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Property Tax Review

Summer is Upon Us

By Sandra Guilfoil, Assistant Director

Hello Everyone!

Summer is finally here and that means many of you aren't! This is the time when 'northwesterners' flock to favorite vacation places. Whether those places are as near as our backyards or far away, we all relish our time with family and friends, 'going' and 'doing' when the odds are better that it won't be gray and raining!

As you look around your offices at all the empty desks… remember that our offices look about the same! So, be patient with us if you get a voice mail when you call. We will have formal coverage for everyone, but the 'expertise' you seek may not be available for a few days. Keep moving 'up' in the organization if you have something important to deal with. If it can wait, you can leave a voice mail message and be assured someone from Property Tax will be contacting you as soon as they get back from their travels.

Also, make sure you are calling the correct person. To ensure that the contact list you have for us is always up to date, we include a revised version in every issue of this newsletter (see the last page). We've made lots of staff changes in the last few months as a result of our reorganizational efforts, so be sure to print out a copy so you have the latest information.

Finally, if you just don't know who to call, you can always dial our main telephone number in Olympia at (360) 570-5900, and our receptionist will ensure you get to the right person who can answer your questions.

Happy Summer!

….Sandy❖

2002 Legislation Overview

By Peri Maxey, Technical Programs Manager

Although it was a short session of the Legislature, a fair amount of property tax bills were considered. Just a small handful made it all the way through the process and onto Governor Locke's desk for approval. The ensuing list provides a brief synopsis of some of the bills that were enacted. A complete

This Quarter's Reminders

July 1
Appeals to be filed to County Board of Equalization by July 1 or within 30 days of the date of notification. County legislative authority may extend the deadline from 30 days up to 60 days by adoption of local ordinance/rule. (RCW 84.40.038)

July 15
County Boards of Equalization meet in open session. Minimum session, three days; maximum session, four weeks. Under certain conditions may meet earlier if authorized by county commissioners. (RCW 84.48.010) Budget being prepared by county officials and local taxing districts. (RCW 36.40.010)

August 1
Determinations on applications for property tax exemptions shall be completed by the Department of Revenue. (RCW 84.36.830)

August 12 (Second Monday)
Last day for county officials to file estimated budgets with county auditor for the ensuing fiscal year. (RCWs 36.40.010 and .030)

August 20
Final values of state assessed properties to be issued.

August 30 (On or Before)
County assessors shall be informed by the Department of Revenue of properties determined to be exempt from the property tax. (RCW 84.36.835) New construction is placed on current assessment roll up to August 31 at the assessed valuation as of July 31 of that year. (RCWs 36.21.070 through 36.21.090)

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copy of each bill may be found at: http://www.leg.wa.gov/wsladm/bills.cfm.

House Bills

Substitute HB2015 – State and local government entities have an obligation to ensure the security and confidentiality of personal information during the process of disposing of records.

Substitute HB2357 – A community renewal agency may levy special assessments for local improvements.

Substitute HB2466 – The 10-year multi-family housing exemption is now available to cities with population of at least 30,000 (reduced from 50,000) or to the largest city or town in a county that plans under GMA. Local government may limit the exemption to specific units that meet criteria established by the local government if the units are identified as separate parcels for taxation purposes. The exempt improvement costs are picked up as new construction at the end of the 10-year exemption period

Substitute HB 2495 – Fire Districts may now levy the third $.50 when they contract with another municipal corporation for the services of at least one full-time paid employee.

HB 2496 – If the constitutional amendment, HJR 4220, is passed by voters this fall, Fire Districts will be allowed to impose an excess levy for maintenance and operation for a period of two to four years. They will also be allowed to impose an excess levy for construction or remodeling for a period of two to six years. Generally excess levies are limited to one year without another vote.

Substitute HB2557 – Metropolitan Park Districts may now be created by cities or counties or a combination of the two for the operation of recreational facilities, as well as park management and acquisition. This bill changes the pro-rating order under the $5.90 limit and 1% constitutional limit for metropolitan park districts.

Substitute HB2592 – Local governments may finance public improvements using community revitalization financing. The changes to this law provide clarification that fire districts must agree to participate in the tax increment financing in order for the project to proceed. This bill repeals the sunset provision previously contained in this chapter (chapter 39.89 RCW).

Substitute HB2765 – A Timber Management Plan must be submitted within 60 days of filing an application for classification or reclassification as Timberland under the Open Space Taxation Act (chapter 84.34 RCW), or upon the sale or transfer of timberland when the notice of continuance is signed. The county assessor may allow an extension of time to submit the plan.

