



Property Tax Review

April 2008

Volume 9, Issue 1

Time to Shift Focus

By Brad Flaherty, Assistant Director

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Special points of interest:

- **Quarterly Reminders** (see page 2)
- **Upcoming Training** (see page 4)

Inside this edition of the *Property Tax Review* you will find articles on a wide variety of property tax topics including current use, appraiser accreditation, personal property, and changes that occurred as a result of this year's Legislative Session. This information is intended to inform you about the types of activities conducted by the Department of Revenue and to provide you with information that is useful and informative.

Of particular interest to you may be the changes that are discussed in the Legislative Update Section. While there were no major changes such as valuation caps or homestead exemptions, there were a number of changes to the Exemption and Deferral Program that expand the program through changes in criteria. Additionally, there were several changes that occurred to the existing tax incentive programs. We are in the process of developing information around all of these changes to assist you in the event questions arise. If you

have questions and are unable to find the answer on our website, please give us a call or send us an e-mail. The staff in the Department of Revenue's Property Tax Division are more than happy to provide you with assistance.

Over the next several months we will shift our focus from legislation to the valuation of centrally assessed properties and training classes for county personnel.

Preliminary valuations for centrally assessed properties will be sent to industry by June 30, 2008. Following a brief period for review, industry will have a two-week period to appeal the valuation to the Department. Final valuations will be issued to the companies in late August.

Several training classes are scheduled to be held over the next few months. See page 4 for a detailed listing of those classes being held through June. In addition to providing

instructors for many of the classes, Property Tax staff also coordinate this training by arranging for the facilities, securing instructors, preparing course materials, registering attendees, facilitating the courses on-site, and maintaining the accreditation requirements for county staff.

As always, I hope you find the information in this issue of the *Property Tax Review* to be informative. If you have any suggestions for future articles or recommendations for improvement simply drop us a line with your ideas.

Regards,

Brad



This Quarter's Reminders

April 30

- ▶ Personal property listing form must be filed with county assessor. Penalties prescribed. (RCW 84.40.020, 040, 060 and 130)
- ▶ Last day for payment of taxes except when taxes on one lot or tract are \$50 or more, or when personal property taxes total \$50 or more, half may be paid by April 30 and the remaining half by October 31. (RCW 84.56.020)
- ▶ PUD Privilege Tax billings are issued.

May 01

- ▶ Assessor must notify applicant for forest land designation prior to this date if request denied. (RCW 84.33.130)
- ▶ Current use farm and agriculture land applications are deemed approved unless assessor has notified owner otherwise. (RCW 84.34.035)

31

- ▶ County assessors to have completed listing and placing of valuation on all property no later than this date. However, assessors may later add property (new construction and mobile homes) to the list after giving written notice to person to be assessed. (RCW 84.40.040)

June 01

- ▶ Penalty of three percent will be assessed on the amount of current year's taxes delinquent on June 1. (RCW 84.56.020)
- ▶ Also, may establish newly incorporated taxing district if co-terminus boundaries with established district. (RCW 84.09.030)
- ▶ PUD Privilege Tax is due.

30 (0n or before)

- ▶ DOR sets stumpage values for July through December 2008. (RCW 84.33.091)
- ▶ DOR determines value of state assessed property. June 20 is the first day to request a formal hearing on value of state assessed property.
- ▶ Tentative Value Notice is sent to all state assessed public utility companies. ♦

For a complete version of the *2008 Property Tax Calendar* visit the Department of Revenue's website at this link:
http://dor.wa.gov/Does/Pubs/Prop_Tax/PropCal.pdf

County Review Program:

Current Use Focus for 2008

By Leslie Mullin, County Review Program

The county review program was established in 2002 with the objective of promoting fair, uniform, and timely administration of property taxation throughout the state of Washington. Over the past six years, our reviews have focused on a variety of issues such as valuation, sales validation, the senior citizens exemption and deferral program, and staff accreditation.

