



August 2015

Volume 16, Issue 1

Getting There

By Byron Hodgson, Spokane County Assessor's Office

The following article is about being on-time.

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I walked into the Spokane County Courthouse in 1989 and was stunned by the shabby state of the interior of the building, it was a huge disappointment. I had admired the Courthouse from a distance but never had a reason to enter. The building, built in 1895, is sometimes referred to as the "castle" because of its old world architectural style. Continuing on to the assessor's office was worse yet. It could be likened to arriving at a garage sale 20 years late and discovering the sale had never happened. This was a visual hint of what lay beneath the surface.

In a bold move, the assessor in 1990 replaced a paper appraisal process with a CAMA system. The project was scheduled to be completed over a two year period. In 1991 the assessor's office lost about 10 employees in a reckless budget slashing (I could not confirm this number but it is established in folklore). The cuts torpedoed the CAMA project; the assessor had a heart attack and resigned. The end result of the budget cuts and the strains of launching a partially complete CAMA system left the assessor's office in the lurch. There was a real possibility of a catastrophic failure of the property tax system in Spokane County. The revaluation moratorium in 1990 and 1991 (implementation period for the CAMA system) resulted in successful litigation against the county by the county's largest taxpayer, arguing they had been harmed by the moratorium. New construction was late by up to three years and revaluation inspections were off cycle by several years! Real property assessment notices were being mailed in December and personal property notices were mailed as late as January (tax year). Segregations had piled up to a staggering total between 3,500 and 4,000 which affected an estimated 20,000 parcels (layoffs left no one to do the work). Tax bills for new plats, in some instances, were mailed to the parent parcel developer who had to collect taxes from the new home buyers.

In 1997, it was determined the "new" tax and appraisal mainframe system was not Y2K compliant and had to be scrapped, slightly stunning news. The system had only been in full production for four years. As it turned out, this was the silver lining behind a decade of black clouds. New software was installed in 1998 (ASCEND) and 2000 (ProVal). Results were immediate. The segregation backlog that had plagued the office since the layoffs in 1991 was eliminated in about a year and a half. New construction was essentially caught up by 2006, including building permits under \$50,000 that had been set aside. Funding improved and in 2002, 2005, and 2009 the assessor's office was remodeled, reconfigured, and fitted with new equipment and furniture.



Special points of interest:

- **Quarterly Reminders** (see page 2)
- **Upcoming Training** (see page 5)

This Quarter's Reminders

June 1*

Three percent penalty assessed on the current year's delinquent taxes. (RCW 84.56.020)

PUD Privilege Tax is due. (RCW 54.28.040)

June 30*

(On or before) DOR prepares stumpage values for July through December 2013.

DOR determines value of state assessed property and sends Tentative Value Notices

July 1

Appeals to the county board of equalization must be filed by today or within 30 days of notification. County legislative authority may extend the deadline up to 60 days by adoption of local ordinance/rule (RCW 84.40.038)

July 8

(On or before the second Monday) County officials and local taxing districts begin preparing estimated budgets for submission to county auditor or chief financial officer, if in a charter county, on or before the second Monday in August. (RCW 36.40.010)

July 15

Assessor certifies the assessment roll to the county board of equalization. Assessor's Certificate of Assessment Rolls to County Board of Equalization submitted to DOR Property Tax Division. (RCW 84.40.320)

County Boards of Equalization meet in open session. Minimum is three days; maximum session is four weeks. (RCW 84.48.010)

July 16

(on or before) Requests for hearings on state assessed public utility values must be received. (RCW 84.12.340)

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Getting There *(continued)*

Continued from page 1

The parcel database required parts of two 6 year plans to complete. During the first six years, values were carried over from the old CAMA system and new values were generated from the new CAMA system with each inspection cycle. This created some interesting problems. The batch programs in the CAMA system could not be fully utilized and processes had to be jerry-rigged. Just one example, the CAMA system has a simple program to update all current use values. Because the software would not allow land values to export to the tax administration system without recalculation of the improvement values, the land values were moved to a table and recalculated outside of the CAMA system. By 2005, years of work-arounds caused the CAMA system to become "conflicted." New values would not export to the tax administration system. This was a crisis that could not be immediately solved by our IS department or the system vendor because the causes were the result of unconventional processes. Internally, we developed another work-around which allowed us to export values. This would be the last time a work-around would be needed. 2006 would be the first time in many years that the assessor's office would have complete and stable systems.

Full utilization of the CAMA system set the foundation for more efficient processes. One bright spot in all of this was the county's continued funding of GIS. Spokane County was an early developer which allowed all mapping to become digital.