Engrossed HB3011 – This bill creates a task force consisting of legislators, Superintendent of Public Instruction representatives and school administrators to study the effectiveness of an assistance program designed to mitigate the effects of "above average property tax rates" on the ability of a school district to raise local revenues to supplement state support for basic education. A report is due to the legislature by 12/1/02.

Senate Bills

Engrossed Substitute SB6464 – A city transportation authority is created in cities with population greater than 300,000. The city transportation authority may impose a regular property tax levy of $1.50 per thousand dollars of

This Quarter's Reminders

Continued from page 2

September & October (During the Months of)
The Department of Revenue shall equalize taxes to be collected for state purposes. (RCW 84.48.080)

September 2 (Prior to First Monday in September)
The Department of Revenue shall annually determine the indicated ratio for each county. (RCW 84.48.075)

September 3 (On or Before First Tuesday)
Last day for county auditors to submit preliminary budgets to Boards of County Commissioners. (RCW 36.40.050)

September 15
County assessors shall furnish the Forest Tax Division of the Department of Revenue the composite property tax rate on designated forest land in the county.

September (During the Month of)
Assessors' certification of assessed valuations to taxing districts. (RCW 84.48.130) Department of Revenue certifies its assessments of public utility operating properties to county assessors after final ratios have been certified. (RCW 84.12.370)✦

assessed value when approved by voters. The authority may also impose an excess levy.

SB6466 – Trip permits are now required to move park model trailers or mobile homes and will only be issued if the property taxes are paid in full.✦

Course Approval for Accreditation Continuing Education Credits

By Velinda Brown, Education Specialist

As the Property Tax Division's Education Specialist, one of my responsibilities is to approve the content of courses, seminars, and workshops so they may be used to fulfill the 15-hour Accreditation continuing education requirement. We thought it might be helpful to those of you who are attending, or considering the possibility of providing *'outside'* courses, to know exactly how to apply for course approval and what the requirements are to receive continuing education credits for your efforts.

'Outside' courses are those that are provided by someone other than the Department of Revenue (DOR). Typically, courses that have been approved by the Department of Licensing will also be approved by DOR. It is important to determine if the class has received DOR approval before attending the course. An easy way to find out, of course, is to call us at (360) 570-5866.

WAC 458-10-050 requires that all courses, seminars, and workshops be pre-approved by the DOR in order for course participants to apply the hours towards the Accreditation continuing education requirement. The Department provides form ***REV 64-0094 Continuing Education Course Approval Application*** for this purpose. The information we need to approve a course is: course title, course provider, a copy of the course agenda, the course syllabus or curriculum, the number of classroom hours, when and where the course will be offered, and information on the instructor's qualifications. When approving a course for continuing education, we refer to WAC 458-10-050(6), which provides a list of topics related to real property appraisal, including:

(a) Ad valorem taxation;
(b) Arbitrations;
(c) Business courses related to practice of real estate;
(d) Construction estimating;
(e) Ethics and standards of professional practice;
(f) Land use planning, zoning, and taxation;
(g) Property development;
(h) Real estate law;
(i) Real property exchange;
(j) Real property computer applications;
(k) Mass appraisal;
(l) Geographic information systems (GIS);
(m) Levy process;
(n) Boards of equalization; and
(o) Other subjects as are approved by the department.

When approving a course directly related to a topic or topics of general interest to an assessor's office, the maximum allowable time is three classroom hours. Some examples of topics of general interest to the assessor's office are legislative updates, public relations, computer courses, and video courses.

When a course is approved by DOR, a certificate is issued to the applicant (could be a county or association) that includes the course title, instructor, course provider, date, and number of continuing education hours allowed. The approved course is also added to our database of other approved DOR *'outside courses.'* The course sponsor/provider prepares a certificate of completion or attendance, which is

awarded to participants upon successful completion of the course. Course sponsors will generally create and distribute a certificate to the course attendees that represents their organization as the provider. Participants should keep the original certificate for their records and include a copy with the accreditation renewal application. If an individual wants to take a class or workshop but the course has not been preapproved for continuing education credits, an application should be submitted as outlined above. Once approved and added to the DOR course database, the certificate is sent to the individual, as the course applicant, and a copy should be included with the accreditation renewal application.