Over the next few months, the county review program will be taking a closer look at the Current Use Program. Because of a statewide Current Use/DFL survey sent out last year, we would like to focus on the processes used by counties in monitoring the eligibility of parcels in their Current Use Program. The information will be used to create a Best Practices Report that will assist other counties in developing an internal audit program. Each county is encouraged to review these practices and decide if any can be adopted to improve their own programs. This Department provide education to those counties needing assistance with this procedure.

We will continue to conduct farm and agricultural lands in the those counties in which a separated, and will also be visiting assistance with the administration of their Current Use Program. Although these audits will be limited in scope, our goal is to assist in the implementation of procedures that will enhance the effectiveness of their program.

Another great resource for counties will be the Department's upcoming classes on Current Use. A Basic Current Use class will be held on May 6 in Tacoma and May 13 in Ellensburg. We will also be offering a Current Use Administration Workshop on May 14 in Ellensburg. This class will concentrate on advanced issues and provide technical and administrative perspectives for each classification.

The Department is committed to assisting each county in complying with statutory requirements in the administration of property taxation but also recognize the limitations they face. Whether it is technological advances, staffing levels, or budgetary constraints, we appreciate the cooperation and willingness of each county in sharing information with us so we can better assist the entire assessment community. ♦

County



BEST PRACTICES

audits of the valuation of Current Use Program for rate stratification is re-counties that need our tion portion of their Cur-

rent Use Program. Although these audits will be limited in scope, our goal is to assist in the implementation of procedures that will enhance the effectiveness of their program.



Join Our Newsletter Distribution List . . .

To be notified when new editions of this quarterly newsletter are available, simply visit the link below and join our e-mail distribution list. Get articles on a variety of property tax-related topics, a current listing of training opportunities available to assessment personnel, legislative updates, a staff contact list for the Department of Revenue's Property Tax Division, and more.

<http://listserv.wa.gov/cgi-bin/wa?SUBED1=DOR-PROPERTY-TAX-NEWS&A=1> ♦

Accreditation Data Available On-Line

In October 2007, the Department of Revenue's Property Tax Division introduced a new online accreditation service. Via the internet, this service provides accredited appraisers, predominately county assessor personnel, access to portions of the accreditation database relating to their accreditation status and education history. It also allows the public to view a listing of accredited appraisers and their status. Through this service on our website appraisers can:

- ▶ Check their renewal status.
- ▶ Review their profile.
- ▶ Review their continuing education credits.

Also available on the website, are forms related to accreditation. You will find:

