

SIGNIFICANT EVENTS IN THE HISTORY OF PROPERTY TAX IN WASHINGTON STATE

1853 – Territorial government established; all taxes to be assessed uniformly; exemption for property of the United States, churches and benevolent institutions.

1889 – State Constitution adopted -- property to be assessed uniformly. Legislature may grant exemptions.

1929 – 14th Amendment to state constitution: classification of property allowed. All real estate is one class; taxes to be uniform on the same class of property.

1935 – Revenue Act exempted all household goods and personal effects.

1944 – 17th Amendment to state constitution: added 40 mill limits. Property to be assessed at 50% of true and fair value.

1955 – Property revaluation cycle established -- 4 year interval.

1965 – 47th Amendment to the state constitution allows senior citizen exemption.

1967 – Senior citizens exempt from first \$50.00 of real property tax. Barlow v. Kinnear provided the state with assessment equalization power.

1968 – Current use assessment provided for open space, timber and agricultural lands.

1969 – State revaluation plan instituted to realize the 1955 revaluation act. Carkonen v. Williams mandated a 50% ratio of assessed to market value.

1971 – \$50.00 senior citizen exemption replaced by varying exemption from special levies depending on income. Annual increase in regular levies of taxing districts limited to 106% of the largest prior levy. Annual update of values permitted.

1972 – Home improvement exemption created. Constitutional limit of 1% of market value enacted for all regular levies.

1973 – Assessment level increased from 50% to 100% of true and fair value, for 1975 taxes.

1974 – Ten year phase-out of property tax on inventories authorized

1975 – 100% assessment ratio implemented. Statutory rate limit reduced to \$9.15 per \$1,000 assessed value. Deferral of property taxes and special assessments allowed for senior citizens with income of less than \$8,000.

1976 – 64th Amendment to state constitution permits school districts to seek voter approval of two year special levies.

1978 – Seattle School District v. State requires full state funding of K-12 education.

1979 – State levy for common school support subject to 106% limitation.

1981 – Interest rate on delinquent property taxes increased from 8% to 12%. New penalty of 11% for first year delinquencies.

1982 – Physical inspection may take six years, if values updated annually.

1983 – Business inventories eliminated from property tax and assessment rolls, effective in 1983 for 1984 collections.

1984 – Legal requirements for payment of penalties and interest on delinquent taxes relaxed. Senior Citizen Exemption qualifications revised.

1985 – Provision made for special valuation of eligible historic property. Benefit rating system authorized.

1986 – Limited waiver of the 106% limit may be placed before the voters. Levies for school capital purposes may be made for up to 6 years with voter approval.

1987 – Interest rates on property tax refunds increased.

1988 – New construction valuation date of July 31 upheld. State school levy removed from \$9.15/\$1,000 limitation for proration purposes. Local appeal date set at July 1. Personal property affidavit filing deadline set at April 30.

1989 – Business personal property exemption raised to \$3,000. Deadline changed for determining boundaries of newly incorporated cities. Washington Condominium Act passed.

1990 – Regular levy limitation of \$5.55/1,000 of assessed valuation increased to \$5.90/1,000 and proration procedures modified. Personal property equalized based on assessment level of preceding year.

1992 – Appellants may appeal directly to State Board of Tax Appeals, bypassing local appeals board. Manifest errors no longer reviewed by the county Board. Assessor may stipulate to value of appealed property with concurrence of appellant. Four-year renewal required for Senior Citizen exemption.

1993 – Voter-approved regular levy for low-income housing authorized for cities and counties (above statutory and \$5.90 limits).

1994 – Tax bill required to show percent of voted and non-voted tax. Certain deadlines for providing information in valuation appeals altered.

1995 – Senior citizen income limit raised; values frozen as of 1/1/95. Deferral income, age and parcel size limits changed. New exemption created for multi-unit dwellings in designated urban centers.