If the course, seminar, or workshop certificates provided with the accreditation renewal application have not previously been approved by DOR or the Department of Licensing as either appraisal or general interest continuing education hours, they will not be considered when processing the renewal application. Any presentation of a course that has been altered by a provider from its original approved content is considered an *'outside'* course and must be resubmitted to DOR for approval. An example is an IAAO course, originally approved for continuing education credit as a course with a test, but now it's being offered by a provider without a test. The course provider would have to resubmit the course for approval without a test.

We hope this information has helped clarify the requirements and process a course offering must go through to be considered for continuing education credit. If you have any questions relating to course approval, please call me at (360) 570-5865 or e-mail me at VelindaB@dor.wa.gov. ✦

DOP Competency Examinations Still Available

By Velinda Brown, Education Specialist

We continue to get asked why the Department of Personnel (DOP) no longer offers the competency examinations for real and personal property. Apparently, there are still a few counties that rely on these tests for employee promotions.

In June 2000, the Assistant Director of the Property Tax Division, Sandy Guilfoil, sent a memorandum to all county assessors regarding this subject. The memo explained that the competency examinations, which had been used for internal hiring purposes by the Department of Revenue's (DOR) Property Tax Division, had also been made available for use by the counties for their own internal purposes. In looking for ways to enhance the Property Tax Division's recruiting and hiring capabilities to attract the best talent to our agency, it was concluded that the competency examinations were no longer useful in screening or identifying the best qualified candidates. Instead, we chose to rely on candidate screening, which includes representations of an individual's experience and training, and interviews that consist of specific questions. While this decision was in the best interest of meeting DOR recruiting and hiring needs and DOP workload demands, there were unintended consequences -- the exams would not be available for the counties to use if DOP no longer administered them. Realizing that this would leave a void in some of the individual county personnel programs, the Property Tax Division offered to administer these examinations for the counties for up to 12 months. It was hoped that this would give counties adequate time to make other arrangements.

...The real and personal property competency exams are available for counties to administer themselves.

While the 12-month interim period has long passed, there is good news for those counties wanting to use the competency exams. The Property Tax Division still has copies of the real and personal property competency exams available for counties to administer themselves. If your county would like further information about requesting the exams, you can call Peri Maxey at (360) 570-5868 or e-mail her at PeriM@dor.wa.gov. ✦

Upcoming Training Courses

(State/County Personnel ONLY)

July
No Training Scheduled

August
No Training Scheduled

September 9-13
Fundamentals of the Assessor's Office
Olympia -- $75

September 24-25
Basic Levy Training
Moses Lake -- Free

September 26
Senior Levy Training
Moses Lake -- Free

For further information, contact Linda Cox, Education Coordinator, at (360) 570-5866 or by e-mail at LindaC@dor.wa.gov . ✦

Property In Motion

Personal Property Assessment Issues

By Neal R. Cook, MAI

This column, ***Property in Motion – Personal Property Assessment Issues***, marks the second of an ongoing series that will appear in each newsletter. The focus of this column will be personal property valuation and administration issues. We hope to cover one or two issues in each newsletter. Three topics will be discussed in this issue -- two on valuation/assessment and the other on administration. If you have issues or questions that you would like included in a future publication, please contact me at NealC@dor.wa.gov or (360) 570-5881.

PROPERTY IN MOTION:
Personal Property Assessment Issues

Who Should Assess A Title Plant and How?

If a title company does business in one county but has its "title plant" for that county (also referred to as "tract indexes") located in an adjacent county, how is it assessed and by whom?

A title plant consists of the records, maps, and indexes maintained and used by the title company for its production of land title reports and land title policies, where such data exists for each parcel located in a county for the title company providing service. Title plants are tangible personal property and are valued for assessment purposes.

The Department's current recommendation for assessing a title plant instructs the assessor to multiply the number of real property parcels in the county (as reported for the Department's Ratio Study) by a value for each parcel of $2.50 to arrive at the assessed value for the title plant. [See Property Tax Bulletin (PTB) 72-14.]

This methodology does not specifically address a title company owning and maintaining a title plant for a county, where the title plant is physically located in a different county. For example, let's assume that County *"A" Title Company* owns and maintains a title plant for County "*B*," and the title plant is located within the physical boundaries of County "*A*." Should the number of real property parcels in County "*B*" multiplied by $2.50 per parcel be added to the assessment rolls of County "*A*" or County "*B*"?