The foregoing paragraphs represent a scant summary of the issues that faced the assessor's office in the long and arduous quest to modernize. There were some failures along the way. Early purchases of tablet computers proved to be ineffective and were abandoned for doing field work. The hiring of work study students to complete sketches in the CAMA system was not successful, the students were unreliable. Moving historic field books to the state archive at Cheney, Washington before the sketches were completed in the CAMA system delayed the completion of the database. Progress was hindered by politics, funding, and internal resistance to change.

The fruit of our labors became evident during the real estate boom starting in 2006. Our appraisal staff was able to keep abreast of new construction and the sharp appreciation of values between 2007 and 2009. Then the economic downturn begins. Our FTEs dropped from 57 to 44. A new round of technological advances had to be developed to maintain the current level of work and services.

The following are some of the things that have helped our office stay on-time.

1. **Workflow:** Bottle necks and inefficiencies were corrected. Example: Appraisers were historically required to complete segregations in the CAMA system. Security was changed to allow segregation technicians to enter information directly. This hastened the completion of segregations waiting to be completed on the appraisal side of the office.
2. **Database Access:** Quick retrievable data is essential. A simplified table structure outside of the tax and CAMA systems was created to allow staff to easily access, review, and analyze data without concerns of corrupting the database. A multiplicity of reports can be created quickly to identify and correct problems. Continuous reporting designed to reveal mistakes and problem areas have greatly lessened errors.

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This Quarter's Reminders

(Continued from page 2)

July 16

(Eleven business days after June 30) Hearings on state assessment of public utility property begin, continuing through July 30. (RCW 84.12.340)

July 31

Assessment date for new construction. (RCW 36.21.080)

August 1

Most taxing district boundaries established for levy collection next year. (RCW 84.09.030)
Nonprofit property tax exemption determination completed by DOR. (RCW 84.36.830)

August 9

(On or before the second Monday) Estimated budgets from county officials and local taxing districts must be submitted to county auditor or, if in charter county, chief financial officer. (RCW 36.40.010)

August 20

Final values of state assessed properties issued.

August 30

DOR estimates the number of acres of public forest land that are available for timber harvest for each county and for each taxing district.

August 31

(On or before) DOR notifies county assessors of properties exempt from property tax. (RCW 84.36.835) New construction placed on current assessment roll at the valuation assessed July 31. (RCW 36.21.070 through 36.21.090)

Getting There *(continued)*

Continued from page 2

3. **Appeals:** A computer program selects the comparable sales (appraiser reviews) and creates the Assessor's Answer which is emailed to the appellant and electronically provided to the Board of Equalization. Of course, less is best. Appeals have dropped from over 3,000 in 2010 to about 825 in 2014.
4. **Pictometry:** Pre-inspection review of the property saves time. Appraisers can check for errors and new construction prior to arriving at the property.
5. **Mass Updates:** This has been a huge time saver. Entire neighborhoods can be updated in almost any area without touching each parcel. Examples: land coding changes; bulk loading of data to memos.
6. **GIS:** Mapping that displays sales, assessed values, and other information visually helps frame the big picture in a neighborhood.
7. **Building Permits:** Building permits are transmitted to the assessor's office in databases or retrieved from the cloud in our three largest jurisdictions. An enormous amount of time is saved sorting and assigning permits.
8. **Computer Specialist:** For years our office totally relied on services provided by our IS Department. By far, one of our most significant milestones was the creation of a Computer Application Specialist position in our office. This person understands our processes, goals, and requirements.
9. **Internet:** Reduced calls and requests for information have been achieved by developing a straight forward website. One of the keys to success is access to maps and search capabilities on the opening page.

It requires a concerted effort annually to complete on-time. One of the most important factors is to have a team of people that are willing to recognize the priority that has been established. It is easy to get off track when there are multiple issues that need to be solved. Managers and supervisors must communicate to every person in their section what the priority is at any given time. I have found it is important to achieve goals, even a goal. Optimism is built when successes can be seen. This is true even if *you* are the only one that recognizes the achievements.



I remember a particularly pessimistic supervisor meeting where the staff was pre-occupied with a couple of issues that were brought up at the beginning of the meeting. When it was my turn to speak, I detailed a laundry list of real accomplishments that had been achieved during the year which trumped the earlier discussion. Sometimes everyone is so focused on what needs to be done there is no time to recognize what actually has been accomplished. ♦

Capital Improvements

By Pete Levine, Personal Property Supervisor

When capital improvements (often called capital repairs) are made to taxable personal property, they become a permanent part of the personal property, and as a result, become taxable themselves. As such, they need to be properly accounted for in the cost basis of the personal property being improved.

Generally, capital improvements are substantial improvements made to property that add value. Capital improvements might include:

- Replacing a major component or structural part of the property.
- Creating an increase in capacity, productivity or efficiency.
- Rebuilding property after the end of its economic useful life.

