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Property Tax Review

Resolutions -- Some Really Are Kept!

By Sandra Guilfoil, Assistant Director

These months after the holidays finds me uninspired and struggling to find an appropriate introduction to this *first quarter 2002* newsletter. Not that I don't think it's a wonderful way to communicate....I am just exhausted from the extra effort it took to make the holidays extra-special for family and friends. We all seemed to lack 'focus' when it came to holiday cheer and the festivities were a bit more strained.

Of course, if you paraphrase that thought, one could say that 'Sandy is tired because she worked so hard to have fun'. Gee... hard to expect much sympathy with that statement!!! Guess I'd better move on to something else!

The last remnant of the winter holidays, of course, is the long-standing tradition of New Year's Resolutions. I wonder how many of us have really kept our resolutions? Even this early in the year, are any of us still maintaining our resolve to eat less, exercise more, be kinder, put away more for retirement, or be more organized? (shoot...where did I put that file, anyway?) Even when the intentions are good, being disciplined enough to change is tough.

That is why I am so proud of what we are doing here. The Property Tax Division made resolutions...and we have made the changes. Four years ago we vowed to work smarter and better, to recognize and adapt to the changing assessment environment, and to

recognize and leverage the talents of our employees. The product of our resolve and our efforts has grown from the creation of efficiencies to a reallocation of resources that funded salary increases for professional staff and many promotional opportunities. We developed a Strategic Business Plan and the related reorganization created new and more focused programs with new leadership talent.

We will, I hope, continue to show the resolve to make the 'new and improved' Property Tax Division valuable to all the stakeholders who rely on us in various ways. I also recognize that change is not only hard for the doers, but for the users as well. For this reason, we will continue to provide you with loads of information, in varied formats, to reach as many as possible.

Postscript... I would be remiss if I didn't also add some comments about the current state budget crisis and how it is impacting us. Look further in this newsletter for an article on the Property Tax Reorganization. I'll talk about it there!....Sandy♦



This Quarter's Reminders

March 1

Most taxing district boundaries must be established to permit levy for collection following year. (RCW 84.09.030) For exceptions, see RCW 84.09.030-.035. Also, changes in district boundaries must be submitted to Dept. of Revenue in order to receive proper apportionment of values of state assessed properties. (WAC 458-50-130)

March 15

Utility company annual returns on standard form must be filed with the Department of Revenue. Penalties prescribed. (RCWs 84.12.230, .260)

March 31

Applications for exemption from the property tax must be received by the Dept. of Revenue to avoid \$10/month penalty. (RCWs 84.36.815 and .825) New incorporated cities may establish boundaries. (RCW 84.09.030)

April 30

Personal property report on form must be filed with court assessor. Penalties prescribed (RCW 84.40.020, .020, .030, .130) Also, last day for payment of taxes except that when taxes on lot or tract are \$50 or more, one-half may be paid on or before October 30 and the remaining on or before October 31. (RCW 84.40.020, .020, .030, .130)

County Review Program Established

By Shawn Kyes, County Review Program Manager

The primary objective of the county review program is to promote fair, uniform, and timely administration of property taxation throughout the state of Washington. To achieve this goal, we will be providing advisory assistance and unprejudiced evaluations to local tax administrations in promoting efficiency, economy, and effectiveness. The review of revaluation plans will be incorporated into the County Review Program.

First, I am excited to take on the responsibilities as manager of this new program. For the past 3+ years serving as the Revaluation Specialist, I have had the opportunity to meet many of the county officials throughout the state. This experience has provided me with a greater appreciation and respect for the monumental tasks, challenges, and complexities which we all face in the administration of our property tax system.

Recently, we completed the process of appointing two existing staff members to this program. **Cindy Boswell** was appointed as the new Revaluation Specialist. Cindy has held positions of increasing responsibility with the Division since beginning her career at Property Tax in 1983, prior to being the primary Commercial Appraiser in the Okanogan County Assessor's Office.

Rangel "RC" Cavazos was appointed to the Auditor/Appraiser 5 position within the County Review Program. RC joined the Division in January last year as a Property Tax Auditor 4. Prior to 2000, RC was employed for over 13

years with the King County Department of Assessments.

