

January 10, 2014

Legislative Update – Changes in the statute to create greater efficiency for assessors by eliminating the requirement to annually appraise tax-exempt government properties

Substitute Senate Bill 5444 was passed by the 2013 Legislature and became effective July 28, 2013.

The measure amended RCW 84.40.045, 84.40.175, and 82.29A.120:

- Removing the requirement for assessors to routinely value and provide notice of change in value for publicly owned property exempt under RCW 84.36.010.
- Eliminating the leasehold excise tax credit for amounts that are in excess of the amount of property tax that would have applied if the lessee or sub-lessee owned the property. However, the credits for leasehold excise tax related to product leases and for those who qualify for exemption under RCW 84.36.381 are still available.

Requirement for Assessors to Value, List, and Provide Notice

Passage of this legislation aids efforts by assessors to achieve higher levels of efficiency by eliminating the requirement to routinely value, list, and provide notice of change in value for publicly owned properties that are exempt under RCW 84.36.010.

Because the effective date for this legislation is July 28, 2013, and the listing for new construction was due July 31, assessors can omit picking up new construction on these properties for 2013.

Publicly owned properties are exempt from property tax based on ownership, regardless of the use of the property. Publicly owned properties include those owned by the federal government, the state, counties, cities, and municipal corporations.

RCW 84.36.010 also provides exemption for community centers, tribal properties, and certain properties owned by foreign national. However, assessors are still required to value, list, and provide notices of change in value for these properties.

Changes in Status

When the publicly owned property is no longer exempt because of a sale or change in use, the assessor is required to resume valuing and listing the property as of the January 1 assessment date for the year of the change in status (RCW 84.40.175). For more information about how to treat property when the exempt status changes, see RCW 84.40.350 through RCW 84.40.390.

For example, if publicly owned property is sold April 5, 2015, the assessor is required to value the property as of January 1, 2015. The new owner is then billed using the current levy rate as though the property had been valued and assessed the previous assessment year.

If the property loses its exempt status before April 1, the deadline for payment of the tax is April 30. If the property loses its exempt status between April 1 and October 1, the deadline for payment of the taxes is October 31. If the change in

Property Tax Special Notice

RCW 84.40 and RCW 82.29A – Valuation of Publicly Owned Property and Elimination of Leasehold Excise Tax Credit

status occurs after October 1, the taxpayer has 30 days in which to pay the additional tax. After that, the tax becomes delinquent and is treated just like all other delinquent taxes.

Once the assessor resumes valuing and listing the property, the owner or person responsible for payment of the property tax has the right to appeal the value to the county board of equalization in accordance with RCW 84.40.038.

Elimination of Potential Tax Credit for Leasehold Interests

This legislation also eliminated a leasehold excise tax credit that was available for the difference between the leasehold excise tax and what the property tax would have been if the lessee or sub-lessee owned the property. However, the credits are still available for product leases and for a lessee or sub-lessee who would qualify for a property tax exemption under RCW 84.36.381 if the property were privately owned. For more information, see Special Notice "[Excess Leasehold Excise Tax Eliminated](#)."

Questions

Questions regarding valuation, listing, and notice for publicly owned properties should be directed to Cindy Boswell, Property Tax Division, at (509) 885-9842 or CindyB@dor.wa.gov.

Questions regarding leasehold excise tax credit for senior citizens and disabled persons should be directed to Peggy Davis, Property Tax Division – Exemptions and Deferrals, at (360) 534-1410 or PeggyD@dor.wa.gov and Jeff Nelson, Special Programs Division - Leasehold Excise Tax, at (360) 570-3244 or JeffN@dor.wa.gov.