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**SUBSTITUTE SENATE BILL 5368**

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**State of Washington**

**61st Legislature**

**2009 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Prentice, Parlette, Fraser, Regala, Shin, and Keiser)

READ FIRST TIME 03/02/09.

1       AN ACT Relating to making provisions for all counties to value  
2 property annually for property tax purposes; amending RCW 84.41.030,  
3 84.41.041, and 82.45.180; adding new sections to chapter 84.41 RCW; and  
4 providing expiration dates.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6       **Sec. 1.** RCW 84.41.030 and 1996 c 254 s 7 are each amended to read  
7 as follows:

8       (1) Each county assessor shall maintain an active and systematic  
9 program of revaluation on a continuous basis, and shall establish a  
10 revaluation schedule which will result in revaluation of all taxable  
11 real property within the county at least once each four years and  
12 physical inspection of all taxable real property within the county at  
13 least once each six years. Each county assessor may disregard any  
14 program of revaluation, if requested by a property owner, and change,  
15 as appropriate, the valuation of real property upon the receipt of a  
16 notice of decision received under RCW 36.70B.130(~~(, 90.60.160,)~~) or  
17 chapter 35.22, 35.63, 35A.63, or 36.70 RCW pertaining to the value of  
18 the real property.

1 (2) Not later than January 1, 2014, all taxable real property  
2 within a county must be revalued annually and all taxable real property  
3 within a county must be physically inspected at least once each six  
4 years. This mandate is conditional upon the department of revenue  
5 providing the necessary guidance and financial assistance to those  
6 counties that are not on an annual revaluation cycle so that they may  
7 convert to an annual revaluation cycle including, but not limited to,  
8 appropriate data collection methods and coding, neighborhood and market  
9 delineation, statistical analysis, valuation guidelines, and training.  
10 The department will provide advisory appraisals of industrial  
11 properties valued at twenty-five million dollars or more in real and  
12 personal property value when requested by the county assessor.

13 (3) In recognition of the need for immediate action, the department  
14 of revenue is directed to conduct a pilot project on at least one  
15 county that is prepared to move from cyclical to annual revaluation by  
16 December 31, 2009. The pilot project will develop the expertise  
17 necessary to provide counties with neighborhood and market delineation,  
18 statistical analysis, valuation guidelines, and training. The  
19 department of revenue must use the expertise gained in this pilot  
20 project to facilitate the conversion of cyclical counties to annual  
21 revaluation and ongoing refinement of assessment processes statewide.  
22 The department may contract with a local government association  
23 representing county assessors and other county elected officials in  
24 carrying out the requirements of this subsection.

25 **Sec. 2.** RCW 84.41.041 and 2001 c 187 s 21 are each amended to read  
26 as follows:

27 Each county assessor shall cause taxable real property to be  
28 physically inspected and valued at least once every six years in  
29 accordance with RCW 84.41.030, and in accordance with a plan filed with  
30 and approved by the department of revenue. Such revaluation plan shall  
31 provide that a reasonable portion of all taxable real property within  
32 a county shall be revalued and these newly((-))determined values placed  
33 on the assessment rolls each year. Until January 1, 2014, the  
34 department may approve a plan that provides that all property in the  
35 county be revalued every two years. If the revaluation plan provides  
36 for physical inspection at least once each four years, during the  
37 intervals between each physical inspection of real property, the

1 valuation of such property may be adjusted to its current true and fair  
2 value, such adjustments to be based upon appropriate statistical data.  
3 If the revaluation plan provides for physical inspection less  
4 frequently than once each four years, during the intervals between each  
5 physical inspection of real property, the valuation of such property  
6 shall be adjusted to its current true and fair value, such adjustments  
7 to be made once each year and to be based upon appropriate statistical  
8 data.

9 The assessor may require property owners to submit pertinent data  
10 respecting taxable property in their control including data respecting  
11 any sale or purchase of said property within the past five years, the  
12 cost and characteristics of any improvement on the property and other  
13 facts necessary for appraisal of the property.

14 NEW SECTION. **Sec. 3.** A new section is added to chapter 84.41 RCW  
15 to read as follows:

16 (1) The annual property revaluation grant account is created in the  
17 custody of the state treasurer. Moneys from RCW 82.45.180(4) must be  
18 deposited into the account. An appropriation is not required for  
19 expenditures and the account is not subject to allotment procedures  
20 under chapter 43.88 RCW. Moneys in the account may be used only for  
21 grants as provided in section 4 of this act.