Candidates were graded on a number of factors, including their practical knowledge and understanding of the county assessment process. On that note, I would like to thank Dean Takko, Cowlitz County Assessor, for assisting me in panel interviews. One of the top expectations I will make of staff will be completing work with a high degree of professionalism and fairness. This Spring the County Review Program staff will be working on evaluation template formation, review of standards, and training. As the program is developed, we will continue to provide updates in this newsletter. Furthermore, I will be available to discuss our progress at future DOR/WSACA Executive Board conference calls. In looking to the future, I am confident that by working in a cooperative manner we can achieve results that are mutually beneficial. ♦

Ratio WAC Rules CR-101 Hearing

By Deb Mandeville, Ratio Supervisor

A CR-101 is a public notice that the Department intends to revise certain Washington Administrative Code (WAC). In response to legislative changes during 2001, the Department intends to reflect changes made to the personal property ratio study. As a result of chapter 185, Laws of 2001, the basis for the county's personal property ratio study incorporates three years of valuation data in the computation of the ratio. Language has been added to WAC 458-53-140 to reflect those changes.

This Quarter's Reminders

Continued from page 2

May 1

Assessor must notify applicant for forest land designation prior to this date if request denied. (RCW 84.33.130) Also open space farm and agriculture land application deemed approved unless assessor has notified owner otherwise. (RCW 84.34.035)

May 31

County assessors to have completed listing and placing of valuation on all property no later than this date. However, assessors may add property to list later after written notice to person to be assessed. (RCW 84.40.040) ♦

Additionally, the Department promised counties the next time we made any changes to the ratio rules, we would also incorporate changes to allow residential condominiums to be stratified along with other single family residential properties in the real property ratio study.

As a result, WAC 458-53-030 (5) has been updated and now land use code 14 is listed as **residential** condominiums and land use code 50 will be utilized for **commercial** condominiums.

In the same rule, land use code 87 (classified forest land) has been removed to correspond with the 2001 legislative changes which combined classified and designated forest land (Chapter 249, Laws of 2001) .

WAC 458-53-050 reflects these changes in the abstract category listings. Item #1 Single family residence will include land use codes 11, 14, 18, and 19. Item #4 Commercial includes land use code

50. And item #7 Forest land has land use code 87 removed.

Finally, since the Department no longer generates sales studies, WAC 458-53-090 is being repealed.

The CR-101 public hearing for these rules is scheduled for April 10, 2002 at 9:30 a.m. at the Capital Plaza Building in the 4th Floor Large Conference Room, 1025 Union Ave. SE in Olympia.

A copy of the draft rules can be obtained via the DOR website, <http://dor.wa.gov>. Written comments should be directed to Department of Revenue, Mark Mullin, P.O. Box 47464, Olympia WA 98504-47464. Comments can also be submitted to Mark through his e-mail, markm@dor.wa.gov. Mark's telephone number is (360) 570-6112.

Any other questions or concerns may be directed to Deb Mandeville at (360) 570-5863 or David Saavedra (360) 570-5861. ♦

Washington's State Budget Crisis

By Sandra Guilfoil, Assistant Director

On February 21, 2002, Governor Gary Locke issued Governor's Directive No. 01-01. This was a directive to freeze hiring, travel, and equipment purchases effective February 22, 2002. This freeze was indicated for the duration of the biennium, which ends June 30, 2003.

At the time this directive was enacted, the Property Tax Division was in the last phase of a reorganization. Most personnel had already been promoted or moved into their new areas of interest.

However, there are four staff positions currently vacant that we will not be able to fill.

We have analyzed workloads, available assets, allowable expenditures, and statutory requirements to determine which areas should be prioritized. As we move forward during this period of crisis, you should be aware that, to some degree, our capacity to provide services to the counties will be more limited. At the same time, we are confident that we are well positioned to provide a quality level of service to the property tax administration field, even under current circumstances.

Some specific information that may be useful to you is noted below:

The Valuation Advisory Group, under the management of Mark Maxwell, has been recently created to provide a focused program of complex appraisal consulting services, advisory appraisals, and studies to support DOR valuation guidelines. The program was to include seven appraisal professionals. At this time, the program will only include five professionals, with two vacancies that cannot be re-filled. While implementation will not be maximal, we are confident that our staff can be both productive and helpful to many of you.

Training that is already scheduled will be provided as planned. We will remain committed to providing relevant and affordable training in the future. To

assure that the training is valuable to the users and will be well attended, you

may see more inquiries of interest in particular classes. If responses are limited or class sizes become too small, we may postpone the course until a later time. Assessors are encouraged to communicate with the Department as to

...to some degree, our capacity to provide services to the counties will be more limited.