There must be a physical presence of a title plant in the county where it is assessed. Thus, in the above example, County "*A*" should include in its assessment rolls the value of the title plant owned and maintained by the taxpayer for County "*B*", as well as the title plants for any other counties that are physically located in County "*A*."

Discovery of title plants within your county requires the assessor to determine the location of the title plant, as well as the county or counties the title plant pertains to. A supplemental questionnaire or affidavit may be needed in order to assess these assets. The following questions are recommended:

- Do you own and maintain a title plant for this county that is located within this county?
- Do you own and maintain a title plant for any other county that is located within this county?
- If you answered "yes" to the previous question, please list all of the counties for which your company maintains a title plant that is located within this county.
- Do you subscribe to a service that provides you with data from a title plant that is owned by another company?
- If yes, what is the name of that company and/or service provider?◆

PROPERTY IN MOTION:
Personal Property Assessment Issues

Can a Trust be Treated Like a Sole Proprietorship for the Head of Family Exemption?

In the last newsletter, the issue of whether the head of family exemption provided by RCW 84.36.110(2) can be applied to property owned by an LLC was addressed. The Department has concluded that the head of family exemption only applies to natural persons (i.e., human beings) and, therefore, does not apply to property owned by LLCs. This conclusion is

consistent with the Department's long standing position, expressed in a Tax Commission Ruling dated March 8, 1935, that the exemption does not apply to a business that is a separate and distinct legal entity from the individual or individuals who own the business. In that ruling, the Tax Commission, based on an Attorney General Opinion, noted that the head of a family exemption did not apply to partnership property because a partnership, unlike a sole proprietorship, is a separate and distinct legal entity for taxing purposes from the individual partners who compose the partnership. An LLC is likewise a separate and distinct legal entity for state tax purposes from the individual member or members who compose the LLC.

Recently a similar issue arose involving trusts. The issue is whether the head of family exemption can be applied to property held in trust, and is this essentially the same issue as whether the head of family exemption can be applied to property owned by an LLC or other artificial entity?

Answer

The issue of whether the $3,000 head of a family exemption can be applied to property held in trust is not the same issue as whether the exemption can be applied to property owned by an LLC or other artificial entity.

An LLC cannot qualify for the $3,000 exemption for the head of a family because the exemption only applies to property owned by natural persons, not property owned by artificial entities like LLCs. In the case of property held in trust, the property isn't necessarily owned by an artificial entity. "A fundamental characteristic of a trust is that legal and equitable ownership of the trust property is divided between two parties; the trustee has bare legal title and the beneficiary has the equitable or beneficial ownership." *O'Steen v. Estate of Wineberg*, 30 Wn. App. 923, 932, 640 P.2d 28 (1982) (citing 76 Am. Jur. 2d *Trusts* § 2 (1975). Thus, if the trustee and the beneficiary or beneficiaries are natural persons, then the trust property is not owned by an artificial entity. Consequently, an assessor should not automatically deny a head of family exemption for property held in trust.

The issue then becomes whether the right to the exemption is determined by who owns the legal title (i.e., the trustee) or who has the equitable or beneficial ownership (i.e., the trust beneficiary or beneficiaries). It appears that in Washington the right to a property tax exemption is determined by who has the beneficial ownership of the property for which the exemption is sought.

For example, in *Spokane Cy v. City of Spokane*, 169 Wash. 355, 13 P.2d 1084 (1932), the Court ruled that real property held in trust by the City of Spokane for the benefit of the local improvement district fund was not exempt from property tax as property owned by a municipal corporation because the City of Spokane held legal title to the property for the benefit of the local improvement fund and not for itself. In other words, although the city had legal title to the property, it did not have the beneficial ownership of the property; therefore, the property was not exempt from tax.

A more recent case involved the issue of whether the City of Kennewick's ownership interest in the Tri-Cities Coliseum was exempt as the property of a municipal corporation where the city held legal title to the coliseum in trust for the benefit of a joint venture consisting of the city (49% interest in the coliseum) and a private company. *See City of Kennewick v. Benton Cy*, 131 Wn.2d 768, 935 P.2d 606 (1997). The city argued that the property was entirely exempt because it held the full legal title. The Court rejected this argument, noting that legal title does not determine who benefits from ownership. 131 Wn.2d at 772. Relying on the *Spokane County* case, the Court looked at the city's beneficial interest in the trust to determine whether the property was wholly or partially exempt. *Id.* Since the city was a 49% beneficiary of the trust, the Court held that the city's 49% ownership interest in the property was exempt. *Id.*

The Board of Tax Appeals has had occasion to address the issue of whether church property held in trust is entitled to a property tax exemption. *See C. E.*

Property Tax Goes Wilde!