22 (2) Any funds remaining in the annual property revaluation grant  
23 account on July 1, 2014, must be deposited in the real estate and  
24 property tax administration assistance account created in RCW  
25 82.45.180(5).

26 (3) This section expires July 1, 2014.

27 NEW SECTION. **Sec. 4.** A new section is added to chapter 84.41 RCW  
28 to read as follows:

29 (1) The department of revenue shall administer a grant program to  
30 assist counties with, in priority order: (a) Converting to an annual  
31 revaluation system for property tax valuation; (b) replacing computer  
32 software used for revaluations in counties where the software was  
33 purchased from commercial vendors and will not be supported by the  
34 vendor or others after January 1, 2010; or (c) the acquisition of  
35 software and integral hardware in counties currently administering an  
36 annual revaluation program where the assessor's property records are

1 not stored in an electronic format or where the current software does  
2 not have the capacity to store, manage, and process property record  
3 components used in the valuation process. A county may use grant money  
4 to purchase computer hardware or software, repair or upgrade existing  
5 computer hardware or software, or provide necessary training related to  
6 computer hardware or software. No county is eligible for grants under  
7 this section totaling more than five hundred thousand dollars.

8 (2) This section expires July 1, 2014.

9 **Sec. 5.** RCW 82.45.180 and 2006 c 312 s 1 are each amended to read  
10 as follows:

11 (1)(a) For taxes collected by the county under this chapter, the  
12 county treasurer shall collect a five-dollar fee on all transactions  
13 required by this chapter where the transaction does not require the  
14 payment of tax. A total of five dollars shall be collected in the form  
15 of a tax and fee, where the calculated tax payment is less than five  
16 dollars. Through June 30, 2006, the county treasurer shall place one  
17 percent of the taxes collected by the county under this chapter and the  
18 treasurer's fee in the county current expense fund to defray costs of  
19 collection. After June 30, 2006, the county treasurer shall place one  
20 and three-tenths percent of the taxes collected by the county under  
21 this chapter and the treasurer's fee in the county current expense fund  
22 to defray costs of collection. For taxes collected by the county under  
23 this chapter before July 1, 2006, the county treasurer shall pay over  
24 to the state treasurer and account to the department of revenue for the  
25 proceeds at the same time the county treasurer remits funds to the  
26 state under RCW 84.56.280. For taxes collected by the county under  
27 this chapter after June 30, 2006, on a monthly basis the county  
28 treasurer shall pay over to the state treasurer the month's  
29 transmittal. The month's transmittal must be received by the state  
30 treasurer by 12:00 p.m. on the last working day of each month. The  
31 county treasurer shall account to the department for the month's  
32 transmittal by the twentieth day of the month following the month in  
33 which the month's transmittal was paid over to the state treasurer.  
34 The state treasurer shall deposit the proceeds in the general fund.

35 (b) For purposes of this subsection, the definitions in this  
36 subsection apply.

1 (i) "Close of business" means the time when the county treasurer  
2 makes his or her daily deposit of proceeds.

3 (ii) "Month's transmittal" means all proceeds deposited by the  
4 county through the close of business of the day that is two working  
5 days before the last working day of the month. This definition of  
6 "month's transmittal" shall not be construed as requiring any change in  
7 a county's practices regarding the timing of its daily deposits of  
8 proceeds.

9 (iii) "Proceeds" means moneys collected and receipted by the county  
10 from the taxes imposed by this chapter, less the county's share of the  
11 proceeds used to defray the county's costs of collection allowable in  
12 (a) of this subsection.

13 (iv) "Working day" means a calendar day, except Saturdays, Sundays,  
14 and all legal holidays as provided in RCW 1.16.050.