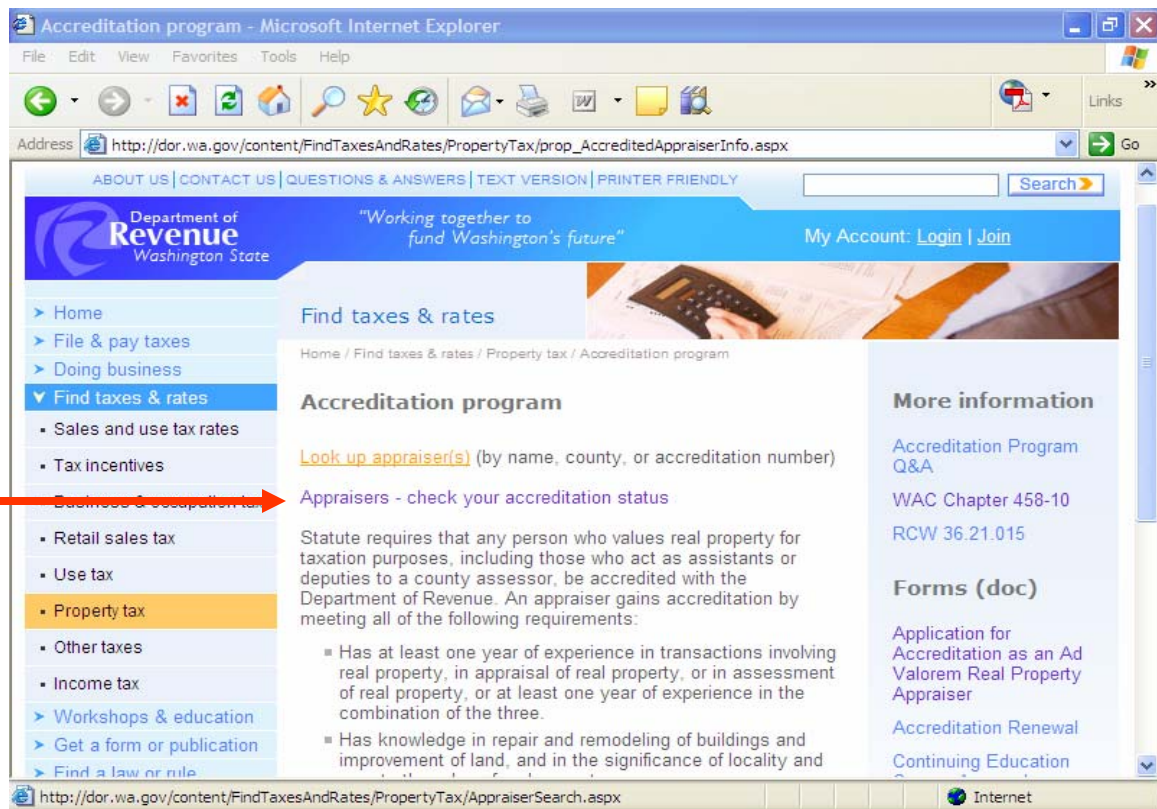
- ▶ The Initial Accreditation Application
- ▶ The Accreditation Renewal Application
- ▶ The Course Approval Application
- ▶ The Request for Administration of Appraiser Examination

Are you an appraiser in need of some continuing education hours? Once logged in to your profile, provided below your course history are a few helpful links to the IAAO website, Appraisal Foundation website, and the Department of Licensing's approved course list to assist in your search for hours.

There are currently over 150 accredited appraisers signed up to view their profiles. To find the online service, go to <http://dor.wa.gov>. Click on *Find taxes & rates* in the menu on the left, then on *Property tax*, and then on *Accreditation program*. To sign up, you need two pieces of information: you will need your accreditation number and an access code. This information was mailed to all accredited appraisers in October 2007. If you have any questions about our new service, you may contact: Patty Concepcion, Phone: (360) 570-5866, E-mail: PattyC@dor.wa.gov ; or Velinda Brown, Phone: (360) 570-5865, E-mail: VelindaB@dor.wa.gov. ♦

County appraisers can check their accreditation status on the Department of Revenue's new on-line Accreditation Program. Appraisers need their accreditation number and an access code to use the program.

Don't have a code? Simply call the Department at one of the phone numbers above.



2008 Upcoming Training

(State/County Personnel ONLY)

April 22-23

GIS & the Assessor's Office
Moses Lake — \$125

May 6

Current Use—Basic
Tacoma — \$75

May 13

Current Use—Basic
Ellensburg — \$75

May 14

Current Use Admin. Workshop
Ellensburg — \$50

June 4

Senior Exemption/Deferral Admin
Workshop
Ellensburg — \$75

June 5

Senior Exemption/Deferral Admin
Workshop
Spokane — \$75

June 4 5

Board of Equalization New Member
Training
Ellensburg — Free

June 6

Board of Equalization Senior Member
Training
Ellensburg — Free

June 17

Senior Exemption/Deferral Admin
Workshop
Tumwater \$75

June 19

Senior Exemption/Deferral Admin
Workshop
Everett — \$75

June 24

Board of Equalization Senior Member
Training
Everett — Free

June 25

Board of Equalization Senior Member
Training
Tumwater Free

For further information, contact Patty Concepcion, Education Coordinator, by phone at (360) 570-5866 or by e-mail at PattyC@dor.wa.gov.