By Mark Maxwell, Valuation Advisory Manager

We are very pleased to announce that Brent Wilde, MAI, has joined the Property Tax team as a Property Tax Specialist located in our Everett office. Brent brings over 30 years of extensive appraisal and property tax assessment experience to the Property Tax Division. From 1993 through 1998, he served as Chief Appraiser for King County and, more recently, developed and instructed a USPAP course for assessor’s staff in conjunction with the Department of Revenue. Brent’s additional knowledge and experience in assessment administration, mass appraisal modeling, and complex valuation issues will serve the property tax assessment community well into the future. Welcome aboard, Brent!! ◆

Hobbs Foundation for Religious Training and Education v. Dep't of Rev., Docket Nos. 38036, 38473 and 39351 (1992). In that case, the Department had denied a property tax exemption on the property at issue because the church did not own the property. The BTA found that the Department erred in denying exemption to the church property as the church retained an equitable interest in the property after it was conveyed to the trustees of the Religious Freedom Trust.

Accordingly, to determine whether the head of family exemption can be applied to property held in trust, the assessor should determine who is the beneficial owner of the property held in the trust. If the beneficial owner or owners of the trust property qualify as the head of a family, the exemption should be allowed.✦

PROPERTY IN MOTION:
Personal Property Assessment Issues

Global Positioning Units Mounted on Vehicles – Taxable or Not?

You've seen them. Little round units mounted on top of an 18 wheeler's cab. Or perhaps you have seen them on top of the local delivery truck. We've all seen the adds for Onstar in the Cadillac commercials. Here's what the Cadillac ad says: "Using a sophisticated Global Positioning System, OnStar brings you safety, security and information via live personal service. And it's available 24 hours a day, 365 days a year — all at the touch of a button."

Here's how they work. In brief, the Global Positioning Satellite System or GPS uses a constellation of low earth orbit satellites that transmit timing and position signals. Your GPS receiver listens to these signals and, in a rather complex process, discovers the range to each satellite. From this information and their known positions, the receiver can determine its own position.

It is truly amazing that a navigator mounted on the top of your truck can know your position sometimes within 15 feet, but more usually within 100 feet. Certainly close enough to find your next stop, your current position, the correct loading dock, or a favorite fishing spot (and so on). When used with a built-in map, it can actually help you choose a route to get to the destination. Probably one of the major purposes is for a trucking company or a delivery company to keep track of their vehicles. In this use, a GPS has become an essential business ingredient, saving the company valuable time in not getting lost or directing a semi-truck to pick up a load for the trip back.

These handy devices bring an interesting taxation issue. Are they considered a separate item of personal property or are they part of the exempt motor vehicle? The issue with these mounted GPS units is whether the taxpayer's GPS equipment installed in its trucks is subject to personal property tax. The law, unfortunately, does not provide a clear-cut answer to this question.

As you know, certain motor vehicles (including fixed loads) are exempt from property taxes under RCW 84.36.595. There is no doubt that a taxpayer's delivery trucks or semi-trucks are exempt. The issue is whether the GPS equipment and other equipment, such as CB radios, becomes part of the trucks and, hence, are exempt under RCW 84.36.595.

One could argue that GPS equipment is exempt as part of a fixed load. "Fixed load vehicle" is not specifically defined in statute, but it is described in RCW 46.16.070 as a vehicle "used only for the purpose of transporting any well drilling machine, air compressor, rock crusher, conveyor, hoist, donkey engine, cook house, bunk house, or similar machine or structure attached to or made a part of such vehicle." GPS equipment is not similar to a well drilling machine, air compressor, rock crusher, etc. The statute seems to indicate that machines or structures that constitute fixed loads are somewhat bulky, are generally attached to the vehicle's chassis, and seem to be attached permanently to the vehicle. GPS equipment does not fit this description, and therefore, GPS units are not considered part of a "fixed load."

Rather than arguing that GPS units or CB radios are exempt because they are part of a fixed load, it could simply be argued that this equipment is part of an ordinary motor vehicle and is exempt under RCW 84.36.595.

