

# PROPERTY TAXES

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## PROPERTY TAX EXEMPTIONS - PRIVATE PROPERTY

### **15.76.165 LEASED AGRICULTURAL FAIR LANDS**

Description: This statute exempts real and personal property that a county owns or leases from another governmental entity which is used for an area, county or district agricultural fair.

Purpose: To support agricultural fairs.

Category/Year Enacted: Agriculture. 1973

Primary Beneficiaries: Only one county categorizes fairgrounds under this statute, but the land in question is actually owned by the county. Thus, it is exempt under RCW 84.36.010. It is believed that no other county has leased fair lands exempt under this statute.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)            None.

### **84.14.020 TARGETED MULTI-UNIT HOUSING FACILITIES**

Description: Real property associated with the construction, conversion or rehabilitation of qualified, multi-unit residential structures located in a targeted residential area contained in an urban growth center is exempt from property tax for up to ten years. Cities with a population of at least 30,000 are eligible to establish the target areas; smaller cities may participate if they are the largest city or town located in a county that is required to plan under the Growth Management Act.

Purpose: To assist in the development of desirable and affordable privately-owned residential units in urban areas.

Category/Year Enacted: Other business. 1995; population threshold subsequently reduced several times.

Primary Beneficiaries: The owners of approximately 50 properties with more than 1,600 housing units.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>CY 2004</u>	<u>CY 2005</u>	<u>CY 2006</u>	<u>CY 2007</u>
State levy	\$ 293	\$ 296	\$ 297	\$ 303
Local levies	\$ 1,063	\$ 1,094	\$ 1,119	\$ 1,164

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?  
No - other taxpayers would experience reduced taxes for the state levy and most local levies.

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### 84.26.070 REHABILITATION OF HISTORIC PROPERTY

Description: Property that is listed on a national or local register of historic places is granted a special valuation upon approval of the owner's application. If the actual cost of rehabilitating historic property exceeds twenty-five percent of its assessed value, then the cost of the renovation may be excluded from the taxable value for ten years.

Purpose: To encourage the renovation of historic buildings in order to bring them up to building code standards, while preserving their architectural and cultural value.

Category/Year Enacted: Individuals. 1985

Primary Beneficiaries: Owners of historic property who rehabilitate the structure.

Possible Program Inconsistency: This property tax exemption encourages the preservation of properties that could be put to other uses, especially in urban core areas. Thus, this exemption could be considered as being partially inconsistent with programs that encourage affordable housing and community redevelopment efforts.

<u>Taxpayer Savings (\$000)</u>	<u>CY 2004</u>	<u>CY 2005</u>	<u>CY 2006</u>	<u>CY 2007</u>
State levy	\$ 1,347	\$ 1,360	\$ 1,364	\$ 1,389
Local levies	\$ 4,879	\$ 5,023	\$ 5,139	\$ 5,343

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

### 84.33.210 SPECIAL ASSESSMENT ON FOREST LAND

Description: Land designated as forest land is exempt from special benefit assessments. This exemption applies to local improvement districts that include forest land, as well as special benefit assessments for projects such as sewer systems, domestic water supply and road improvements. Neither local jurisdictions nor improvement districts are obligated to provide these services to the exempt forest land. However, the land owner may waive the exemption, pay the assessment, and receive the services.

Purpose: To relieve forest land owners of the costs related to development of adjacent land.

Category/Year Enacted: Other. 1992

Primary Beneficiaries: Owners of forest land, particularly in expanding urban areas.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>CY 2004</u>	<u>CY 2005</u>	<u>CY 2006</u>	<u>CY 2007</u>
State levy	\$ 271	\$ 273	\$ 274	\$ 279
Local levies	\$ 980	\$ 1,009	\$ 1,032	\$ 1,073

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes.

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### **84.36.010      2nd NARROWS BRIDGE**

Description: Property tax exemption is provided for state route 16 corridor transportation systems and facilities constructed pursuant to Chapter 47.46 RCW.

