

July 9, 2015

Legislative Update – Refunds of property taxes paid as a result of manifest errors in description of property

The legislature passed a bill allowing county legislative authorities to authorize a manifest error cancellation or correction to be made more than three years preceding the year in which the error is discovered. The cancellation or correction must result in a refund or reduction of taxes for the property owner ([Substitute Senate Bill 5276](#)). The law takes effect July 24, 2015.

What is a manifest error? What types of errors are included, and what are not included?

A manifest error means an error in listing or assessment, which does not involve a property revaluation ([WAC 458-14-005](#)). A manifest error can be seen, clearly shown and easily corrected without applying appraisal judgment in forming a decision and revaluing the property.

An example of a manifest error in the description of property is incorrect square footage listed in an assessment property record. The assessor may correct the error by updating the property record with the correct square footage. The assessed value may change due to correct square footage, but the correction must reference the records and valuation methods applied to similar properties.

Some property characteristics are determined through use of appraisal judgment. Property characteristics that may require subjective decisions using appraisal judgment include quality of construction, condition, effective age, view, and others. Changes in these types of characteristics are not manifest errors in description of property.

SSB 5276 applies to an error in the description of the property and does not apply to other circumstances. Some examples, among others, include taxes that were paid by mistake by someone who did not have a legal interest in the property, by someone exempted as a senior citizen or disabled person ([RCW 84.36.379-389](#)), or taxes abated for a destroyed property claim ([RCW 84.70.010-040](#)).

How do property owners request a refund for manifest errors for more than three years?

Property owners should complete a "[Petition for Property Tax Refund](#)" (REV 64 0001) and file it with the county treasurer.

The treasurer already issued a refund for taxes paid in the current year (2015) and three previous years (2014, 2013, and 2012) for a manifest error that was made in determining the 2009 assessed value. Can a refund still be requested for years prior to 2012?

Yes, if the county legislative authority has authorized cancellations or corrections of manifest errors for taxes paid in 2010 and 2011. In this case, the manifest error first occurred in the 2009 assessed value that was used to determine the 2010 taxes. A refund may be requested for taxes paid in 2010 and 2011 based on the change in value resulting from the error.

County legislative authorities are not required to authorize cancellations or corrections of manifest errors for more than three years. There is no administrative appeal process if county legislative authorities do not authorize cancellations or corrections.

If a property owner discovers a manifest error after the previous owner paid the taxes, can they request a refund?

No, the person who paid the tax must request the refund ([RCW 84.69.030](#)).

Are county legislative authorities required to use a specific process for refunds beyond the typical three-year limit? Do they need to adopt a resolution?

Property Tax Special Notice

Substitute Senate Bill 5276 – Refunds of property taxes paid as a result of manifest errors in description of property

No. Counties should use the same refund process in place for manifest error cancellations or corrections made within three years of the year of discovery.

Can county legislative authorities limit the circumstances for authorizing manifest error cancellations or corrections by policy?

Yes, with some limitations. County legislative authorities may adopt ordinances or resolutions limiting the time frame under which they will authorize refunds related to a manifest error correction. However, the law does not allow different treatment of refund claims filed within three years, and those filed during any extended period authorized by the county legislative authority. An ordinance or resolution cannot establish requirements in addition to current requirements for manifest error cancellations or corrections made within three years of the year of discovery.

County legislative authorities can adopt ordinances or resolutions allowing refunds to be processed administratively by the assessor and/or treasurer for more than three years.

If a property owner claims that a property's characteristics are not correct, and an assessor is not allowed to physically inspect the property, is the assessor required to correct these characteristics?

The assessor should correct property characteristics when they are aware of an error, and can verify the characteristic is incorrect. However, some corrections may not be possible if an assessor is not allowed to physically inspect property and verify a manifest error was made.

Who can decide whether or not there is a manifest error?

County assessors and treasurers may cancel or correct assessments on the assessment or tax rolls which are erroneous due to manifest errors in description, double assessment, clerical errors in extending the rolls, and such manifest errors in the listing of the property that do not involve a revaluation of property ([RCW 84.48.065](#)). There are no specific statutory provisions allowing the county legislative authority to determine whether or not there is a manifest error.

How are refunds paid when a district's levy has expired, or when a taxing district has merged or dissolved?

If a refund involves a levy that does not exist at the time the refund request is made, such as a bond or an EMS levy that has expired, the taxing district that made that levy must pay the refund from existing funds.

If a dissolved taxing district has any remaining funds held by the county treasurer, the refund can be made from those funds. A county can't refund amounts for a taxing district from county funds ([RCW 84.69.080](#)). If the county treasurer does not have any remaining funds for a district that has dissolved, there is no method available to refund property taxes to the taxpayer for that particular levy.

If two or more taxing districts have merged, the remaining district is responsible for the refund.

A taxing district may levy for refunds paid or to be paid to taxpayers, including interest.

How should refunds for state property taxes paid more than four years ago be reported on the Fiscal Year Collection Activity for State Levy form submitted to the Department of Revenue on September 1 of each year?

There are five years (current year plus the last four) available for reporting activity on the Fiscal Year Collection Activity for State Levy form. State levy refund amounts for years beyond the fifth year should be added into the fifth year on the form. This change will be included on the form used for collection fiscal year July 1, 2015, through June 30, 2016.

Can a county legislative authority authorize a cancellation or correction of a manifest error for more than three years and require that interest be excluded for some or all of the tax years included in the refund?

No, interest must be calculated for all years included in a refund ([RCW 84.69.100](#)).

Questions?

Contact the Department of Revenue's Property Tax Division at (360) 534-1400.