Upcoming Training Courses

March 19-20

Introduction to Personal Property
Tacoma – \$35

March 21

Advanced Personal Property
Tacoma – \$15

March 26-27

Mass Appraisal Report Writing
Lacey – \$100

March 26-27

Introduction to Personal Property
Moses Lake – \$35

March 28

Advanced Personal Property
Moses Lake -- \$15

April 30-May 1

Mass Appraisal Report Writing
Moses Lake -- \$100

May 29-30

USPAP
Northwest Washington -- \$50

June 4-5

Board of Equalization (BOE) Member & Clerk Training
Spokane -- Free

June 6

BOE Senior Member Training
Spokane -- Free

June 7

BOE Senior Member Training
Moses Lake -- Free

June 11

BOE Senior Member Training
Mount Vernon

June 12

BOE Senior Member Training
Tumwater -- Free

June 13

BOE Senior Member Training
Longview -- Free

For further information, contact Linda Cox, Educational Programs Manager, at (360) 570-5866 or LindaC@do

best meet your needs. The WSACA Education Committee will be relied on to be the main resource for DOR staff in this area.

The Division will be focusing even more on broader communication through the use of the Internet and e-mail. It is the most cost-effective and efficient means of disseminating information and receiving input.

The Property Tax Division is confident that you will be satisfied with the service you receive from us in the future. We will remain flexible to necessary adjustments in our priorities, and open to your comments through the process. ♦

Property Tax Housekeeping Bill Dies

By Peri Maxey, Technical Programs Manager

The DOR Property Tax Housekeeping Bill (SB 6582) died suddenly in House Finance from unknown causes. It was a good little bill and will be missed. There were six components to the bill that would have made property tax administration a little easier:

1. The Current Use statutes were updated to reflect all the changes made by the passage of House Bills 1202, 1450 and Substitute Senate Bill 5702 during the 2001 Legislative Session. RCW 84.33.120 should be considered repealed. RCW 84.33.130 and RCW 84.34.108 incorporate all the changes made to these sections in the passage of the three bills. The housekeeping bill, if passed, would have clarified that the date of death shown on the death certificate should be used when applying the two-year death window

provisions under the DFL or Current Use programs;

2. The housekeeping bill eliminated references to business inventories that are exempt and clarified that business supplies are taxable on an average basis (RCW 84.40.020);

3. It changed a reference in school district statutes from “state board of education” to “regional committee on school district organization” to conform to existing structure (RCW 84.09.037);

4. It updated an incorrect reference to the \$9.15 aggregate levy limit that should read the \$5.90 aggregate levy limit (RCW 36.68.525);

5. It specified that mosquito control district boundaries must be set by September 1st of the year in which the property tax levy is made (RCW 84.09.030);

6. It changed a provision in the Senior Citizen/Disabled Person’s Deferral Program to say that a claimant is not required to repay past deferred taxes and interest when their income rises above the limit (RCW 84.38.130). This philosophy was contained in the enacting statutes, and somewhere along the way this provision was altered when the Legislature tied this program to the Exemption Program. In our administration of the Deferral Program, the Department has never required payment of deferred taxes and interest when the claimant becomes ineligible to defer further taxes due to their income rising above the limit. Repayment is required upon the death of the applicant (unless the spouse is eligible to continue), when the applicant moves from the property, or when the deferred tax exceeds 80 percent of their equity in the property. ♦

Property In Motion

Personal Property Assessment Issues

By Neal R. Cook, MAI

This column, **Property in Motion – Personal Property Assessment Issues**, marks the first of an ongoing series that will appear in each newsletter. The focus of this column will be personal property valuation and administration issues. I hope to include one or two issues in each newsletter. In this issue there is one valuation/assessment issue and one administration issue. If you have issues or questions that you would like included in a future publication, please let me know. I can be contacted via e-mail at NealC@dor.wa.gov or by phone at (360) 570-5881.

PROPERTY IN MOTION: Personal Property Assessment Issues

Videotapes and Property Held or Owned for Short-Term Rental

By Neal Cook, MAI

Videotapes and all other rental or rented assets are to be valued at their retail value (retail trade level). These may be new or used assets held for rent. A cursory survey of the price of used videotapes, in the fall of 2001, indicated that the value of the average inventory of rental tapes has remained at no less than \$9 each, based solely on the sale of used tapes. The Oregon Department of Revenue recommended \$11 for 2001 assessments, on the same average inventory basis as required in Washington State. This value is intended to reflect the average per tape value for the entire inventory of tapes that remain in the rental inventory. Even though the value of any individual tape may be as little as \$5, after 90 days, or as much as \$25 to \$75 and more when first entering the rental inventory, a value of at least \$9 per tape is recommended.