15 (2) For taxes collected by the department of revenue under this  
16 chapter, the department shall remit the tax to the state treasurer who  
17 shall deposit the proceeds of any state tax in the general fund. The  
18 state treasurer shall deposit the proceeds of any local taxes imposed  
19 under chapter 82.46 RCW in the local real estate excise tax account  
20 hereby created in the state treasury. Moneys in the local real estate  
21 excise tax account may be spent only for distribution to counties,  
22 cities, and towns imposing a tax under chapter 82.46 RCW. Except as  
23 provided in RCW 43.08.190, all earnings of investments of balances in  
24 the local real estate excise tax account shall be credited to the local  
25 real estate excise tax account and distributed to the counties, cities,  
26 and towns monthly. Monthly the state treasurer shall make distribution  
27 from the local real estate excise tax account to the counties, cities,  
28 and towns the amount of tax collected on behalf of each taxing  
29 authority. The state treasurer shall make the distribution under this  
30 subsection without appropriation.

31 (3)(a) The real estate excise tax electronic technology account is  
32 created in the custody of the state treasurer. An appropriation is not  
33 required for expenditures and the account is not subject to allotment  
34 procedures under chapter 43.88 RCW.

35 (b) Through June 30, 2010, the county treasurer shall collect an  
36 additional five-dollar fee on all transactions required by this  
37 chapter, regardless of whether the transaction requires the payment of  
38 tax. The county treasurer shall remit this fee to the state treasurer

1 at the same time the county treasurer remits funds to the state under  
2 subsection (1) of this section. The state treasurer shall place money  
3 from this fee in the real estate excise tax electronic technology  
4 account. By the twentieth day of the subsequent month, the state  
5 treasurer shall distribute to each county treasurer according to the  
6 following formula: Three-quarters of the funds available shall be  
7 equally distributed among the thirty-nine counties; and the balance  
8 shall be ratably distributed among the counties in direct proportion to  
9 their population as it relates to the total state's population based on  
10 most recent statistics by the office of financial management.

11 (c) When received by the county treasurer, the funds shall be  
12 placed in a special real estate excise tax electronic technology fund  
13 held by the county treasurer to be used exclusively for the  
14 development, implementation, and maintenance of an electronic  
15 processing and reporting system for real estate excise tax affidavits.  
16 Funds may be expended to make the system compatible with the automated  
17 real estate excise tax system developed by the department and  
18 compatible with the processes used in the offices of the county  
19 assessor and county auditor. Any funds held in the account that are  
20 not expended by July 1, 2015, revert to the ~~((county capital  
21 improvements fund in accordance with RCW 82.46.010))~~ real estate and  
22 property tax administration assistance account in accordance with  
23 subsection (5) of this section.

24 (4) Beginning July 1, 2010, through December 31, 2013, the county  
25 treasurer shall continue to collect the additional five-dollar fee in  
26 subsection (3) of this section on all transactions required by this  
27 chapter, regardless of whether the transaction requires the payment of  
28 tax. During this period, the county treasurer shall remit this fee to  
29 the state treasurer at the same time the county treasurer remits funds  
30 to the state under subsection (1) of this section. The state treasurer  
31 shall place money from this fee in the annual property revaluation  
32 grant account created in section 3 of this act.

33 (5)(a) The real estate and property tax administration assistance  
34 account is created in the custody of the state treasurer. An  
35 appropriation is not required for expenditures and the account is not  
36 subject to allotment procedures under chapter 43.88 RCW.

37 (b) Beginning January 1, 2014, the county treasurer must continue  
38 to collect the additional five-dollar fee in subsection (3) of this

1 section on all transactions required by this chapter, regardless of  
2 whether the transaction requires the payment of tax. The county  
3 treasurer must remit this fee to the state treasurer at the same time  
4 the county treasurer remits funds to the state under subsection (1) of  
5 this section. The state treasurer must place money from this fee in  
6 the real estate and property tax administration assistance account. By  
7 the twentieth day of the subsequent month, the state treasurer must  
8 distribute the funds to each county treasurer according to the  
9 following formula: Three-quarters of the funds available must be  
10 equally distributed among the thirty-nine counties; and the balance  
11 must be ratably distributed among the counties in direct proportion to  
12 their population as it relates to the total state's population based on  
13 most recent statistics by the office of financial management.

14 (c) When received by the county treasurer, the funds must be placed  
15 in a special real estate and property tax administration assistance  
16 account held by the county treasurer to be used for:

17 (i) Maintenance and operation of an annual revaluation system for  
18 property tax valuation; and

19 (ii) Maintenance and operation of an electronic processing and  
20 reporting system for real estate excise tax affidavits.

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