

2007 Utility Valuations (cont.)



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Air transportation

The air transportation industries assessments increased 10.18% from 2006 to 2007. Coming out of a trough and into recovery, the industry is approaching a level of stability and profitability, and it has done so only through major cost-reduction efforts in an attempt to offset the higher than ever oil prices.

Gas

The foundation for the increase in the gas distribution industry lies in Puget Sound Energy's gas distribution assessment. The increase stemmed from an increase in net assets and income of the company. The industries overall assessments increased from 2006 to 2007 20.53%.

Private railcars

Relatively high fuel costs have helped drive demand for intermodal transports. The higher demand leads to more private railcar companies operating in Washington with more cars. The industries 13.82% increase in assessments from 2006 to 2007 reflects this growth.

The remaining companies

Reflecting the overall market conditions of the time, each utility industry experienced increases in assessed value from 2006 to 2007.

Other Factors Affecting Utility Values

Another factor that can affect certified utility assessments is the application of the county ratio. If the county real or personal property ratio has changed significantly from last year, it could affect certified utility assessments.

The following chart shows a breakdown of statewide utility assessments before the application of county ratios:

Industry Summaries			
Industry	2007 Final	2006 Final	Difference
Air Transportation	2,140,000,944	1,942,284,464	10.18%
Electric	4,162,204,650	3,830,318,000	8.66%
Gas	1,685,350,000	1,398,274,000	20.53%
Pipelines	986,566,000	935,861,000	5.42%
Private Cars	257,394,396	226,145,826	13.82%
Railroads	967,960,050	951,787,000	1.7%
Telecommunications	3,748,238,686	3,583,925,896	4.58%
Wireless	2,507,085,000	2,384,726,500	5.13%
Totals	16,454,799,726	15,253,322,686	7.88%

New Faces and New Places at Property Tax

Kim Lipscomb has joined the Exemption & Deferral Program as a Property Acquisition Specialist 4. Working out of our Everett Field Office, she will cover the Northwest portion of the state reviewing and monitoring nonprofit exemptions. Kim comes to us from the Department's Audit Division with 25 years of experience in business audits, training, interpretations, and tax discovery. Kim is a Western Washington University grad and is known for her professionalism and enthusiasm.

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New Faces and New Places at Property Tax (cont.)

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We also welcome **Tim Harrington** to the Everett Field Office. Tim accepted a position as a Property & Acquisition Specialist 3 in the Ratio Valuation Program. He comes to us with more than 16 years of Department of Revenue experience in collection, tax discovery, and business audits. Tim has a finance degree from Washington State University (he's a Cougar) and should add needed balance to a Property Tax team that includes a lot of Huskies!



Chris Faulconer has accepted a position as a Property & Acquisition Specialist 3 in the Ratio Valuation Program. He will be based in the Wenatchee Field Office. Chris is also a Department of Revenue veteran, joining the Compliance Division in 2002. Chris has a BS degree from Central Washington University and has started working on an MBA. With a great customer service background in the hospitality industry, Chris is ready to audit and appraise for Property Tax.



Grant Boyer has accepted a Property & Acquisition Specialist 5 position in the Valuation Advisory Program. Grant has been with the Utilities Section of Property Tax since 2000 where he has been our expert on the appraisal of airlines. Grant will now use his appraisal skills to advise and assist county assessors with some of the toughest or most unique appraisals that confront them each year.



R. C. Cavazos has been promoted to be our Revaluation Specialist (Property & Acquisition Specialist 5) within the County Performance & Administration Program. As an auditor for the past five years, RC has helped develop our County Review Program and strengthen our connection to the counties. He also has 13 years of appraisal experience at the county level and attended the University of Washington. Based in Everett, RC might be our most vocal and ardent Husky fan!



Jessica Griffith just accepted a promotion to become our Airline Company valuation specialist (Property & Acquisition Specialist 5) in the Utility Valuation Section. She joined the Utility Valuation group in 2006 to be our Private Railcar Appraiser and PUD Privilege Tax Specialist. Jessica joined up with Property Tax in 2005 after graduating from the University of California, Santa Barbara, with a business degree.



Leslie Mullin has accepted an appointment as our County Review Auditor (Property & Acquisition Specialist 4) in the County Performance and Administration Program. Leslie joined the Department of Revenue in 2002 as a Revenue Agent. She came to Property Tax in 2005 as our Levy Auditor. Leslie also has experience in conducting appraisals/audits of personal property and providing guidance to county assessors and staff on personal property issues. Leslie is known as a quick learner and a skilled communicator. She's a University of Alaska graduate, holding an Economics degree. ♦



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To be notified when new editions of our 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.