1996 – Revaluations out-of-cycle and error corrections allowed for value-affecting changes in land use restrictions.

1997 – All intangible personal property made tax-exempt. Appeals allowed up to 60 days after notification of value change. Referendum 47 imposes additional requirements on the 106% limit.

1998 – The value averaging portion of Referendum 47 is ruled unconstitutional by the Washington State Supreme Court. Senior exemption eligibility and benefits were liberalized.

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2000 – I-722 passed in November mandating a roll back of assessed values to January 1, 1999 levels and limiting future increases of taxable value to 2% per year. It also limited taxing district non-voted property tax increases to 2%, and rolled back certain property tax increases levied for 2000. The initiative was not implemented because the Washington State Supreme Court unanimously ruled it unconstitutional on September 20, 2001.

2001 – I-747 passed in November which restricts taxing districts to a 1% monetary aggregate increase over their prior highest lawful levy. Effective for the 2002 tax year.

2002 – Annexations by petition ruled unconstitutional in March 2002 by the State Supreme Court. The basic method by which cities may annex territory is now by election – by approval of the voters in the area proposed for annexation.

2004 – Senior citizen and disabled income limits raised; allowable expenses for seniors/disabled includes adult family care facilities and boarding homes; allows Medicare part B insurance premiums as a deduction against taxable/non-taxable income. Mental as well as physical disability included in program. Timber assessed values include publicly as well as privately owned forest land.

2005 – Effective 7/24/05, veterans with 100% service connected disabilities are included in the Senior/Disabled Exemption Program. Certification of budgets to the county legislative authority changed from November 15 to November 30. Veterans' assistance program to benefit indigent veterans and their families established. Effective 7/24/05 a 10-year special tax exemption for nightclubs that install a sprinkler system. Exemptions for widows/widowers of honorably discharged veterans over and above the existing senior/disabled exemption became effective for the 2006 tax year. An increase in the maximum benefit assessment charge for conservation districts from \$5 to \$10 in counties greater than 1.5 million in population became effective for the 2006 tax year. Fire protection district can impose up to a total of 25 cents of its property tax levy outside of the \$5.90 aggregate limit on regular levies if the district's levy would be otherwise prorated. Personal property tax exemption repealed for farm machinery used in burning effective for the 2007 tax year.

2006 – Establishment of Regional Fire Protection Service Authorities for participating jurisdictions to provide adequate private ambulance services. A financial plan must contain the property tax and/or benefit charge proposed by a regional fire protection service authority and requires 60 percent voter approval for the tax and benefit charge. Property Tax Deferral Program: bill changes the interest rate on payback of taxes from eight percent to five percent when senior citizens, retired persons, and veterans with 100% service connection disability with disposable incomes of \$40,000 or less have deferred property taxes and special benefit assessments imposed on their residence. The reduced rate will apply to taxes and special assessments deferred after January 1, 2007. Local Infrastructure Financing Tool (LIFT): Investments in public infrastructure to promote community and economic development by creating a revenue allocation of local excise tax and local property tax (use of new construction dollars), effective July 1, 2006 and expiring June 30, 2039. Personal Property Head of Family Tax Exemption: Amendment of the Washington State Constitution to change the exemption from \$3,000 to \$15,000 for a head of family who owns, operates, and is a sole proprietor of a business that meets certain qualifications,

effective January 1, 2007. Property Tax Exemptions and Deferrals for Senior Citizens and Persons Retired for Reasons of Disability: Increases the one-acre limitation on residence size 'up to' five acres if the larger parcel size is what is required by local zoning for the Senior Citizen and Disabled personal Exemption Program and the Widows/Widowers of Veterans Property Tax Assistance Program.