Purpose: This exemption is intended to exempt any private property used in conjunction with construction and operation of the 2nd Narrows bridge in Pierce County which will span Puget Sound. When adopted, the exemption was predicated upon the assumption that the bridge would be built with private funding until construction was complete and subsequently deeded to the state. This exemption was therefore intended to lower the overall cost of the project to enhance the likelihood of private investors funding the cost of construction.

Category/Year Enacted: Business incentive. 1998.

Primary Beneficiaries: As originally conceived, firms involved in construction/operation of the bridge and ultimately persons who utilize the bridge.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)      None. The current concept of, and agreement for, construction and operation of the 2nd Narrows bridge and the associated state route 16 systems do not entail any private funding or ownership of property. The revenue effects of this exemption are implicitly included with all other state highways under the State Government category.

### **84.36.015      PARCELS VALUED LESS THAN \$500**

Description: Each parcel of real property and each personal property account that individually has an assessed value of less than \$500 is exempt from property tax.

Purpose: To avoid the administrative expense of listing, valuing and collecting property tax on very small accounts.

Category/Year Enacted: Other. 1997

Primary Beneficiaries: Approximately 65,000 small property owners.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>CY 2004</u>	<u>CY 2005</u>	<u>CY 2006</u>	<u>CY 2007</u>
State levy	\$ 67	\$ 68	\$ 68	\$ 69
Local levies	\$ 243	\$ 251	\$ 257	\$ 267

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?  
No - other taxpayers would experience reduced taxes for the state levy and most local levies.

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### 84.36.020 CEMETERIES

Description: All land, buildings and personal property used exclusively for the administration and maintenance of public burying grounds or cemeteries are exempt from property tax, as long as they do not discriminate on the basis of race, color, national origin or ancestry.

Purpose: To support the social benefits provided by burying grounds and cemeteries.

Category/Year Enacted: Other. 1854

Primary Beneficiaries: Approximately 489 parcels owned by 197 cemeteries.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>CY 2004</u>	<u>CY 2005</u>	<u>CY 2006</u>	<u>CY 2007</u>
State levy	\$ 1,084	\$ 1,118	\$ 1,150	\$ 1,182
Local levies	\$ 3,934	\$ 4,142	\$ 4,345	\$ 4,552

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?  
No - other taxpayers would experience reduced taxes for the state levy and most local levies.

### 84.36.030(4) VETERANS ORGANIZATIONS

Description: Property owned by veterans organizations or societies that are recognized by the Department of Defense and have national chapters is exempt from property tax. To qualify, the property must be used only for purposes of the organization, although the exemption is not nullified if the property is used by a nonprofit organization for fund-raising activities or for commercial business activities for up to three days annually, and the rent is reasonable and doesn't exceed maintenance and operation costs.

Purpose: To support the activities of veterans organizations.

Category/Year Enacted: Other. 1929; expanded in 1993 to allow fund-raising and commercial use.

Primary Beneficiaries: Approximately 164 applicants comprising 218 parcels.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>CY 2004</u>	<u>CY 2005</u>	<u>CY 2006</u>	<u>CY 2007</u>
State levy	\$ 106	\$ 110	\$ 113	\$ 116
Local levies	\$ 385	\$ 406	\$ 425	\$ 446

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?  
No - other taxpayers would experience reduced taxes for the state levy and most local levies.

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### **84.36.060(1, c) FIRE COMPANIES**

Description: Fire engines, buildings and other equipment of fire companies of any city, town or privately owned fire company are exempt from property tax.

Purpose: Municipal fire departments and fire districts are exempt on property they own under RCW 84.36.010. This statute covers privately-owned land upon which fire districts maintain fire stations.

Category/Year Enacted: Other. 1890

Primary Beneficiaries: Only one fire district is known to maintain a fire station on privately-owned land.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)            Minimal.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?  
No - other taxpayers would experience reduced taxes for the state levy and most local levies.

### **84.36.060(1,d) HUMANE SOCIETIES**

Description: Property owned and used by humane societies is exempt from property tax.

Purpose: To support the social benefits that humane societies provide. Also, to provide the same tax exempt status granted to animal shelters operated by local governments.