<https://fortress.wa.gov/SecureForms/Content/contactus/Email/listservEmail.aspx>



Legislative Updates

2007 Regular Session – EHJR 4204

In the November 8, 2007 General Election, Washington State voters confirmed the approval of EHJR 4204. EHJR 4204 amended the Washington State Constitution now requiring a simple majority of voters to authorize excess capital, maintenance and operation, and transportation levies for school districts. The amendment also removes the 40 percent validation requirement for these levy elections. This amendment became effective December 6, 2007.

EHJR 4204 applies to school district excess levies for the support of common schools for a period of up to four years. Also, school district excess levies to purchase technology systems, support construction, modernization, or remodeling of school facilities for a period not exceeding six years need only pass by a simple majority.

This bill did not amend the section of the constitution that pertains to bond levies for taxing districts including school districts. Excess levies imposed to repay principal and interest on general obligation bonds continues to require a 60 percent majority. The number of voters voting on the levy proposition must equal 40 percent or more of the number of voters at the last general election. If you have questions regarding this measure, please contact Diann Locke at DiannL@dor.wa.gov or by phone at (360) 570-5885.

2007 Special Session – HB 2416

After the Supreme Court decision in *Washington Citizens Action of Washington v. State*, issued November 8, 2007, affirming a Superior Court ruling that held I-747 unconstitutional, Governor Christine Gregoire called a one-day Special Session of the Legislature to address the property tax limitation. HB 2416 was approved by the Legislature and signed by the Governor on November 29, 2007. It became effective immediately. The legislation reinstates the one percent levy limit both prospectively and retroactively beginning with levies made in 2001 for collection in 2002.

Reinstatement of the one percent levy limit means that assessors will calculate levies and levy rates in the same manner as has been done since I-747 was adopted in 2001. However, a few questions have been raised and are addressed below.

Question: If a taxing district adopted its 2008 tax year budget and resolution/ordinance after I-747 was found unconstitutional and before HB 2416 was approved and the district chose to increase its highest lawful levy by more than one percent, is the assessor required to increase the district's levy by the higher percentage?

Response: No. Even though the taxing district may have requested additional funds, the assessor must certify the levy amount based on the laws that are in place at the time he or she certifies the tax roll to the treasurer's office. Current law allows a limit factor of the lesser of 100 percent plus the rate of inflation or 101 percent. For taxes payable in 2008, the limit factor for all taxing districts is 101 percent.

Question: Should levies be recalculated for the 2002 through 2007 tax years based on the percentage of increase allowed prior to I-747 since the Supreme Court found the one percent limitation unconstitutional?

Response: No. HB 2416 is retroactive, reinstating the one percent levy limit back to the 2002 tax year.

Question: If a taxing district accumulated banked levy capacity while I-747 was in effect, do those funds remain available for the taxing district?

Response: Yes. HB 2416 does not eliminate any banked levy capacity the districts may have accumulated during the time I-747 was in place or prior to adoption of I-747.

The assessors' processes for levy calculations for the 2007 levy for the 2008 tax year are business as usual with the enactment of HB 2416. If you have questions about this or any other levy administration issues, please contact Diann Locke at (360) 570-5885 or by e-mail at DiannL@dor.wa.us.

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Legislative Updates (cont.)

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2007 Special Session – SSB 6178

At the recent Special Session, SSB 6178 was also introduced and passed, providing a new deferral program. The program was designed to provide relief for households of modest income who might be hit hard with rising mortgage rates and increased property taxes.

Homeowners with limited incomes will be eligible to defer paying half of their property taxes and certain special assessments beginning in 2008. To “defer” taxes under this program means that the taxpayer could delay their own payment of half of their tax bill by asking the Department to pay it for them. When that payment is made, the Department takes a lien interest in the residence until the taxpayer repays the deferred amount and interest that accrues.

To qualify, a homeowner must have owned the home for five years, reside in the home, and have a combined annual household disposable income of \$57,000 per year or less. Disposable income is defined as income from all sources, whether or not it is subject to federal income tax.

Applicants must pay the first half of their property taxes in order to apply to defer paying taxes on the second half due in October. Application forms will be available about April 20, 2008 at county assessor offices or online at the Department of Revenue’s web site, <http://dor.wa.gov>.

The total amount homeowners can defer under this program cannot exceed 40 percent of the equity in their homes. Equity is defined as the difference between the assessed value of a home and any debts secured by the property.

The deferred taxes must be repaid with interest if a property is sold or no longer is used as the personal residence of the owner. The interest rate is based on the federal short-term rate plus 2 percent, or approximately 7 percent for any taxes deferred in 2008. Any change in the interest rate in 2009 and later years will not affect the interest rate on deferrals made in 2008.

The program will be administered in much the same manner as the existing deferral program for senior citizens and disabled persons. Initial application will be made at the Assessor’s office and then passed on to the Department for final review and payment. However, there are differences between the programs that have to be worked out before taxpayers start applying for the new deferral.

