

July 23, 2009

## 2009 Legislative Updates – Levies and Collection Issues

All legislation is effective July 26, 2009, unless stated otherwise.

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### **E2SHB 1208 – Property Tax Administration**

*(This analysis does not include information concerning sections 13 and 14, applications for classification or reclassification under RCW 84.34.020.)*

**Question:** What changes were made in E2SHB 1208?

**Answer:** The bill makes several changes, including:

- Several dates related to property tax and special assessments were changed.
- The bill modified provisions related to property tax refunds.
- The term “stamp” was changed to “verification of payment” to demonstrate the payment of real estate excise tax.
- The bill requires property taxes must be current prior to the sale of used structures if the title has not been eliminated.
- Taxing districts can now levy to recoup property taxes abated due to destroyed property.

**Question:** Which property tax and special assessment dates were changed?

**Answer:** In each of the following statutes “February 14” or “February 15” was replaced with “when the tax roll has been completed for the current year’s collection”:

- RCW 84.40.042 – Valuation and assessment of divided or combined property
- RCW 84.56.070 – Collection of personal property taxes
- RCW 86.09.490 – Lien date between grantor and grantee
- RCW 84.60.050 – Acquisition by a governmental unit
- RCW 87.03.265 – Irrigation Districts lien assessment
- RCW 87.03.270 – Irrigation Assessments

In RCW 85.08.480, the collection dates for dike, drainage, and sewerage improvement districts were updated from May 30 and November 30 to April 30 and October 31.

**Question:** Who can authorize a property tax refund?

**Answer:** Only the county treasurer can authorize a property tax refund. E2SHB 1208 removed language in RCW 84.69.030 allowing the county legislative authority to act upon its own motion and order a property tax refund.

**Question:** Are there any time limits when filing a claim for a property tax refund?

**Answer:** Yes. E2SHB 1208 requires a refund claim to be submitted to the county treasurer within three years of the due date of the payment sought to be refunded. Prior to adoption of the bill, refunds could be requested within three years after the payment was made.

**Question:** If a refund claim must be made within three years of the due date, what date is considered the due date?

**Answer:** If the property tax is \$50.00 or less, the due date is April 30. If the property tax liability is greater than \$50.00, the first half tax payment is due by April 30 and the second half is due by October 31.

**Question:** Can the county treasurer continue to use the traditional stamp verifying real estate excise tax payments before documents are filed with the county auditor?

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**Answer:** Yes, the county treasurer can continue to use the traditional “stamp” verifying real estate excise tax payments, but they are not limited to this version of payment verification. Because real estate excise tax payments can be submitted electronically, another type of payment verification may be appropriate.

**Question:** Is there a requirement to pay the current year’s property tax when a structure that has not had its title eliminated sells?

**Answer:** Yes. RCW 82.45.090 requires property taxes to be current before real estate excise tax can be paid or other documents transferring title can be processed when those documents include a used mobile home, used manufactured home, used park model or used floating home that has not had its title eliminated. Payment of the tax must be verified on the real estate excise tax affidavit.

**Question:** RCW 82.45.090 requires property taxes to be “current” when ownership of a used structure is being changed and its title has not been eliminated. What does “current” mean?

**Answer:** Current taxes refer to the full tax year’s property taxes. If real estate excise tax is due for a transaction, and the transaction occurs after the tax roll has been completed and before December 31, the full year’s property tax is due. If real estate excise tax is due for the transaction, and the transaction occurs after December 31 and before the tax roll has been completed, the county treasurer is not required to verify property taxes are current on the real estate excise tax affidavit.

**Question:** How is the loss of revenue to taxing districts due to destroyed property relief addressed in the levy calculation process?

**Answer:** E2SHB 1208 provided authority for taxing districts to impose a refund levy to recoup taxes abated under RCW 84.70.010 within the preceding 12 months. Previously, taxing districts could only recoup taxes that were paid and refunded.