Valuation Guideline Changes:

Computer Numeric Controlled (CNC) Milling Machines

By Pete Levine, Personal Property Supervisor

For 2008, the Personal and Industrial Property Valuation Guidelines have been revised to include a new combined table for Computer Numeric Controlled (CNC) Milling Machines: *Trend III / MM*.

A milling machine is a machine used for the complex shaping of metal and possibly other solid materials. Milling machines can perform a vast number of complex operations such as a slotting, cutting, planing, drilling, rebating, routing, etc. They can be either manually controlled or CNC and are generally not directly part of a production line, but rather they are associated with machine shops and other manufacturing processes.

Milling machines and machine shop equipment without integrated CNC component are valued using the 12 percent table. Also, other types of CNC equipment should continue to be valued utilizing the table for its respective industry (i.e., Electronic Manufacturing Equipment, Microchip Manufacturing Equipment, Printed Circuit Boards, etc.). CNC equipment with external (non integrated) computer component should also be value utilizing the table for the longer-lived equipment if they were purchased as a single unit. If the computer components were purchased separately from the longer-lived equipment, the computer components may then be valued using a shorter life table.

The newly combined table *Trend III / MM* is recommended for CNC milling machines where it can be demonstrated that the CNC hardware component is integrated with the equipment (i.e., an all-in-one unit) in such a way that the CNC component cannot be separated from the machine or modified other than by software programming. The new combined trend table, *Trend III / MM*, incorporates the existing economic life and declining balance rate, 14 percent, for milling machines. However, it accounts for technological changes involving the inclusion of CNC components within the milling machine, using a trend derived from the Producer Price Index for CNC milling machines, reflecting those industry changes. ♦



CNC Milling Machine



Join Our Training Distribution List . . .

When new training courses are available for county assessment personnel, be the first to know by joining our training e-mail distribution list. You'll receive training announcements and registration forms as soon as they are released. Visit this link to sign up:

<http://listserv.wa.gov/cgi-bin/wa?SUBED1=dor-property-tax-training&A=1> ♦

New Faces and New Places at Property Tax

He's back! **Chuck Boyce** has come out of retirement to revalue over 3,000 utility company operating property real property accounts know as TCOs. Chuck retired not that long ago after many years as the dean of utility valuation. His bride may have ordered him back to work at just the right time for the Department. Chuck's experience and enthusiasm are perfect for this very imposing project. Welcome him back to property tax at ChuckB@dor.wa.gov or (360) 570-5881.



Chuck Boyce

Property tax welcomes **Stan Harris** to a unique project position with our Ratio Section. On loan from the Department of Revenue's Compliance Division for a 12-month rotation, Stan brings expertise from his work with the agency's successful Data Warehouse Program. He will advise us on county data bases, revaluation data, ratio statistics, and any number of data organization issues across the division's programs. Stan is a 20-year veteran with the Department of Revenue. If you want to catch up with Stan and his family on summer days off, we recommend you get on a dirt bike and aim it into the hills. Stan can be reached at (360) 570-5873 or StanH@dor.wa.gov.

Elizabeth Greenwood has joined the Property Tax Team to become our primary receptionist in the Olympia office. Elizabeth comes to us from the banking industry, where she developed her customer service skills and a delightful attitude. She refuses to choose sides in the Husky/Cougar debates around the office, preferring to participate in sports herself and raise beagles! Elizabeth can be reached at (360) 570-5900 or ElizabethG@dor.wa.gov.



Elizabeth Greenwood

LaRetta Martin has accepted an appointment as a Property & Acquisition Specialist 3 in the Personal Property Section of our Ratio Program. LaRetta comes to us from the Thurston County Assessor's Office, where she's served for 17 years. The last seven years she has been responsible for Thurston County's personal property program and teaching stakeholders about all things to do with personal property. LaRetta will work out of the Olympia office beginning May 1st. You may contact her at (360) 570-5903.

