

2011 Property Tax Legislation

ESHB 1826 **Appeal protections for value changes** **(Chapter 84, Laws of 2011)**

Background

Currently, no revaluation notice is required if the assessed value of a property within a revaluation area has not changed. When the assessor changes the property value, a notice of revaluation must be sent to the property owner within 30 days. If the property owner disagrees with the new value, the owner may appeal to the county board of equalization. That appeal must occur on or before July 1 or within 30 days of the date the revaluation notice was mailed. There are some exceptions to these appeal requirements. The bill takes effect July 22, 2011, and will apply to property taxes levied for collection in 2012 and thereafter.

Summary of the bill

This bill provides that a county board of equalization must waive the deadline for appealing the assessed value of property for property tax purposes under the following circumstances:

- The taxpayer's property was in a revaluation area;
- The property value did not change;
- The taxpayer was not sent a revaluation notice; and
- The appeal is filed within a reasonable time after the July 1 filing deadline.

SHB 1854 **Annexation by regional fire protection service authorities** **(Chapter 271, Laws of 2011)**

This bill provides a process for a fire protection jurisdiction to annex into an adjacent regional fire protection service authority (Authority). The annexation must be approved by a simple majority vote of the voters in the fire protection jurisdiction. For purposes of calculating property tax levy rates, a fire protection district, city, town, or port district that is annexed into an Authority is subject to the same property tax levy limitations as a fire protection jurisdiction that is represented on the governing board of the Authority. The bill takes effect July 22, 2011.

HB 1953 **County and city real estate excise taxes** **(Chapter 354, Laws of 2011)**

This bill temporarily provides greater flexibility in how certain REET revenues can be used.

Background

Currently, cities, towns, and counties may levy a REET of up to 0.25 percent of the selling price of real property for financing capital improvements. For purposes of this summary, this tax is referred to as REET I. Cities, towns, and counties required to fully plan under the Growth Management Act may levy an additional 0.25 percent REET to finance capital projects specified in the capital facilities element of a comprehensive plan. For purposes of this summary, this tax is referred to as REET II. Counties that opt to fully plan under the Growth Management Act and cities and towns in such counties, with voter approval, may impose the REET II.

Summary of the bill

House Bill 1953 provides that cities, towns, and counties may use the greater of \$100,000 or 35 percent of REET I revenues, not to exceed \$1 million per year, to pay for the operations and maintenance expenditures of existing capital projects. This authority is also extended to the use of REET II revenues. In addition, counties may use REET II revenues for the payment of existing debt service on any capital project for which REET I revenues may be used. The use of REET II revenues for the payment of existing debt

service and any amounts used for operations and maintenance expenditures of existing capital projects is subject to the fiscal limitations described above (the greater of \$100,000 or 35 percent of REET II revenues, not to exceed \$1 million per year). The authority provided by this bill applies from the bill's effective date through December 31, 2016. All but one section of the bill takes effect July 22, 2011.

EHB 1969 **Exempting flood control districts**
(Chapter 275, Laws of 2011)

This bill affects how flood control zone district regular property tax levies are impacted by certain limits on regular property tax levies.

Background

Under current law, flood control zone districts can impose a regular property tax levy not to exceed 50 cents per \$1,000 of assessed value. The state constitution limits the aggregate of all regular property tax levies to no more than 1 percent of the true and fair value of the taxed property (\$10 per \$1,000 of assessed value). In addition, state statute provides that the aggregate of most regular property tax levies, other than the state's levy, cannot exceed \$5.90 per \$1,000 of assessed value. If these levy limitations are exceeded, state statute prescribes the order in which the various levies will be reduced or eliminated to ensure that the aggregate levy does not exceed these limitations.

Summary of the bill

Engrossed House Bill 1969 allows a flood control zone district located in a county with a population of 775,000 or more with boundaries coextensive with a county to place up to 25 cents of its regular levy outside of the \$5.90 limit. The levy for a flood control zone district, including the portion protected from the \$5.90 limit, is still within the constitutional 1 percent limit. If the constitutional 1 percent levy limit is exceeded as a result of an aggregate levy that includes any portion of a flood control zone district's levy that is protected from the \$5.90 levy limit, the bill provides that the first levy to be reduced or eliminated is the portion of a flood control zone district's levy that is protected from the \$5.90 levy limit.

The bill also contains an apparent drafting error that affects the order that certain taxing districts' levies are reduced or eliminated under the constitutional 1 percent and statutory \$5.90 levy limits. Under existing law, the levies of flood control zone districts are reduced or eliminated before certain other levies must be reduced or eliminated. For those flood control zone districts that have a population less than 775,000, this bill moves their levies down one level in the order in which levies are reduced or eliminated under the constitutional 1 percent and statutory \$5.90 levy limits. This could have a negative impact on those taxing districts whose levies, under this bill, would be reduced or eliminated at the same time as flood control zone districts with a population less than 775,000 instead of being reduced or eliminated only after the levy of any flood control zone district is eliminated as provided under current law. The bill takes effect July 22, 2011, and applies to property taxes levied for collection in 2012 through 2017. The bill expires January 1, 2018.

Note: See 2ESB 5638 for additional changes

SSB 5359 **Contiguous land under current use open space property tax programs**
(Chapter 101, Laws of 2011)

This bill makes changes to the current use and designated forest land property tax programs. The current use program allows qualifying land to be valued for property taxes based on its current use rather than its highest and best use. To qualify for the current use program as "farm and agricultural land" or "timber land," the land must meet certain criteria depending on the size of the parcel. To determine parcel size, multiple parcels that are contiguous are combined. Contiguous parcels must be held by the "same ownership."

in which the various levies will be reduced or eliminated to ensure that the aggregate levy does not exceed these limitations. This reduction or elimination of levies is commonly referred to as “prorationing.”

Summary of the bill

Second Engrossed Senate Bill 5638 provides that any metropolitan park district (MPD) located in a county with a population of at least 1.5 million (King County) may, with voter approval, protect all or any portion of its \$0.25 per \$1,000 of assessed value property tax levy from prorationing under the \$5.90 aggregate levy limit. Current law (RCW 84.52.120) already provides this authority for MPDs with a population of at least 150,000.

The bill also provides that if the constitutional 1 percent levy limit is exceeded as a result of an aggregate levy that includes any portion of a levy that is protected from the \$5.90 limit by an MPD that has a population of less than 150,000 and is located in a county with a population of at least 1.5 million, the first levy to be prorationed is the portion of the MPD’s levy that is protected from prorationing under the \$5.90 limit.

The bill also makes technical corrections to chapter 275, Laws of 2011 (EHB 1969) to eliminate a potential negative impact from that bill on those taxing districts whose levies would have been prorationed at the same time as flood control zone districts with a population less than 775,000 rather than being prorationed only after the prorationing of the levy of any flood control zone district as the law provided prior to the effective date of EHB 1969. See the summary of EHB 1969 for a more detailed explanation of the apparent drafting error in that bill. The bill takes effect August 24, 2011, and applies to taxes levied for collection in 2012 through 2017. The bill expires January 1, 2018.