Our first brochure and description of the new deferral program can be found at:

<http://dor.wa.gov/Content/GetAFormOrPublication/PublicationBySubject/TaxTopics/PropertyTax>.

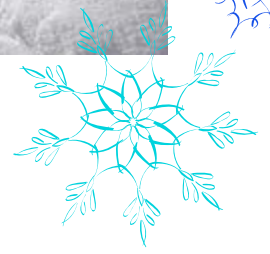
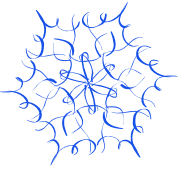
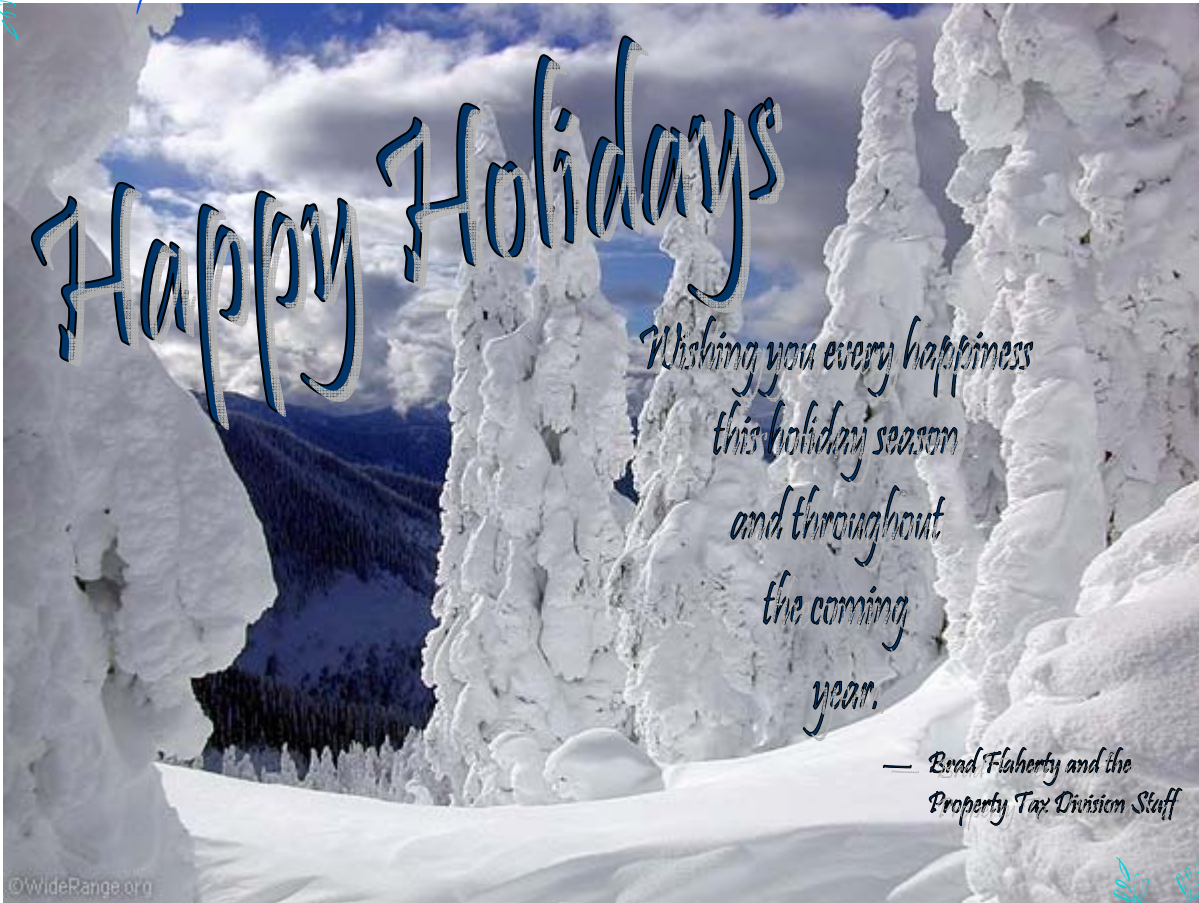
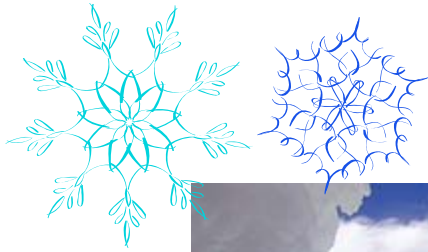
For additional information about implementation of the Limited Income Deferral program, please contact Harold Smith at HaroldS@DOR.wa.gov or (360) 570-5864. For questions about existing exemption and deferral programs for senior citizens and disabled persons, please contact Peggy Davis at PeggyD@DOR.wa.gov or (360) 570-5867. ♦

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<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	Jessica Griffith	(360) 570-5898	JessicaG@dor.wa.gov