



# RULE-MAKING ORDER

**CR-103P (May 2009)**  
**(Implements RCW 34.05.360)**

**Agency:** Department of Revenue

**Permanent Rule Only**

**Effective date of rule:**

**Permanent Rules**

31 days after filing.

Other (specify) January 1, 2017 ( If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

**Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?**

Yes  No If Yes, explain: The Department is adopting these rules with an effective date of January 1st because these rules provide rates used for refunds and property valuations during 2017.

**Purpose:**

- WAC 458-18-220 Refunds – Rate of interest provides the rate of interest that applies to tax refunds made pursuant to RCW 84.69.010 through 84.69.090 in accordance with RCW 84.69.100, and also to judgments entered in favor of the plaintiff pursuant to RCW 84.68.030. This rule has been amended to provide the rate of interest to be used when refunding property taxes paid in 2017.
- WAC 458-30-262 Agricultural land valuation – Interest rate – Property tax component provides the interest rate and the property tax component used to value farm and agricultural lands classified under chapter 84.34 RCW (Open Space Program). This rule has been amended to provide the interest rate and property tax component to be used when valuing classified farm and agricultural land during the 2017 assessment year.
- WAC 458-30-590 Rate of inflation – Publication – Interest rate – Calculation provides the rate of inflation used to calculate interest on deferred special benefit assessments when farm and agricultural or timber land is removed or withdrawn from classification under chapter 84.34 RCW (Open Space Program). This rule has been amended to provide the rate of inflation used in calculating interest for deferred special benefit assessments of land removed or withdrawn during 2017.

**Citation of existing rules affected by this order:**

Amended: WAC 458-18-220 Refunds – Rate of interest  
WAC 458-30-262 Agricultural land valuation – Interest rate – Property tax component  
WAC 458-30-590 Rate of inflation – Publication – Interest rate - Calculation

**Statutory authority for adoption:** RCW 84.34.065, 84.34.360, 84.34.141, and 84.69.100

**Other authority :**

**PERMANENT RULE (Including Expedited Rule Making)**

Adopted under notice filed as WSR 16-21-096 on October 19, 2016.

Describe any changes other than editing from proposed to adopted version: **None.**

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting: **An analysis was not prepared.**

**Date adopted:**

December 21, 2016

**NAME**

Kevin Dixon

**SIGNATURE**

**TITLE**

Rules Coordinator

**CODE REVISER USE ONLY**

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

**DATE: December 21, 2016**

**TIME: 10:08 AM**

**WSR 17-01-162**

**Note: If any category is left blank, it will be calculated as zero.  
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.  
A section may be counted in more than one category.**

**The number of sections adopted in order to comply with:**

<b>Federal statute:</b>	New	Amended	Repealed
<b>Federal rules or standards:</b>	New	Amended	Repealed
<b>Recently enacted state statutes:</b>	New	Amended	Repealed

**The number of sections adopted at the request of a nongovernmental entity:**

New	Amended	Repealed
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**The number of sections adopted in the agency's own initiative:**

New	Amended	3	Repealed
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**The number of sections adopted in order to clarify, streamline, or reform agency procedures:**

New	Amended	Repealed
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**The number of sections adopted using:**

<b>Negotiated rule making:</b>	New	Amended	Repealed
<b>Pilot rule making:</b>	New	Amended	Repealed
<b>Other alternative rule making:</b>	New	Amended	Repealed

AMENDATORY SECTION (Amending WSR 16-01-035, filed 12/9/15, effective 1/1/16)

**WAC 458-18-220 Refunds—Rate of interest.** The following rates of interest (~~shall~~) apply (~~on~~) to refunds of taxes made pursuant to RCW 84.69.010 through 84.69.090 in accordance with RCW 84.69.100. The following rates (~~shall~~) also apply to judgments entered in favor of the plaintiff pursuant to RCW 84.68.030. The interest rate is derived from the equivalent coupon issue yield of the average bill rate for twenty-six week treasury bills as determined at the first bill market auction conducted after June 30th of the calendar year preceding the date the taxes were paid. The rate (~~thus determined shall be~~) is applied to the amount of the judgment or the amount of the refund, until paid:

Year tax paid	Auction Year	Rate
1984	1983	9.29%
1985	1984	11.27%
1986	1985	7.36%
1987	1986	6.11%
1988	1987	5.95%
1989	1988	7.04%
1990	1989	8.05%
1991	1990	8.01%
1992	1991	5.98%
1993	1992	3.42%
1994	1993	3.19%
1995	1994	4.92%
1996	1995	5.71%
1997	1996	5.22%
1998	1997	5.14%
1999	1998	5.06%
2000	1999	4.96%
2001	2000	5.98%
2002	2001	3.50%
2003	2002	1.73%
2004	2003	0.95%
2005	2004	1.73%
2006	2005	3.33%
2007	2006	5.09%
2008	2007	4.81%
2009	2008	2.14%
2010	2009	0.29%
2011	2010	0.21%
2012	2011	0.08%
2013	2012	0.15%
2014	2013	0.085%
2015	2014	0.060%
2016	2015	0.085%

This rule was adopted December 21, 2016 and becomes effective January 1, 2017. It may be used to determine tax liability on and after the effective date, until the codified version is available from the code reviser's office.