Capital improvements are often called capital repairs. This terminology can lead to confusion as repairs and maintenance done to taxable personal property don't add value and are not taxable. So, one might ask, "What are the differences between capital improvements and repairs/maintenance?" Generally, maintenance and repairs are routine and/or recurring activities (inspection, cleaning, testing, replacing minor parts, etc.) that keep the property in its ordinary operating condition. The activity is considered routine if, at the time the property was placed in service, the property owner reasonably expected to perform the activity more than once during the property's life. Although they are often expensed, they may appear in the fixed asset list.

Some examples of maintenance might include (but aren't limited to): fluid and filters (oil, fuel, coolant, etc.), brakes, tires, etc. Examples of repairs might include (but aren't limited to): hydraulic line or pump repairs, electrical repairs, welding repairs, etc.

Sometimes a change is made that makes the asset better, more efficient, more productive, or profit enhancing, but it doesn't necessarily extend the life of the asset. For example, an attachment that is permanently installed on an existing machine that adds to the types of tasks it can do. A property owner might list this as a capital improvement, but it is actually an enhancement (sometimes called a betterment). Enhancements should not be recorded as capital improvements. Enhancements should be listed as a separate line item on the fixed asset list, as they are an addition to the asset.

Now that we have better defined what repairs, maintenance, and enhancements are, let's look at some examples of capital improvements. Examples of capital improvements might include (but aren't limited to): engine replacement or rebuild/overhaul, transmission replacement or rebuild/overhaul, axle assemblies, etc. Note that each of these examples involves replacing a part of the asset.

So, what is the best way to record capital improvements on a personal property listing? First of all, communication between the property owner and assessor is essential to accurately report and record capital improvements. For example, a property owner may have "Engine Overhaul" reported on their property listing, but a follow up inquiry with the property owner as to the exact nature of the "Engine Overhaul", may reveal that the overhaul consisted only of the replacement of some internal engine parts, which might only be a repair.



Capital Improvements *(continued)*

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It is important to recognize that not all property owners report capital improvements in the same manner, as there can be differing accounting practices. Likewise, assessor systems can differ on how data is required to be inputted. Regardless, capital improvements should be accounted for in the depreciable basis for assessment purposes.

For assessing capital improvements, the Department recommends:

Removing the cost of the capital improvement from the cost of the asset receiving the capital improvement and make a note in the asset’s description to account for the adjusted cost. For example:

Log Loader (\$200,000 minus \$10,000 for new engine) 1999 \$190,000

Adding the cost of the capital improvement to the listing as of the date it was completed. For example:

Log Loader Engine 2006 \$10,000

It should be noted that the cost of the asset should never be reduced below zero.

In conclusion, this article is provided in the hopes that it will provide better understanding into what capital improvements are and how they should be assessed. If you have questions please feel free to contact the Department’s Property Tax Division at (360) 534-1400 or Pete Levine at Petel@dor.wa.gov. ♦



2015 Upcoming Training *(State/County Personnel ONLY *except Levy classes*)*

Date	Course	Location	Cost
Aug. 19—20	Sr. Exemption/Deferral Basic Workshop	Webinar	\$75
Aug. 26	Sr. Exemption/Deferral Admin. Workshop	Webinar	\$60
Sept. 9—10	Introduction to Personal Property	Webinar	\$75
Sept. 15—16	Basic Levy Training	Wenatchee	\$0
Sept. 24	Senior Levy Training	Webinar	\$0

For further information, contact:

Carol Becerra, Department of Revenue, Property Tax Division
 Phone: (360) 534-1361, Fax: (360) 534-1380, Email: CarolB@dor.wa.gov

Farm Exemption

By Pete Levine, Personal Property Supervisor

We periodically receive questions regarding personal property exemptions for Farming Machinery and Equipment. The following are answers to some of the most *Frequently Asked Questions* received.

Q – Which RCW covers the exemption for farming machinery and equipment?

A – It is RCW 84.36.630 and it says:

- (1) All machinery and equipment owned by a farmer that is personal property is exempt from property taxes levied for any **state** purpose if it is used exclusively in growing and producing agricultural products during the calendar year for which the claim for exemption is made.
- (2) "Farmer" has the same meaning as defined in RCW 82.04.213.
- (3) A claim for exemption under this section must be filed with the county assessor together with the statement required under RCW 84.40.190, for exemption from taxes payable the following year. The claim must be made solely upon forms as prescribed and furnished by the department of revenue.

Q - What machinery and equipment qualifies for exemption?

A – Machinery and equipment must meet the following conditions:

- (1) It must be personal property.
- (2) It must be owned by a farmer. RCW 82.04.213(2) defines "farmer" as "any person engaged in the business of growing or producing, upon the person's own lands or upon the lands in which the person has a present right of possession, any agricultural product whatsoever for sale. "Farmer" does not include. . .
 - A person using such products as ingredients in a manufacturing process or a person growing or producing such products for the person's own consumption.
 - A person selling any animal or substance obtained therefrom in connection with the person's business of operating a stockyard or a slaughter or packing house.
 - Any person in respect to the business of taking, cultivating, or raising timber.
- (3) It must be used **exclusively** in growing and producing agricultural products during the calendar year for which the exemption claim is made.