It could be argued that aftermarket GPS units are not part of the vehicle's licensing fee and, therefore, should be taxed elsewhere (i.e., subject to

personal property tax). However, this argument does not change the fact that once a GPS unit is attached to a vehicle, it becomes part of that vehicle. This is unlike a toolbox riding on board a truck. The toolbox is not attached to the vehicle and, therefore, does not become part of the vehicle. Consequently, the toolbox and the tools contained therein are taxable items of personal property.

Treating CBs and GPS equipment attached to vehicles as subject to property tax would raise other problematic questions. For example, if a CB came from the factory or dealership installed in the vehicle, would there be a principled basis for treating it differently for property tax purposes than one that was added at a later date by the taxpayer? What about other arguably "nonintegral" components of the trucks? Would the stereo be subject to tax if it was added post-manufacture or if it replaced the original stereo? Would an air conditioning system be subject to tax if it was added post-manufacture? Would anti-theft devices (e.g., an alarm system) be exempt from property taxes if installed in a motor vehicle at the factory, but taxable if added after the taxpayer takes delivery of the vehicle?

The Department's resolution of these issues is that if equipment is attached to the vehicle, whether installed as original equipment or as an aftermarket addition the vehicle, it becomes part of the exempt motor vehicle and is, therefore, exempt from property taxation.

In conclusion, the Department's position is that GPS equipment installed in an exempt motor vehicle, whether installed at the factory or as an aftermarket addition to the vehicle, is not subject to personal property tax. ✦

✦✦✦

Rule Revisions

Revised Levy Rules

This article is a follow-up to the April 30, 2002 memo sent to all counties regarding revision of levy rules from the Washington Administrative Code, chapter 458-19 WAC. The public meeting was held in Olympia on June 10, 2002, and no one from outside the Department was in attendance to provide testimony. However, we have received written comment from two individuals and are in the process of considering and incorporating those comments. The revised rules will be filed near the end of July with a public hearing following within 30 to 60 days.

This chapter of rules is being revised in order to:

- Clarify the text of the rules;
- Incorporate legislative changes to the underlying statutes since the rules were last adopted; and
- Incorporate and reflect the changes made to the underlying statutes by the recent initiatives.

Two revised rules may be of particular interest. We amended WAC 458-19-025 and 458-19-030, which relate to the restoration of a regular levy when a district has not levied since 1985 and calculation of the levy limit when districts consolidate. These changes conform the text of the rules to the language of the underlying statutes. In these specific cases, the current rules allow taxing districts to increase their levy amounts based on the increased value of state-assessed property. However, the underlying statutes (RCW 84.55.015 and 84.55.020) do not allow any increase based on the value of state-assessed property. So, the draft rules have been amended to remove this provision.

WAC 458-19-030, which relates to the consolidation of taxing districts, has also been amended to reflect the current text of RCW 84.55.020. The current rule says the levy limit is calculated on the highest lawful levy since 1985 for 1986 collection. However, the statute specifically requires the levy limit to be calculated based on the highest amount levied in the three most recent years.

New Addition for a New Program

By Kathy Beith, Levy Specialist

We are pleased to announce the addition of Fletcher Barkdull to the Property Tax Division. Fletcher is a recent graduate of Eastern Washington University, where he majored in Finance and Economics. While at EWU, Fletcher was active in student government, holding a Legislative Affairs position and participating as a member of the Finance Committee. Fletcher will be located in our Olympia office and joins the Technical Programs Section. With the passage of legislation in 2001 authorizing and directing the correction of errors made in the levy process, the Property Tax Division is establishing a program to review levy calculations. Fletcher will be instrumental in this program, reviewing levy calculations and assisting with the correction of errors discovered.✦

The draft rule has been amended to conform to the statutory language.

Any comments or suggestions you wish to provide will be fully and carefully considered for inclusion in the final draft of this chapter of rules. The draft rules with complete text may be obtained from the DOR website at http://dor.wa.gov/content/rules_laws/draft/property_tax.htm. Your interest and participation in the rule making process is appreciated.

Personal Property Listing

A public hearing on revisions to WAC 458-16-115 was held at the Department of Revenue office in Olympia on May 21, 2002. No one from outside the Department was in attendance to testify, and there have been no comments submitted for consideration.

These rules provide information about the personal property tax exemptions for the head of a family, household goods, furnishings, and personal effects. These exemptions are provided by RCW 84.36.110.

The Department will no longer generate sales studies because all counties now generate their own studies.

The most substantive areas of change includes removing the small tractor example and replacing it with the words "power equipment" used exclusively to enhance the value or enjoyment of a residence.