Year tax paid	Auction Year	Rate
<u>2017</u>	<u>2016</u>	<u>0.340%</u>

AMENDATORY SECTION (Amending WSR 16-01-035, filed 12/9/15, effective 1/1/16)

**WAC 458-30-262 Agricultural land valuation—Interest rate—Property tax component.** For assessment year (~~(2016)~~) 2017, the interest rate and the property tax component that are (~~to be~~) used to value classified farm and agricultural lands are as follows:

- (1) The interest rate is (~~(4.46)~~) 4.53 percent; and
- (2) The property tax component for each county is:

COUNTY	PERCENT	COUNTY	PERCENT
Adams	<del>((1.27))</del> <u>1.25</u>	Lewis	1.13
Asotin	<del>((1.18))</del> <u>1.14</u>	Lincoln	<del>((1.19))</del> <u>1.17</u>
Benton	<del>((1.17))</del> <u>1.16</u>	Mason	<del>((1.15))</del> <u>1.16</u>
Chelan	<del>((1.11))</del> <u>1.08</u>	Okanogan	<del>((1.06))</del> <u>1.08</u>
Clallam	<del>((1.08))</del> <u>1.02</u>	Pacific	<del>((1.38))</del> <u>1.36</u>
Clark	<del>((1.29))</del> <u>1.23</u>	Pend Oreille	<del>((0.91))</del> <u>0.90</u>
Columbia	<del>((1.13))</del> <u>1.06</u>	Pierce	<del>((1.52))</del> <u>1.47</u>
Cowlitz	<del>((1.23))</del> <u>1.16</u>	San Juan	<del>((0.69))</del> <u>0.68</u>
Douglas	<del>((1.14))</del> <u>1.09</u>	Skagit	<del>((1.23))</del> <u>1.19</u>
Ferry	0.97	Skamania	<del>((1.07))</del> <u>1.00</u>
Franklin	<del>((1.26))</del> <u>1.24</u>	Snohomish	<del>((1.21))</del> <u>1.13</u>
Garfield	<del>((0.99))</del> <u>0.95</u>	Spokane	<del>((1.38))</del> <u>1.36</u>
Grant	<del>((1.29))</del> <u>1.23</u>	Stevens	<del>((0.97))</del> <u>0.96</u>
Grays Harbor	<del>((1.31))</del> <u>1.36</u>	Thurston	<del>((1.30))</del> <u>1.28</u>
Island	0.93	Wahkiakum	<del>((0.98))</del> <u>0.89</u>
Jefferson	1.01	Walla Walla	1.32
King	1.06	Whatcom	<del>((1.14))</del> <u>1.13</u>
Kitsap	<del>((1.20))</del> <u>1.23</u>	Whitman	<del>((1.42))</del> <u>1.44</u>
Kittitas	<del>((0.99))</del> <u>1.00</u>	Yakima	1.22
Klickitat	<del>((0.98))</del> <u>0.96</u>		

AMENDATORY SECTION (Amending WSR 16-01-035, filed 12/9/15, effective 1/1/16)

**WAC 458-30-590 Rate of inflation—Publication—Interest rate—Calculation.** (1) **Introduction.** This rule sets forth the rates of inflation discussed in WAC 458-30-550. It also explains the department of revenue's obligation to annually publish a rate of inflation and the manner in which this rate is determined.

(2) **General duty of department((—)) - Basis for inflation rate.** Each year the department determines and publishes a rule establishing an annual rate of inflation. This rate of inflation is used in computing the interest that is assessed when farm and agricultural or timber land, which are exempt from special benefit assessments, is withdrawn or removed from current use classification.

(a) The rate of inflation is based upon the implicit price deflator for personal consumption expenditures calculated by the United States Department of Commerce. This rate is used to calculate the rate of interest collected on exempt special benefit assessments.

(b) The rate is published by December 31st of each year and applies to all withdrawals or removals from farm and agricultural or timber land classification that occur the following year.

(3) **Assessment of rate of interest.** An owner of classified farm and agricultural or timber land is liable for interest on the exempt special benefit assessment. Interest accrues from the date the local improvement district is created until the land is withdrawn or removed from classification. Interest accrues and is assessed in accordance with WAC 458-30-550.

(a) Interest is assessed only for the time (years and months) the land remains classified under RCW 84.34.020 (2) or (3).

(b) If the classified land is exempt from the special benefit assessment for more than one year, the annual inflation rates are used to calculate an average rate of interest. This average is determined by adding the inflation rate for each year the classified land was exempt from the special benefit assessment after the local improvement district was created. The sum of the inflation rates is then divided by the number of years involved to determine the applicable rate of interest.

(c) Example. A local improvement district for a domestic water supply system was created in January 1990 and the owner used the statutory exemption provided in RCW 84.34.320. On July 1, 1997, the land was removed from the farm and agricultural classification. An average interest rate was calculated using the inflation rates for 1990 through 1997. The owner was then notified of the amount of previously exempt special benefit assessment, plus the average interest rate.

(4) **Rates of inflation.** The rates of inflation used to calculate the interest as required by WAC 458-30-550 are as follows:

YEAR	PERCENT	YEAR	PERCENT
1976	5.6	1977	6.5
1978	7.6	1979	11.3
1980	13.5	1981	10.3
1982	6.2	1983	3.2
1984	4.3	1985	3.5
1986	1.9	1987	3.7
1988	4.1	1989	4.8

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<b>YEAR</b>	<b>PERCENT</b>	<b>YEAR</b>	<b>PERCENT</b>
1990	5.4	1991	4.2
1992	3.3	1993	2.7
1994	2.2	1995	2.3
1996	2.2	1997	2.1
1998	0.85	1999	1.42
2000	2.61	2001	1.89
2002	1.16	2003	1.84
2004	2.39	2005	2.54
2006	3.42	2007	2.08
2008	4.527	2009	-0.85 (negative)
2010	1.539	2011	2.755
2012	1.295	2013	1.314
2014	1.591	2015	0.251
<u>2016</u>	<u>0.953</u>		