A number of assessors have asked the Department to study videotapes because they believe that the value may be less than \$9 per tape. We have concluded that the basis for this belief is that videotape rental business owners do not understand that the assessed value is the market value of the average inventory of the rental tapes, not the price they are sold for after being taken out of the rental inventory. Some owners can make a compelling argument about this subject using used videotape sales data, raising the level of concern about the accuracy of the \$9 per tape value estimate. However, the liquidation value is representative of the wrong trade level.

The question that must be answered is: "What is the market value of the property at noon on January 1 of each year"? Looking at the problem this way helps taxpayers and assessing officers alike see what is to be valued -- all the inventory of rental property. Used tapes that are for sale have been removed from the rental inventory and are sold at a different trade level, usually based on "orderly liquidation." If the property in place at noon on January 1 is not representative of the "average inventory," then an alternative method of determining the average number of tapes that are available throughout the

year may be used. In fact, there are often more new releases in December than in other months of the year, which would increase the value of the tapes on hand January 1. However, the number of tapes on hand may be relatively stable throughout the year because of space limitations for storing and displaying the inventory. In most cases, a count of the tapes at any point in time can be used. Until further notice, the Department recommends the use of the \$9 per tape methodology for the assessment of videotapes even though this value is more reflective of an orderly liquidation value than the retail value of the average inventory in the rental inventory. The trade level and average inventory concepts regarding videotapes apply equally to all forms of rental inventory valuation.

The primary reason for basing the assessed value on \$9 per tape is that the only market data available, other than the original cost, is the price at which the tapes sell after removal from the inventory. Hence, the market value of the tapes in the rental inventory must be at least \$9 per tape. An alternative valuation method is to value the rental inventory at 60 percent of the original cost. However, the original cost of the entire average inventory may be difficult to ascertain because of the

rapid turnover of the inventory. Nevertheless, an owner who can verify the original cost for the average inventory could have this alternative method utilized to estimate the value. The 60 percent figure is based on the \$25 average price of new videotapes and the average selling price of used tapes at \$9, rounded. The lesser of \$9 or 60 percent of original cost would be a good estimate of value for assessment purposes. ♦

[PROPERTY IN MOTION:
Personal Property Assessment Issues](#)

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

By Mark Mullin, Tax Policy Specialist, Legislation & Policy Division

A County Assessor's Office requested information and/or a basic legal explanation of why a Limited Liability Company (LLC) isn't treated like a Sole Proprietorship for purposes of the Head of Family personal property tax exemption. The taxpayer, an LLC, would like the Head of Family Exemption applied to its Personal Property Assessment and has told the assessor that the business is like a Sole Proprietorship with just a husband and wife being the owners of the LLC. The issue is whether an LLC can qualify for the Head of Family exemption provided by RCW 84.36.110(2).

Answer

The definition of "person" in RCW 84.04.075 includes a "firm, company, association or corporation." In addition, RCW 1.16.080(2) provides:

Unless the context clearly indicates otherwise, the terms 'association,' 'unincorporated association,' and 'person, firm, or corporation' or substantially identical terms shall, without limiting the application of any term to any other type of legal entity, be construed to include a limited liability company.

Thus, a "person," as used in the property tax statutes, clearly includes LLCs unless otherwise expressly provided in statute or unless the context indicates otherwise.

However, just because an LLC may be a person for property tax purposes, it does not follow that an LLC is entitled to the Head of Family exemption. The exemption for the head of a family applies to "individuals" rather than all "persons." RCW 84.36.110(2) provides, in relevant part:

The personal property, other than specified in subdivision (1) hereof, of each head of a family liable to assessment and taxation of which such **individual** is the actual and bona fide owner to an amount of three thousand dollars of actual values (Emphasis added.)

In contrast to sole proprietorships, LLCs are not "individuals." This is made clear from the provisions of chapter 25.15 RCW which contain the statutes authorizing and regulating LLCs. RCW 25.15.030(2) states that "a limited liability company has the same powers as an individual to do all things necessary or convenient to carry out its business and affairs." It is clear from this statute that an LLC is not an individual; for if an LLC were considered to be an individual, there would be no need for the statute to state that an LLC has the same powers as an individual as it relates to carrying on its business and affairs.

