

# SENATE BILL REPORT

## ESB 6596

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As Passed Senate, February 13, 1996

**Title:** An act relating to using the most probable and most reasonable use as the basis of calculating the true and fair value of real property for property tax purposes.

**Brief Description:** Using the most probable and most reasonable use as the basis of calculating property value.

**Sponsors:** Senators Drew, Haugen, Winsley, Sheldon, Hale, Snyder, Wood, McAuliffe, Finkbeiner, Goings, Pelz, Franklin, Smith, Sutherland, Bauer, Rasmussen and Oke.

**Brief History:**

**Committee Activity:** Government Operations: 1/24/96, 2/2/96 [DP].  
Passed Senate, 2/13/96, 49-0.

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS

**Majority Report:** Do pass.

Signed by Senators Haugen, Chair; Sheldon, Vice Chair; Goings, Hale, Heavey and Winsley.

**Staff:** Diane Smith (786-7410)

**Background:** The standard used by county assessors to determine the true and fair value of real property is described in the Washington Administrative Code as the highest and best use to which the property can be put, yielding the highest return on the owner's investment.

Often, the highest and best use standard is of only theoretical value and is perceived to be an unrealistic gauge of time and fair value.

**Summary of Bill:** True and fair value of real property for taxation purposes is defined as the most probable and most reasonable use of the real property.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect July 1, 1997.

**Testimony For:** This bill goes a long way toward ensuring that assessed values are realistic reflections of true market value.

**Testimony Against:** Appraisers don't follow what most probable and most reasonable means.

**Testified:** Numerous people.