2007 – Modified forest fire protection flat fee assessment from \$14.50 to \$17.50 per parcel, and the assessment on excess acreage increased from 25 cents to 27 cents on each acre exceeding 50 acres. Lid lifts: allows all taxing districts to impose a lid lift in which the levy may exceed the 101% limitation in each of up to 6 consecutive years. This bill extends the authority to all taxing districts, not just counties, cities and towns whom have had the ability to exceed that limit since 2003. Taxing district boundaries: The date for the establishment of taxing district boundaries changed from March 1 to August 1 of the year in which the property tax levy is made. New provisions have been established related to the disposition of taxes levied on property within fire or library districts that have been annexed to a city or town. Also, new city and town notification requirements pertaining to annexation of property within a fire or library district are established. School District Capital Project Funds for Technology: School Districts are allowed to impose 2-year through 6-year levies to fund costs associated with the application and modernization of technology systems. These levies are in addition to other maintenance and operation levies imposed by the school district and are not subject to the limitation founding RCW 84.52.053.

2008 – RCW 84.55.050 – Levy lid lifts. Makes single year and multiple year lid lifts temporary unless the ballot proposition approved by voters makes them permanent. After the lid lift ends, subsequent levies will be computed as if the lid lift had never occurred and the district had levied at the maximum rates allowed, unless the ballot proposition states otherwise. RCW 84.09.030 requires newly incorporated port districts and regional fire protection service authority districts to have their boundaries established by October 1st if their boundaries are coterminous with the boundaries of another taxing district or districts as they existed the first day of August. If the boundaries for the newly incorporated port district and regional fire protection service authority district are not coterminous with another taxing district, then the boundaries must be established by August 1. RCW 17.28.253 requires mosquito districts to have their boundaries established by September 1st. SB 6950, Section 510 gives the county treasurers authority to grant an extension for the due dates of any property tax payable under RCW 84.56.020, for taxes extended upon the tax rolls of the county, when a state of emergency has been declared by the governor. E2SHB 3186 authorizes the creation of beach management districts that are similar to lake management districts. Beach management districts may be created by a county, city, or town for the purpose of controlling and removing aquatic plants or vegetation. HB 1149 removed the requirement for an advance tax to be paid prior to the recording of a binding site plan with the county auditor.

2009 – Property tax resulting from levy lid lifts can be used to supplant existing funds beginning with levies submitted/approved by voters after July 26, 2009 in counties with a population of less than 1.5 million. In counties with a population of 1.5 million or more, property tax levy lid lift funds can be used to supplant existing funds for levies approved by the voters after July 26, 2009 and through

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2011. The statutory maximum rate of county ferry districts was changed from \$0.75 to \$0.075 per thousand dollars of assessed value in counties with a population of 1.5 million or more. A new transit levy was created in counties with a population of 1.5 million or more to expand transit capacity along State Route 520 and other transit-related purposes. The levy is subject to the levy limit in RCW 84.55.010 after the first tax levy has been imposed and is subject to the constitutional one percent limit and excluded from the \$5.90 levy limitation.

2010 – A new community facility district may be formed to provide voluntary financing for community facilities and local, sub regional and regional infrastructure. The board of supervisors of such district may impose a special assessment on the property. Regional Transit Authority (RTA) – when an area outside of the RTA is annexed to a city or code city located within the boundaries of an RTA, the annexed area is simultaneously included within the boundaries of the RTA. Annexation indebtedness – all property located within the boundaries of a city, partial city, or town annexing into a fire protection district and which is subject to the excess levy by the city or town for the repayment of debt incurred for fire protection related capital improvements that was incurred prior to the annexation is exempt from voter-approved property taxes levied by the annexing fire protection district for the repayment of indebtedness issued prior to the effective date of the annexation. Fire protection districts may be authorized in areas both inside and outside of cities and towns. Also a city or town adjacent to a fire district may be annexed into such a fire district provided the population of the city or town does not exceed 300,000. School districts may return to voters after they have received voter approval for an M&O levy requesting additional levy authority if the district's levy base or maximum levy percentage has increased since the initial levy. This law allows a school district to have multiple M&O levies at one time.