The term "individual" has been defined as follows:

As a noun, this term denotes a single person as distinguished from a group or class, and also, very commonly, a private or natural person as distinguished from a partnership, corporation, or association; but it is said that this restrictive signification is not necessarily inherent in the word, and that it may, in proper cases, include artificial persons.

As an adjective, 'individual' means pertaining or belonging to, or characteristic of, one single person, either in opposition to a firm, association, or corporation, or considered in his relation thereto.

Black's Law Dictionary 773 (6th ed. 1990) (emphasis added). The above definition of "individual" supports the conclusion that the term usually pertains to natural persons (i.e., a human beings) rather than artificial entities such as corporations or LLCs.

Additional support for the conclusion that the Head of Family exemption in RCW 84.36.110(2) applies only to natural persons is found in RCW 84.36.120, which states:

For the purposes of RCW 84.36.110, 'head of a family' shall be construed to include a surviving spouse not remarried, any person receiving an old age pension under the laws of this state and any citizen of the United States, over the age of sixty-five years, who has resided in the state of Washington continuously for ten years.

The context of RCW 84.36.120 indicates that the term "head of a family" refers to natural persons, as an LLC or other artificial entity cannot be a

surviving spouse and, presumably, cannot receive an old age pension.

Interpreting the head of a family exemption as not applying to LLCs and other artificial entities is in keeping with the rule of statutory construction that "an exemption in a taxing statute is to be construed strictly against the claim of exemption." Yakima First Baptist Homes, Inc. v. Gray, 82 Wn.2d 295, 299, 510 P.2d 243 (1973).

Finally, the conclusion that the Head of Family exemption does not apply to LLCs 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. ♦



Clarification on the “Two-Year Death Window” Exception

By *Pete Levine, Prop. Tax Supervisor*

In a recent response to a request from the Washington State Association of County Assessor’s Open Space Committee, the Department of Revenue (Department) sent a memo to all assessors regarding the interpretation and implementation of Substitute House Bill (SHB) 1450, which passed in the 2001 Legislature. Included below are the specifics of that memo.

SHB 1450 is commonly referred to as the “two-year death window,” which provides for an exception from back taxes when land classified as either Designated Forest Land (DFL) or in the Current Use Program under the Open Space Taxation Act meets certain requirements at the time of removal. For purposes of this memorandum, the analysis will be centered on the Current Use Program under chapter 84.34 RCW, because application to the DFL program under chapter 84.33 RCW is essentially the same.

A brief history about the passage of SHB 1450 involves the effort to reinstate the two-year death window provision previously contained in statute. Until the legislative change made in 1992, an exception from back taxes was possible if the removal from classification resulted solely from “sale or transfer of land [classified in the current use program] within two years after the death of an owner of at least a fifty percent interest in such land.” (Previously provided for in RCW 84.34.108(5)(c), and removed during the 1992 legislative session, Laws of 1992, chapter 70, HB 2371.)

After January 1, 1993, the two-year death window was no longer available for owners with existing classified land, nor was it available to new applicants into the program. However, in the years following 1993, a number of owners throughout the state who classified their land prior to the change desired to exercise the two-year death window exception, but could not, because the exception no longer existed in statute. As a result, the assessors put forward a forest land and current use related bill in 2000 that included a proposal to reinstate the two-year death window exception; however, the legislation did not pass. During the 2001 session, two bills, Senate Bill 5228 and SHB 1450, were introduced to reinstate the two-year death window exception. SHB 1450 eventually became law. Accordingly, the two-year death window exception contained in SHB 1450 is now codified as RCW 84.34.108(6)(k-m). In addition, the administrative rules for land classified in the program have been amended to include the provision, in chapter 458-30 WAC. It has also been codified for DFL under RCW 84.33.140(13)(h-j).

The exception provided in the two-year death window is actually twofold. The first is provided for in RCW 84.34.108(6)(k), as well as the administrative rules in WAC 458-30 300(5)(k) which states no additional tax, interest, or penalty will be imposed if the removal [from classification] resulted from:

- (k) The sale or transfer of land within two years of the death of an owner who held at least a fifty percent interest in the land if:
 - (i) The individual(s) or entity(ies) who received the land from the deceased owner is selling or transferring the land; and

(ii) The land has been continuously assessed and valued as classified or designated forest land under chapter 84.33 RCW or classified under chapter 84.34 RCW since 1993. The date of death shown on the death certificate begins the two-year period for sale or transfer;

It is important to note that the exception reinstating the two-year death window applies only to land classified prior to 1993, and not to land that was classified under the program subsequent to 1993. However, the provision also applies to succeeding ownership changes when the new owner has continued to keep the land classified and the classification is continuous since 1993; this is the case, even when removal occurs within two-years after the most recent owner who held at least a fifty percent interest dies and who was not original owner at the time of application (prior to 1993).