Category/Year Enacted: Other. 1915

Primary Beneficiaries: Approximately 19 humane societies covering 33 parcels.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>CY 2004</u>	<u>CY 2005</u>	<u>CY 2006</u>	<u>CY 2007</u>
State levy	\$ 28	\$ 29	\$ 30	\$ 31
Local levies	\$ 102	\$ 107	\$ 112	\$ 118

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?  
No - other taxpayers would experience reduced taxes for the state levy and most local levies.

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### 84.36.255 HABITAT AND WATER QUALITY IMPROVEMENTS

Description: Property tax exemption is provided for improvements to real and personal property devoted to fish and wildlife habitat restoration and protection and to water quality and quantity improvements. To qualify, the improvements must be undertaken in accordance with a local conservation district's written plan for best management practices.

Purpose: To improve fish and wildlife habitat and water quality/quantity.

Category/Year Enacted: Other. 1997

Primary Beneficiaries: Landowners who invest in habitat improvements.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>CY 2004</u>	<u>CY 2005</u>	<u>CY 2006</u>	<u>CY 2007</u>
State levy	\$ 24	\$ 24	\$ 24	\$ 25
Local levies	\$ 86	\$ 89	\$ 91	\$ 94

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?  
No - other taxpayers would experience reduced taxes for the state levy and most local levies.

### 84.36.381 SENIOR CITIZENS AND DISABLED HOMEOWNERS

Description: Retired senior citizens (aged 61 or more) and disabled homeowners with incomes of \$30,000 or less are exempt from all excess property taxes levied on their principal residence. Those whose income is between \$18,000 and \$24,000 also are exempt on all regular property tax levies on the first \$40,000 of the residence's assessed value or 35 percent of the value up to a maximum of \$60,000, whichever is greater. Homeowners with income less than \$18,000 are exempt from all regular levies on the first \$50,000 of assessed value or 60 percent of the value (with no maximum), whichever is greater.

Purpose: This program was implemented following constitutional authorization by the voters in 1966 to provide property tax relief to low-income, retired or disabled homeowners.

Category/Year Enacted: Individuals. Initial exemption of \$50 in 1967; converted to an income-based exemption in 1971 with income limits increased several times subsequently.

Primary Beneficiaries: Approximately 113,000 homeowners currently benefit from this program.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>CY 2004</u>	<u>CY 2005</u>	<u>CY 2006</u>	<u>CY 2007</u>
State levy	\$ 13,060	\$ 12,799	\$ 12,543	\$ 12,292
Local levies	\$ 66,428	\$ 65,099	\$ 63,797	\$ 62,521

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?  
No - other taxpayers would experience reduced taxes for the state levy and most local levies.

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### 84.36.400 HOME IMPROVEMENTS

Description: Improvements to existing single family residential structures are eligible for a three year exemption from property tax following completion of the remodeling. The exemption is limited to no more than 30 percent of the structure's assessed value at the time the work commenced.

Purpose: To encourage homeowners to upgrade their residences, while avoiding the sudden and potentially large increases in assessed value and property tax which can otherwise occur.

Category/Year Enacted: Individuals. 1972

Primary Beneficiaries: Approximately 2,790 homeowners are presently exempt under this program.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>CY 2004</u>	<u>CY 2005</u>	<u>CY 2006</u>	<u>CY 2007</u>
State levy	\$ 235	\$ 237	\$ 238	\$ 243
Local levies	\$ 852	\$ 876	\$ 897	\$ 933

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?  
No - other taxpayers would experience reduced taxes for the state levy and most local levies.

### 84.36.487 AIR POLLUTION CONTROL FACILITIES

Description: Air pollution control equipment that is constructed or installed at a thermal electric generating facility after May 15, 1997 is exempt from property tax. To qualify, the generating facility must have been placed in operation between Jan. 1, 1970 and July 1, 1975.

Purpose: To provide an economic incentive for businesses engaged in the construction or installation of such air pollution facilities or the operation of qualifying generating plants, thereby encouraging the facility to remain in operation and provide jobs while reducing air pollution emissions.