2011 - A property owner has the right to appeal their property valuation even though the value did not change if the property was within a revaluation area and the taxpayer was not sent a notice of value change. The measure provides that a county board of equalization must waive the appeal deadline, if a request is filed within a reasonable time after the appeal deadline, if the taxpayer's property was in the current revaluation area, the property value did not change, the taxpayer was not sent a notice, and the taxpayer did not file an appeal prior to July 1 of the assessment year. The bill will take effect July 22, 2011, and will apply to property taxes levied for collection in 2012 and thereafter.

A process has been provided for a fire protection jurisdiction to annex into an adjacent regional fire protection service authority. The annexation must be approved by a simple majority vote of the voters in the fire protection jurisdiction. As the regional fire protection service authority sets the property tax levy rate, the levy rate within the fire protection service authority annexed may change. The bill is effective July 22, 2011.

Protection of the King County flood control zone district from a potential loss of revenue due to proration of its levy should the aggregate local regular levy exceed \$5.90. The district was provided limited protection of the regular property tax levy from proration in a county with a population of 775,000 or more and whose boundaries are coextensive with the county. For those districts, \$0.25 of their regular property tax levy is outside of the \$5.90 limit. The bill changes the

process for adjusting levies if the combined levy exceeds the \$5.90 limit for other flood control district levies and junior taxing districts. The protected portion of the levy of the flood control district is still within the one percent limit and would be the first levy prorated if the aggregate of all levies exceeds the one percent limit. The unprotected portion of the flood control district levy and levies of other flood control zones would continue to be subject to proration. It is effective July 22, 2011, and applies to property taxes levied for collection in 2012 through 2017. The bill expires January 1, 2018.

Legislation, for property tax purposes, makes technical changes to clarify the eligibility requirements for veterans with a service connected disability to qualify for the senior citizen and disabled person property tax exemption. Also corrected are requirements for the assessor to notify persons receiving the senior exemption from four to six years to coincide with the legislation passed in 2010. Both changes go into effect on July 22, 2011.

Legislation has been provided for qualifying cities within King, Pierce, and Snohomish Counties with a tax increment financing program to fund infrastructure improvements. To qualify, cities must participate in a transfer of development rights program and meet certain requirements. A portion of incremental increases in regular property tax revenue of a sponsoring city and the county in which the city resides as a result of new construction in a specified area are used by the sponsoring city to fund the local public infrastructure projects in that same area. Taxing districts other than the cities and counties are not impacted. The bill also provides for the transfer of development rights from rural land to cities to be used within the infrastructure project area.

A bill to allow families to farm or grow and harvest trees on contiguous properties as a single operation and have the land value based on current use rather than market value was passed by the Legislature. The bill expands the definition of "same ownership" to include parcels owned by different people that are managed as a single operation and owned by: (1) Members of the same family, as defined in the bill; (2) Legal entities wholly owned by members of the same family; or (3) An individual who owns at least one of the parcels and/or a legal entity or entities that own the other parcel or parcels if the entity or entities are wholly owned by that individual, members of his or her family, or that individual and members of his or her family. The bill adds the definition of "contiguous" to the designated forest land program. The bill is effective July 22, 2011.

A bill to clarify that the City of Milton or any fire district or other qualified district that includes the City of Milton can impose an emergency medical service levy of 50 cents throughout the city despite the city being located in both King and Pierce Counties was passed by the legislature. Additionally, the bill is intended to ensure that the owners of property in the King County portion of the City of Milton will not have to pay for two EMS levies that could result from the layering of the King County EMS levy and a City of Milton (or fire district) levy. The bill provides that, for purposes of imposing a medical emergency property tax levy, the boundary of a county with a population greater than 1,500,000 does not include the area located within a city that has a boundary in two counties. The locally assessed value of all the property in the area of the city within the county with a population greater than 1,500,000 must be less than \$250,000,000.