Paul Hutt has accepted a position as an appraiser (PAS4) with our Utilities Valuation Section. Paul was most recently a fee appraiser from here in the Olympia area. He holds an economics degree from Kansas State University (*Go Wildcats!*) and an MBA from the University of Denver. Paul brings great experience and a long list of certifications in business valuation to his new position. Initially, he is working with the railcar industry and public utility districts. You may contact Paul at (360) 570-5869 or PaulHu@dor.wa.gov.



Paul Hutt

We welcome **Linda Smith** as she joins the Exemption and Deferral Program as our new Property & Acquisition Specialist 3. Linda comes to us from the Department of Revenue's Special Programs Division, where she has worked with a variety of tax programs over the last 13 years (24 with Revenue). She will work with all of our individual benefit programs for seniors and even assist with nonprofit exemptions beginning May 20 at the Olympia office. You may contact Linda at (360) 570-5874.

Mark Studer has accepted a promotion as an auditor/appraiser (PAS4) in the Ratio Program as of March 1, 2008. Mark joined us last year and will continue to work out of the Olympia office. His new focus will be the update and calibration of our personal property guidelines. Prior to joining the Department, Mark was a real estate appraiser for 15 years based out of Grays Harbor. In his "spare" time, Mark bowls nearly all strikes! Mark is available at (360) 570-5883 or MarkSt@dor.wa.gov.



Mark Studer

Michael Dahle joined the Ratio Valuation Program in January as a property tax appraiser and is working out of our Everett field office. Michael comes to us from the private sector, where he has been running his own appraisal and consulting business for the last couple of years. He has experience in the area of tax assessment as an appraiser for the City/Borough of Juneau, AK. Michael can be reached at (425) 356-4871 and his e-mail is MiKeD@dor.wa.gov. ♦



Michael Dahle



*Most of the important things in the world
have been accomplished by people
who have kept on trying
when there seemed to be no hope at all.*
— Anonymous



2008 Legislative Update

The 2008 Regular Session of the Washington State Legislature ended on just a couple weeks ago. This was a short session (60 days), running from January 14 through Thursday, March 13. It seems to us in the Property Tax Division that each session is more focused on property tax than the last. In 2008, there were more property tax bills to consider than we typically get in a full session. There are enough property tax ideas and unresolved issues in front of lawmakers to keep everyone busy for several sessions to come.

The property tax legislative team followed the progress of 179 bills that appeared to have property tax issues. This included new introductions and a large number of bills that were re-introduced as a group from the 2007 session. Property tax staff analyzed more than 70 of these proposals in detail and monitored their daily progress through the system as they were heard in committees, debated, amended and voted on.

Our role in the process is to analyze proposals, help add-up the costs and determine if the proposal could be administered without unintended consequences. Ultimately, the policy decisions are made by the legislators and the Governor. As the session ended, eleven of these measures were passed by the legislature and forwarded to the Governor. Each becomes effective 90 days following adjournment, unless we note otherwise.

If after reading the summaries, you want a copy of a bill or want to review the path it followed through the legislature, follow the link to the legislature's bill information page (<http://apps.leg.wa.gov/billinfo/>). At that page, type in the bill number and hit enter to find most of a bill's history and profile. If you want to discuss the implementation of one of these measures with us, please contact me at harolds@dor.wa.gov. I'll connect you with the right property tax staff person.

Tax Incentives

SSB 6828 expanded aerospace industry tax incentives that were first adopted in 2003 for aerospace manufacturers and extended in 2006 for related, non manufacturing businesses. The incentives include sales tax exemptions for computer equipment and software, preferential B&O tax rates and a B&O tax credit for certain qualifying property in an amount equal to the property taxes and leasehold excise taxes that are paid. The current bill extends these benefits, including the B&O credit for property taxes paid to a broader industry group.

Tax Administration

EHB 2459 adopted the Uniform Real Property Electronic Recording Act, a nationwide effort to move to electronic recording practices that will be compatible and harmonious between jurisdictions. The act establishes the definitions, standards, procedures and authority needed by county auditors to record, store and transmit documents electronically. The Secretary of State is to create a commission that will review and guide the process within our state.