**Question:** When does E2SHB 1208 take effect?

**Answer:** This bill takes effect July 26, 2009, with the exception of the levying of abated taxes due to destroyed property. The levying of abated taxes due to destroyed property applies retroactively to January 1, 2009 and is applied to taxes levied for the collection year 2010 and thereafter.

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### ESHB 1619 – School Districts – Capital Projects Funds

**Question:** What changes were made in ESHB 1619?

**Answer:** This bill allows funds raised by school districts through construction, modernization, or remodeling levies to be used for painting, major equipment repair, and other preventative maintenance purposes. The Office of Superintendent of Public Instruction will develop an accounting guideline for the transfer of funds from the capital projects fund to the district’s general fund.

**Question:** Will this change anything in the county assessor’s levy rate calculation process?

**Answer:** No. The levy calculation process is not affected by changes made in this bill.

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### SB 5355 – Rural County Library Districts - Levy Rates

**Question:** What changes were made in SB 5355?

**Answer:** The petition creating a rural county library district may include the initial maximum property tax levy rate, but it is not required. If the petition does include the initial maximum levy rate, the ballot proposition creating the district also must include the initial maximum levy rate.

**Question:** If the petition includes an initial maximum levy rate that is less than the statutory maximum rate of \$0.50 per thousand dollars assessed value, does the initial maximum levy rate become the districts new statutory maximum rate?

**Answer:** No. The initial levy rate is only used for the first year the district levies a property tax. In subsequent years, the levy rate may be increased as authorized under chapter 84.55 RCW.

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## **SB 5426 – Partial City Annexation - Fire Protection Districts**

**Question:** What changes were made in SB 5426?

**Answer:** SB 5426 allows a fire district to annex a portion of a city or town under certain circumstances. To qualify, the following conditions must be present:

- The city or town must be located within two counties;
- At least 80 percent of the population of the city or town must reside in one county;
- The total population of the city or town must be greater than 5,000 and less than 10,000; and
- The city or town must be adjacent to the annexing fire district.

If all these conditions exist, a fire district may pursue annexation of the portion of the city that encompasses 80 percent of the population lying within one county.

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## **2SSB 5433 – Local Option Taxes**

*(This Special Notice does not address sections 1 and 2 of the bill concerning sales and use tax.)*

**Question:** What changes were made in 2SSB 5433?

**Answer:** The bill addresses three issues:

- Levy lid lifts;
- The statutory maximum levy rate for ferry districts; and
- Levies for county transit purposes.

**Question:** What was changed in the levy lid lift statute?

**Answer:** The bill provides that funds raised through a multi-year property tax levy lid lift can be used to supplant existing funds beginning with levies submitted to and approved by the voters after July 26, 2009. In counties with a population of 1.5 million or more, funds raised through a multi-year property tax levy lid lift can be used to supplant existing funds for levies approved by the voters after July 26, 2009 through 2011.

**Question:** Did the statutory maximum levy rate change for all ferry districts?

**Answer:** No. The statutory maximum levy rate was changed from \$0.75 per thousand dollars assessed value to \$0.075 per thousand dollars assessed value in a county with a population of 1.5 million or more.

**Question:** What is a county transit levy?

**Answer:** This is a new levy that may be imposed in a county with a population of 1.5 million or more for expanding transit capacity along State Route 520 and other transit related expenditures. This is a regular levy with a statutory maximum levy rate of \$0.075 per thousand dollars assessed value. After the first levy is imposed, subsequent levies are subject to the 101% levy limit in chapter 84.55 RCW. A county transit levy is subject to the constitutional one percent levy limit but is not subject to the \$5.90 levy limitation in RCW 84.52.043.

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**Questions:** If you have questions or need additional information, please contact Diann Locke at (360) 570-5885 or [DiannL@dor.wa.gov](mailto:DiannL@dor.wa.gov). ♦