That is to say, it is not as important as to who has held the ownership of the land, but rather has the land itself been continuously classified since 1993, and has the removal taken place within two years of the death of an owner who had at least a fifty percent interest in the land by the individual(s) or entity(ies) who received the land from the deceased owner. The exception is tied to the classification of the land, not ownership.

To illustrate this, assume *Owner A* initially had his/her land classified as farm and agricultural land in 1980. *Owner A* subsequently sold the land to *Owner B* in 1998 who signed the notice of continuance and used the land for current use purposes until *Owner B's* death in 2002. At that point, the individual(s) [or entity(ies)] who receives the land from the deceased owner (*Owner B*) has the opportunity to sell or transfer the land to someone who

doesn't want to sign the notice of continuance within two years of *Owner B's* death without additional tax, interest, or penalty, because it has been continuously classified in the program since 1993, and the removal would be within the two-year window.

The second part of the two-year death window exception is provided for in RCW 84.34.108(6)(l). Under this provision, an exception from the additional tax, interest, and penalty exists for situations where an owner of at least a fifty percent interest died after 1991 and the land has been continuously classified since 1993 and the land is removed from classification

...the exception reinstating the two-year death window applies only to land classified prior to 1993...

because it is sold or transferred by the individual(s) or entity(ies) who received the land from the deceased owner between July 22, 2001, and July 22, 2003.

This is more specifically delineated in the newly adopted rules in WAC 458-30300(5)(l) which state no additional tax, interest, or penalty will be imposed if the removal resulted from:

- (l) The sale or transfer of classified land between July 22, 2001, and July 22, 2003, if:
 - (i) An owner who held at least a fifty percent interest in the land died after January 1, 1991;
 - (ii) The individual(s) or entity(ies) who received the land from the deceased owner is selling or transferring the land; and
 - (iii) The land has been continuously assessed and

valued as classified or designated forest land under chapter 84.33 RCW or classified under chapter 84.34 RCW since 1993. The date of death shown on the death certificate is the date used to determine the deceased owner's date of death.

It is important to note that the second part of the two-year death window exception has a specific sunset clause to it, which will continue only through July 22, 2003. This appears to have been an attempt to ensure that particular individuals would have a two-year opportunity to sell or transfer classified land and be eligible for the new exception provided in RCW 84.34.108(6)(l).

By and large, the administration of the two-year death window exception entails determining whether:

Each sale or transfer is indeed a sale or transfer that causes the land to be removed from classification;

The removal resulted from a sale or transfer by the individual(s) or entity(ies) who received the land directly from the deceased owner who held at least a fifty percent ownership interest in the land – the exception does not extend to multiple transfers beyond the deceased owner; and

The removal falls within the specified timeframe listed within one of the two exceptions.

We hope this provides assistance in the interpretation and implementation of the “two-year death window” exception contained in RCW 84.34.108(6)(k–m). Contact Velinda Brown, Current Use Specialist, at (360) 570-5865 or by E-mail at VelindaB@dor.wa.gov if you have specific questions. ♦



Accredited, Licensed or Certified Appraiser - What's the Difference?

By Velinda Brown, Education Specialist

There has been some interest shown in how these classifications for people appraising real property differ in terms of initial applications and continuing education requirements. The accreditation program is administered through the Department of Revenue (DOR) while licensed and certified appraisers are governed by statutes administered by the Department of Licensing (DOL). For the purpose of this article, a comparison of the two agencies authority/responsibility and the continuing education hours for the classifications will be presented. A comparison of the initial application requirements will be presented in a future issue.

The **DOR** is responsible for administering the accreditation program for real property appraisers, under chapter 36.21 RCW and chapter 458-10 WAC, who value real property for ad

valorem purposes.” WAC 458-10-010(3)(b) defines "Accredited appraiser" to mean “a person who has successfully completed and fulfilled all requirements imposed by the department for accreditation and who has a currently valid accreditation certificate.”