Category/Year Enacted: Other business. 1997

Primary Beneficiaries: Owners of the Centralia steam plant, as well as suppliers of coal to the facility.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>CY 2004</u>	<u>CY 2005</u>	<u>CY 2006</u>	<u>CY 2007</u>
State levy	\$ 510	\$ 515	\$ 516	\$ 526
Local levies	\$ 1,847	\$ 1,901	\$ 1,945	\$ 2,022

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?  
No - other taxpayers would experience reduced taxes for the state levy and most local levies.

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### **84.36.635 ALCOHOL/BIODIESEL FUEL MANUFACTURING FACILITIES**

Description: Real and personal property used to manufacture alcohol fuel or biodiesel fuel is exempt from property tax. Land used to grow crops which are used for such fuel is not subject to the exemption. The exemption is provided for the first six years following completion of the manufacturing facility. No new applications for this exemption may be submitted to county assessors after December 31, 2009.

Purpose: To encourage the manufacturing of alternatives to petroleum-based fuels.

Category/Year Enacted: Business incentive. 2003

Primary Beneficiaries: There are currently no facilities that qualify for this exemption. There is one potential facility which may be constructed in the Moses Lake area. However, it is not known whether the plant will be built or, if so, when.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)            None.

### **84.36.640 WOOD BIOMASS FUEL MANUFACTURING FACILITIES**

Description: Real and personal property used to manufacture wood biomass fuel is exempt from property tax. Land used to grow crops which are used for such fuel is not subject to the exemption. The exemption is provided for the first six years following completion of the manufacturing facility. No new applications for this exemption may be submitted to county assessors after December 31, 2009.

Purpose: To encourage the manufacturing of alternatives to petroleum-based fuels.

Category/Year Enacted: Business incentive. 2003

Primary Beneficiaries: There are currently no facilities that qualify for this exemption and no known proposals to construct such a facility.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)            None.



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### **84.36.655      MANUFACTURING OF SUPER-EFFICIENT AIRCRAFT**

Description: An exemption from property tax is provided for facilities used to manufacture super-efficient airplanes which are located on property owned by a port district. The exemption covers buildings, machinery, equipment and other personal property owned by a lessee of port district property. This exemption is not available if the manufacturer takes the B&O tax credit provided by RCW 82.04.4463. This exemption is scheduled to expire on July 1, 2024.

Purpose: To encourage siting of a super-efficient airplane manufacturing facility in Washington. This exemption presumes that such a facility would be located on port district property. As such, it addresses the personal property component of the facility, since the real property is presumed to be publicly-owned.

Category/Year Enacted: Business incentive. 2003 (effective January 1, 2005)

Primary Beneficiaries: Any manufacturer of a super-efficient airplane that locates a facility on port district property.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)*</u>	<u>CY 2004</u>	<u>CY 2005</u>	<u>CY 2006</u>	<u>CY 2007</u>
State levy	\$ 0	\$ 546	\$ 2,045	\$ 1,887
Local levies	\$ 0	\$ 2,016	\$ 7,705	\$ 7,256

\*These estimates assume the facility would be located on port district property.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?  
No - other taxpayers would experience reduced taxes for the state levy and most local levies.

### **84.56.025      WAIVER OF DELINQUENCY PENALTIES**

Description: Interest and penalties on delinquent property taxes may be waived for up to 18 months if the delinquency was due to an error on the part of the county or hardship caused by the death of the taxpayer's spouse, parent or step-parent.

Purpose: To provide relief for taxpayers in the above situations.

Category/Year Enacted: Individuals. 1984; statute clarified in 2003 giving County Treasurers more flexibility in administering the waiver of delinquency penalties.

Primary Beneficiaries: Property owners who may owe interest and penalties in these circumstances.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)      Minimal. No county has reported any utilization of this waiver.

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### **84.56.450 WAIVER OF DELINQUENCY PENALTIES, Y2K ERRORS**

Description: No interest and penalties will be imposed on any person who fails to pay property taxes on or before the due date if the failure was caused by a computer problem that was attributable to the so-called "Y2K" date change for computer systems. This provision expires on December 31, 2006.

Purpose: To provide relief to property owners experiencing Y2K computer problems.

Category/Year Enacted: Other. 1999

Primary Beneficiaries: None known.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)            None.