HB 1149 removed the requirement for county treasurers to collect advance property tax deposits on binding site plans. Binding site plans can be an alternative method of dividing certain properties. For binding site plans, the assessor must ascertain the true and fair value of each divided lot and assess each lot no later than the calendar year following its recording.

SB 6950 provided that the Governor, after proclaiming a state of emergency, may issue an order or orders concerning the waiver or suspension of statutory obligations. When a disaster is declared by the Governor, the Department of Revenue may extend the due date for excise tax payments or filings. County treasurers may grant extensions of the due date for property taxes.

Property Tax Exemptions & Deferrals

2SHB 3104 extends the rights and responsibilities granted to spouses in various areas of law to state registered domestic partners. State registered domestic partners are to be treated the same as spouses under the senior citizen/disabled person exemption program and the property tax deferral programs.

SSB 5256 redefines "disposable income" to exclude certain veteran's benefits. "Disposable income" determines a taxpayer's eligibility for several property tax relief programs. Under this act, disability compensation and dependency/indemnity compensation paid to veterans will no longer





2008 Legislative Update (cont.)

(Continued from page 6)

be counted against the disposable income limits when veterans apply for the senior citizen/disabled person property tax exemption or apply under one of the property tax deferral programs.

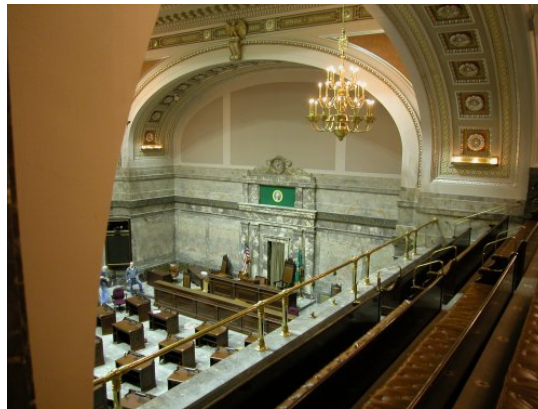
SSB 6389 provides that military housing and ancillary supporting facilities developed under the federal Military Housing Privatization Initiative are exempt from property tax and leasehold excise tax. The property must be used for the housing of military personnel and their families and be located on land owned by the United States. Initial application for qualification must be made to the Department of Revenue. Any change in the use of the property must be reported to the Department of Revenue.

SB 6806 adds anaerobic digesters to the existing property and leasehold tax exemption for bio-diesel and alcohol fuel manufacturing facilities. Anaerobic digesters are devices that process manure into methane gas and dried solids. Back in 2001, they were exempted from sales & use taxes. The new measure provides a six year property tax exemption for the real and personal property and should encourage better management of the waste & produce some energy as well. Exemption begins with the assessment year following start-up of a qualifying facility.

Property Tax Levies

ESB 6641 revised and clarified the measure provides that any single year or temporary unless the ballot proposition permanent. After the lid-lift period is the lid lift had never occurred and the rates allowed - unless the ballot

E2SHB 3186 authorized the creation of lake management districts. They are the ability to impose property taxes or deal with the uncontrolled growth of



statutes regarding levy lid-lifts. The multi-year lid lift approved by voters is expressly states that the increase is over, subsequent levies are computed as if district had levied within the maximum proposition states otherwise.

beach management districts, very similar designed to give shoreline communities assessments to raise the funds needed to aquatic plants like sea lettuce.

ESB 6663 voided a number of outdated statutes and technical corrections. One of the corrections made was to remove obsolete language in RCW 84.09.030. That part of the measure clarified that most districts must establish their boundaries by August 1, prior to imposing a property tax levy to be collected in the following year. ♦

Washington Department of Revenue, Property Tax Division

Property Tax Division
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Email: HaroldS@dor.wa.gov

The Property Tax Review is published quarterly by the Department of Revenue's Property Tax Division. Comments and suggestions for featured topics should be forwarded to our newsletter editor.