Any person, including the assessor, responsible for valuing real property for purposes of taxation must be an accredited appraiser. This requirement includes persons acting as assistants or deputies to a county assessor who determine real property values or review appraisals prepared by others. This requirement does not apply to persons working in the county assessor's office who do not exercise appraisal judgment with respect to real property.

The **DOL** is responsible for administering the licensing and certification program for real property appraisers, under Chapter 18.140. RCW, who provide services to the public. The three designations under the DOL are: State Certified General Real Estate Appraiser, State Certified Residential Real Estate Appraiser and State Licensed Real Estate Appraiser. (Definitions are found in RCW 18.140 010)

Accreditation Renewal Requirements -- (DOR)

Once a person becomes accredited a renewal application should be submitted to the DOR at least two weeks prior to the expiration of the certificate. The appraiser must have completed 15 classroom hours of continuing education in courses approved by the DOR during the two years preceding the expiration date. Courses, seminars and workshops that are directly related to real property appraising and taught by qualified personnel are approved for the number of hours of the course. Seminars and workshops directly related to a topic of general interest to an assessor’s office taught by qualified personnel are approved for a maximum of three hours. If the course has an examination, students must successfully pass the exam to receive the credit. However, courses are not required to include an exam for continuing education requirements.

Course work repeated in 5-year period – An appraiser may not receive continuing education credits for a class with the same or similar content that was taken within the previous 5 years and used for continuing education credit.

Carry-over hours – If an appraiser completes more than the required 15

	Accreditation (DOR)	Certification/Licensing (DOL)
Classifications	Accredited Appraiser	-State Licensed Real Estate Appraiser -State Certified Residential Real Estate Appraiser -State Certified General Real Estate Appraiser
Renewal Period	2 years	2 years after initial period
Continuing Education Hours for Each Renewal Period	15	28
USPAP Requirement	Once – 15 hours are required at time of initial accreditation or within 3 years of initial accreditation	USPAP is required as a pre-requisite to taking the exam for initial classification. 15 hours of USPAP are required every other renewal period.
Fee	No Renewal Fee	\$302
RCW	Chapter 36.21 RCW	Chapter 18.140 RCW
WAC	Chapter 458-10 WAC	Chapter 308-125 WAC

hours of continuing education, five classroom hours may be carried over to the following accreditation period.

USPAP – Within three years of receiving accreditation status, an appraiser must complete 15 classroom hours of a course, approved by DOR, in standards of appraisal practice and ethics also known as USPAP. Appraisers who have completed a USPAP course at the time of initial accreditation have already satisfied this requirement. The 15 hours of USPAP may also be used to satisfy the continuing education hours for that renewal period. Once the USPAP requirement is satisfied, there are no further requirements to complete another USPAP course or course update.

Certification or Licensing Renewal Requirements – (DOL)

Once a person receives certification or licensing from DOL, they must renew their certificate or license generally within two years. The first renewal period following certification/licensing expires on the appraisers second birthday following issuance of the certificate. The appraiser must have completed 28 classroom hours of continuing education in courses or seminars approved by DOL. The course or seminar must be at least 2 hours long and directly related to real estate appraising. Only 14 of the 28 hours may be in 2-hour seminars or courses. An examination is not required. DOL approves courses offered by college or

universities, vocational-technical schools, community colleges and other state or federal agencies. Courses offered by real estate appraisal providers or real estate organizations or proprietary schools must be reviewed before DOL will approve them.

USPAP – An appraiser must complete 15 hours of an approved USPAP course every other renewal period. The 15 hours of USPAP may also be used to satisfy 15 of the 28 hours of continuing education needed.

Questions on accreditation should be directed to Velinda Brown at (360) 570-5865. ♦



New Staff Are Welcomed To The Division

By David Saavedra, Program Coordinator

In January of 2002, **Jim Mosier** accepted the position of Property Tax Specialist in the Property Tax Division of the Department of Revenue in Olympia.

Jim is a member of the Appraisal Institute and has held the Senior Real Property Appraiser designation (SRPA) since 1990. He rejoins the Utility Valuation Section with prior experience in utility valuation. Jim gained

extensive knowledge of county operations while working in Pierce County from 1998 through 2001 where he was heavily involved in successful valuation defense and litigation.

Jim has an extensive background in all types of commercial valuation spanning 20+ years. He gained his technical expertise both as an independent fee appraiser and through his many years employed as a senior commercial appraiser with a major lending institution.