Also added were more descriptive examples as to who does not qualify for the head of family exemption.

Areas of interest include the repealing of several rules -- WAC 458-12-270 (Listing of property – Household goods and personal effects), WAC 458-12-275 and 280 (Listing of property - $300 Head of family). These rules were incorporated into WAC 458-16-115 and renamed 'Personal property exemptions for household goods, furnishings and personal effects.'

A second public hearing on these rule revisions will be held in Olympia on August 8, 2002. The draft rules with complete text may be obtained from the DOR website at http://dor.wa.gov/content/rules_laws/draft/property_tax.htm.

Ratio Rule Revisions

A public hearing was held on June 6, 2002, regarding the revisions made to the ratio rules, chapter 458-53 WAC. There was no public comment offered at the public hearing, and therefore, the rule revisions have been submitted to the Code Reviser for adoption.

This rule explains the processes to be used by the Department of Revenue in establishing the indicated real and personal property ratios. The substantive change to the rules reflect the recent revision in RCW 84.48.080 to clarify and simplify the ratio process and eliminate outdated information.

WAC 458-53-030 explains the stratification process for real property and has been revised to provide separate land use codes for residential condominiums and other types of condominiums (e.g., commercial condominiums).

WAC 458-53-140, which provides information about the personal property ratio, has been revised to reflect changes in the basis for a county's personal property ratio as a result of a recent change to RCW 84.48.080 which allows for the inclusion and use of three years of data into the ratio calculation.

Finally, the last major change is to repeal WAC 458-53-090, which provides information concerning sales studies generated by the Department. The Department will no longer generate sales studies because all counties now generate their own.

Very Low Income Housing

On Wednesday, June 26, 2002, a second public hearing was held on the adoption of revisions to WAC 458-16-560 -- Housing for very low income households. No one other than Department of Revenue staff attended the hearing. This rule was formally adopted on July 3, 2002. The revisions are in response to changes passed during the 2001 Legislative Session.

This rule defines a group home and explains how the exemption applies to group home property. It further explains that the exemption is available to mobile home lots owned by a nonprofit entity if the lot contains a mobile home occupied by a very low income household. The Legislature amended the statute (RCW 84.36.560) to include exemption of property under construction that will be used to provide housing to very low income households within two assessment years. Finally, the rules were amended to show that there is some allowance for income growth of households in facilities with ten or fewer units. This change was in response to the need for families to increase their household income to facilitate a move into more permanent living arrangements.

The Department of Revenue determines exemptions of nonprofit very low income housing facilities.

Current Use Rules

Seven sections in chapter 458-30 WAC dealing with current use regulations will be amended using the Expedited Adoption process. Sections 200, 210, 232, 295, 325, 500, and 700 will be amended to provide direction for the submittal of a Timber Management Plan at the time of application for classification or reclassification in the Current Use Timber Land category. These changes are a result of the passage of Substitute House Bill 2765. This bill requires a Timber Management Plan be submitted to the County Legislative Authority at the time of application for classification, when a sale or transfer occurs and a notice of continuance is signed, or within 60 days of application for reclassification from designated forest land. The county assessor may allow for an extension of time to submit the plan. The Department intends to file the CR105 with the Code Reviser sometime in July. No public hearings are held when using the Expedited Adoption process. The rules will be in effect 60 days after the filing. ✦

Resource Links

Appealing Your Property Tax Valuation to the County Board of Equalization -- Step-by-step instructions for taxpayers.

Homeowner's Guide to Property Taxes -- Basic property tax information for all homeowners.

Property Tax Deferrals -- Informative publication on Property Tax Deferrals for Senior Citizens and Disabled Persons.

Property Tax Forms -- Property tax forms available on the Department of Revenue's website

State-Assessed Utility Valuations -- Property value information prepared by the Department of Revenue for the various utility companies operating in the state.

Tax Reference Manual -- Information on state and local taxes in Washington State.

DEPARTMENT OF REVENUE
PROPERTY TAX DIVISION

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DESCRIPTION OF PROGRAM OR SERVICE	CONTACT	PHONE NUMBER	INTERNET E-MAIL
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- **Code Area/Taxing District Boundary Changes & Maps**	Jane Ely	(360) 570-5894	JANEE@dor.wa.gov
- **Public Utility Assessment**	Steve Yergeau	(360) 570-5877	STEVEY@dor.wa.gov
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