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SENATE BILL 6263

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State of Washington

60th Legislature

2008 Regular Session

By Senator Zarelli

Read first time 01/14/08. Referred to Committee on Government Operations & Elections.

1 AN ACT Relating to property tax value changes as a result of  
2 government intervention; and amending RCW 84.40.030.

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

4 **Sec. 1.** RCW 84.40.030 and 2007 c 301 s 2 are each amended to read  
5 as follows:

6 All property shall be valued at one hundred percent of its true and  
7 fair value in money and assessed on the same basis unless specifically  
8 provided otherwise by law.

9 Taxable leasehold estates shall be valued at such price as they  
10 would bring at a fair, voluntary sale for cash without any deductions  
11 for any indebtedness owed including rentals to be paid.

12 The true and fair value of real property for taxation purposes  
13 (including property upon which there is a coal or other mine, or stone  
14 or other quarry) shall be based upon the following criteria:

15 (1)(a) Any sales of the property being appraised or similar  
16 properties with respect to sales made within the past five years.  
17 Except for (b) of this subsection, the appraisal shall be consistent  
18 with the comprehensive land use plan, development regulations under  
19 chapter 36.70A RCW, zoning, and any other governmental policies or

1 practices in effect at the time of appraisal that affect the use of  
2 property, as well as physical and environmental influences. An  
3 assessment may not be determined by a method that assumes a land usage  
4 or highest and best use not permitted, for that property being  
5 appraised, under existing zoning or land use planning ordinances or  
6 statutes or other government restrictions. The appraisal shall also  
7 take into account: ~~((a))~~ (i) In the use of sales by real estate  
8 contract as similar sales, the extent, if any, to which the stated  
9 selling price has been increased by reason of the down payment,  
10 interest rate, or other financing terms; and ~~((b))~~ (ii) the extent to  
11 which the sale of a similar property actually represents the general  
12 effective market demand for property of such type, in the geographical  
13 area in which such property is located. Sales involving deed releases  
14 or similar seller-developer financing arrangements shall not be used as  
15 sales of similar property.

16 (b) If the value of property increases after a transfer in  
17 ownership as a result of zoning, land use planning ordinances, or other  
18 governmental regulations affecting the property, the appraisal shall  
19 reflect the zoning, land use planning ordinances, or other governmental  
20 regulations that were in place at the time the ownership was  
21 transferred.

22 (2) In addition to sales as defined in subsection (1) of this  
23 section, consideration may be given to cost, cost less depreciation,  
24 reconstruction cost less depreciation, or capitalization of income that  
25 would be derived from prudent use of the property, as limited by law or  
26 ordinance. Consideration should be given to any agreement, between an  
27 owner of rental housing and any government agency, that restricts  
28 rental income, appreciation, and liquidity; and to the impact of  
29 government restrictions on operating expenses and on ownership rights  
30 in general of such housing. In the case of property of a complex  
31 nature, or being used under terms of a franchise from a public agency,  
32 or operating as a public utility, or property not having a record of  
33 sale within five years and not having a significant number of sales of  
34 similar property in the general area, the provisions of this subsection  
35 shall be the dominant factors in valuation. When provisions of this  
36 subsection are relied upon for establishing values the property owner  
37 shall be advised upon request of the factors used in arriving at such  
38 value.

1           (3) In valuing any tract or parcel of real property, the true and  
2 fair value of the land, exclusive of structures thereon shall be  
3 determined; also the true and fair value of structures thereon, but the  
4 valuation shall not exceed the true and fair value of the total  
5 property as it exists. In valuing agricultural land, growing crops  
6 shall be excluded.

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