Another recent addition to the Property Tax Division's Utility Valuation Section is **Jane Ely**. She joined the Division in March 2002 and will serve as the only Cartographer on staff. Jane studied geography, cartography/GIS at Oregon State University. After graduation, she worked on GIS projects for the EPA Environmental Research Lab in Corvallis for six years before moving to accept a position with Microsoft in Redmond. At Microsoft, Jane was responsible for organizing and managing their Map Library, which was used by the GeoUnit (the people who create Encarta World Atlas, Streets and Trips, and MapPoint). She also worked for the Thurston County GeoData Center using ARC/INFO GIS before accepting her current position with us.

Welcome aboard Jim and Jane! ♦



Resource Links

[Personal Property Valuation Guidelines](#) -- 2002 version

[Industrial Property Valuation Schedules](#) -- 2002 version

[A Comparison of County Assessor Statistics](#) -- 2001 version

[Property Tax Rules in the Process of Being Amended or Newly Adopted](#) -- This frequently updated listing is a good source for the latest information on proposed amendments and/or adoptions to WAC rules.





**DEPARTMENT OF REVENUE
PROPERTY TAX DIVISION**

P. O. Box 47471
Olympia, Washington 98504-7471

DESCRIPTION OF PROGRAM OR SERVICE	CONTACT	PHONE NUMBER	INTERNET E-MAIL
Property Tax Administration/Policy	Sandra Guilfoil Assistant Director	(360) 570-5860	SANDYG@dor.wa.gov
Property Tax Program Coordinator	David Saavedra	(360) 570-5861	DAVIDS@dor.wa.gov
General Information – Receptionist FAX	Cathy Berry	(360) 570-5900 (360) 586-7602	
Specific Topics			
Accreditation	Velinda Brown	(360) 570-5865	VELINDAB@dor.wa.gov
Accreditation Testing	Linda Cox	(360) 570-5866	LINDAC@dor.wa.gov
Advisory Appraisals	Mark Maxwell	(360) 570-5885	MARKMAX@dor.wa.gov
Appraisals & Audits for Ratio Study	David Saavedra	(360) 570-5861	DAVIDS@dor.wa.gov
Annexation/Boundary Change Rules	Kathy Beith	(360) 570-5864	KATHYB@dor.wa.gov
Appraiser Certification (DOL)	Cleotis Borner	(360) 664-6504	CBORNER@dol.wa.gov
Boards of Equalization	Kathy Beith	(360) 570-5864	KATHYB@dor.wa.gov
Classified/Designated Forest Land	Velinda Brown	(360) 570-5865	VELINDAB@dor.wa.gov
County Review Program	Shawn Kyes	(360) 570-5862	SHAWNK@dor.wa.gov
Current Use/Open Space Assessment	Velinda Brown	(360) 570-5865	VELINDAB@dor.wa.gov
Education & Training for County Personnel	Linda Cox Velinda Brown	(360) 570-5866 (360) 570-5865	LINDAC@dor.wa.gov VELINDAB@dor.wa.gov
Forest Tax General Information	Steve Vermillion	(360) 664-8432	STEVEV@dor.wa.gov
Forms	Velinda Brown	(360) 570-5865	VELINDAB@dor.wa.gov
Legislation	Peri Maxey	(360) 570-5868	PERIM@dor.wa.gov
Levy Assistance	Kathy Beith	(360) 570-5864	KATHYB@dor.wa.gov
Mobile Homes	Neal Cook	(360) 570-5881	NEALC@dor.wa.gov
Nonprofit/Exempt Organizations	Harold Smith	(360) 570-5870	HAROLDS@dor.wa.gov
Railroad Leases	Jay Fletcher	(360) 570-5876	JAYF@dor.wa.gov
Ratio Study	Deb Mandeville	(360) 570-5863	DEBM@dor.wa.gov
Revaluation	Cindy Boswell	(509) 663-9747	CINDYB@dor.wa.gov
Senior Citizens/Disabled Homeowners, Exemption/Deferral	Mary Skalicky	(360) 570-5867	MARYS@dor.wa.gov
Utilities			
- Certification of Utility Values to Counties	Ha Haynes	(360) 570-5879	HAH@dor.wa.gov
- Code Area/Taxing District Boundary Changes & Maps	Steve Yergeau	(360) 570-5877	STEVEY@dor.wa.gov
- Public Utility Assessment	" "	"	"
- PUD Privilege Tax	Chuck Boyce	(360) 570-5878	CHUCKB@dor.wa.gov