DESCRIPTION OF PROGRAM OR SERVICE	CONTACT	PHONE NUMBER	E-MAIL ADDRESS
Property Tax Administration/Policy	Brad Flaherty Assistant Director	(360) 570-5860	BradF@dor.wa.gov
Property Tax Program Coordinator	David Saavedra	(360) 570-5861	DavidS@dor.wa.gov
General Information FAX	Receptionist	(360) 570-5900 (360) 586-7602	
SPECIFIC TOPICS			
Accreditation	Velinda Brown	(360) 570-5865	VelindaB@dor.wa.gov
Accreditation Testing	Patty Concepcion	(360) 570-5866	PattyC@dor.wa.gov
Advisory Appraisals	Howard Hubler	(425) 356-4850	HowardH@dor.wa.gov
Appraisals & Audits for Ratio Study	Rick Bell Dave McKenzie	(509) 663-9748 (360) 256-2125	RickB@dor.wa.gov DaveM@dor.wa.gov
Annexation/Boundary Change Rules	Diann Locke	(360) 570-5885	DiannL@dor.wa.gov
Boards of Equalization	Diann Locke	(360) 570-5885	DiannL@dor.wa.gov
County Performance & Admin. Program	Kathy Beith	(360) 570-5868	KathyB@dor.wa.gov
Current Use/Open Space Assessment	Velinda Brown	(360) 570-5865	VelindaB@dor.wa.gov
Designated Forest Land	Velinda Brown	(360) 570-5865	VelindaB@dor.wa.gov
Destroyed Property	Kathy Beith	(360) 570-5868	KathyB@dor.wa.gov
Education & Training for County Personnel	Patty Concepcion	(360) 570-5866	PattyC@dor.wa.gov
Exemption & Deferral Program	Harold Smith Mike Braaten	(360) 570-5864 (360) 570-5862	HaroldS@dor.wa.gov MichaelB@dor.wa.gov
Forest Tax General Information		1-800-548-8829	
Forms	Velinda Brown	(360) 570-5865	VelindaB@dor.wa.gov
Governmental & Miscellaneous Exemptions	Mike Braaten	(360) 570-5862	MichaelB@dor.wa.gov
Industrial Property Valuation	Howard Hubler	(425) 356-4850	HowardH@dor.wa.gov
Legislation	Harold Smith	(360) 570-5864	HaroldS@dor.wa.gov
Levy Assistance	Diann Locke	(360) 570-5885	DiannL@dor.wa.gov
Mobile Homes	Pete Levine	(360) 570-5884	PeteL@dor.wa.gov
Nonprofit/Exempt Organizations	Sindy Parshall	(360) 570-5870	SindyP@dor.wa.gov
Personal Property	Pete Levine	(360) 570-5884	PeteL@dor.wa.gov
Railroad Leases	Bill Johnson	(360) 570-5882	BillJ@dor.wa.gov
Ratio Study	Deb Mandeville	(360) 570-5863	DebM@dor.wa.gov
Real Property	Howard Hubler	(425) 356-4850	HowardH@dor.wa.gov
Revaluation	Cindy Boswell	(509) 663-9747	CindyB@dor.wa.gov
Senior Citizens/Disabled Homeowners, Exemption/Deferral	Peggy Davis	(360) 570-5867	PeggyD@dor.wa.gov
Utilities Management	Neal Cook	(360) 570-5877	NealC@dor.wa.gov
<input type="checkbox"/> Certification of Utility Values to Counties	Ha Haynes	(360) 570-5879	HaH@dor.wa.gov
<input type="checkbox"/> Code Area/Taxing District Boundary Changes & Maps	Jane Ely	(360) 570-5894	JaneE@dor.wa.gov
<input type="checkbox"/> Public Utility Assessment	Jay Fletcher	(360) 570-5876	JayF@dor.wa.gov
<input type="checkbox"/> PUD Privilege Tax	Paul Hutt	(360) 570-5869	PaulHu@dor.wa.gov