84.38.030 SENIOR CITIZEN/DISABLED HOMEOWNERS DEFERRAL

Description: Senior citizens and disabled homeowners who qualify for property tax exemption in RCW 84.36.381, except for the age and income limits, may defer any remaining property taxes and special assessments up to 80 percent of the homeowner's equity in the residence (including up to five acres of adjoining property). Owners must be at least 60 years of age and have household income no greater than \$40,000. All amounts of deferred taxes become a lien against the property, and upon the eventual sale of the property the deferred taxes plus interest must be paid to the state. Local taxing districts are reimbursed by the state for the local property taxes that are deferred under the program.

Purpose: To relieve the property tax burden of low-income, elderly or disabled persons.

Category/Year Enacted: Individuals. 1975; program broadened in 1995.

Primary Beneficiaries: Approximately 745 senior citizen or disabled homeowners.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>CY 2008</u>	<u>CY 2009</u>	<u>CY 2010</u>	<u>CY 2011</u>
State levy	\$ 858	\$ 852	\$ 846	\$ 839
Local levies	\$ 0	\$ 0	\$ 0	\$ 0

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes; however, the deferred amount of tax is eventually repaid to the state.

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84.70.010 DESTROYED PROPERTY

Description: Reduction in the assessed value of real or personal property is allowed for damage resulting from a disaster which is declared by the Governor or the county legislative authority, if the property's value has been reduced by more than twenty percent. The amount of reduction is equal to the difference in the fair market value before and after the destruction.

Purpose: To provide relief for taxpayers when natural disasters destroy property.

Category/Year Enacted: Other. 1974

Primary Beneficiaries: Owner of property impacted by a natural disaster.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>CY 2008</u>	<u>CY 2009</u>	<u>CY 2010</u>	<u>CY 2011</u>
State levy	\$ 52	\$ 52	\$ 52	\$ 51
Local levies	\$ 183	\$ 188	\$ 190	\$ 188

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? No; other taxpayers would experience reduced taxes for the state levy and most local levies.