Q – What about "peripheral" equipment such as computers, office furniture, ladders, etc.?

A - If they are items of personalty and used **exclusively** in growing and producing agricultural products, they *could* be eligible for this exemption. (Ladders, for example, could be exclusively used in orchards, and would thus qualify for the exemption. However, one might question if a ladder is necessary to a wheat farmer or a worm farmer.)

Q - Are farmers who are in a governmental program that pays them not to farm eligible for the machinery and equipment exemption?

A – In order for the farm machinery and equipment to be exempt, it must be "used . . . during the calendar year for which the claim for exemption is made." If the machinery and equipment isn't "used exclusively in growing and producing agricultural products," then it doesn't qualify. The issue isn't whether the farmer is in the farming business; rather it is whether the machinery and equipment is used for a farming purpose that determines whether it is exempt.

Q - Is the claim for exemption an annual filing process?

A – Yes, a claim must be made each year together with the personal property affidavit filing. The law states that a claim for exemption under this section shall be filed with the county assessor together with the verified statement required under RCW 84.40.190, for exemption from taxes payable the following year.

Farm Exemption *(continued)*

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Q - How much land is needed to be a farmer?

A - There isn't a set amount of land needed to be considered a farm. As long as a person is engaged in the business of producing an agricultural product for sale, then the machinery and equipment that is **exclusively** used to produce that product is eligible for exemption if claimed.

Q - Does "agricultural product" include marijuana?

A - No. "Agricultural product" is defined by RCW 82.04.213 (1). The terms "agriculture," "farming," "horticulture," "horticultural," and "horticultural product" may **not** be construed to include or relate to marijuana, useable marijuana, or marijuana-infused products. None of Washington's tax preferences for agricultural products or property tax incentives apply to marijuana businesses.

A good thing to keep in mind when dealing with tax exemption statutes; they are to be construed narrowly and strictly. ♦

2014 Assessor Statistics Released

By Marilyn O'Connell, Revaluation Specialist

A compilation of survey data related to the operation of assessors' offices titled, *A Comparison of County Assessor Statistics for 2014 (Comparison Report)* has recently been released. The report provides property tax administrators with comparative statistics to assist in the analysis and evaluation of their assessment operations and the adequacy of assessment resources. The *Comparison Report* is designed to serve as a starting point for the administrator or decision-maker.

The *Comparison Report* statistics are based on locally assessed taxable parcels. Use of taxable parcels reflect much of the assessor's workload, however it should be noted that additional listed nontaxable/exempt and state assessed parcels also require use of county resources.

Comparison Report Highlights

Washington's 39 county assessors operate within unique local geographical, political, and economic environments that often influence the attributes of a county's assessment system and the level of services they provide. Consequently, making direct comparisons between statewide averages or individual counties may result in distorted or misleading conclusions unless additional information is considered or more in-depth analysis is conducted.

Staffing—Measured by full time staff equivalents on a statewide basis, the level of staffing for 2014 increased 0.5 percent from 2013. Staffing levels are projected to slightly increase in 2015.

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Join Our Newsletter Distribution List

To be notified when new editions of our quarterly newsletter are available, simply visit the link below and join our email distribution list. Each edition contains articles on a variety of property tax-related topics, a current listing of training opportunities available to assessment personnel, legislative updates, a staff contact list for the Department of Revenue's Property Tax Division, and more.

<https://fortress.wa.gov/dor/efile/SecureForms/content/contactus/email/listservemail.aspx> ♦

2014 Assessor Statistics Released *(continued)*

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Budgets—Comparison of assessors' budgets (less central services) from 2013 to 2014 reflects a change for individual counties in the range of -14.60 percent to 16.1 percent and an average increase of 1.46 percent, down slightly from last year's 2.38 percent. Assessors' budgets (less central services) for 2015 reflect a change for individual counties in the range of -4.8 percent to 28.3 percent. The average increase in 2015 budgets is up roughly 3.0 percent from last year at 4.5 percent.

Workloads—Statewide the average number of parcels per appraiser was 7,092 down just slightly from 2013. The average number of inspections per appraiser was 1237, which is down 64 inspections from 2013. The average number of parcels per county staff member statewide was 3,304, down slightly from 2013's average of 3,313.

New Construction—Parcels with new construction increased from 63,264 parcels in 2013 to 68,919. New property placed on assessment rolls in 2014 increased approximately 22 percent from \$9,197,688,622 to \$11,213,323,026.

Report Available in Excel and PDF

We are still providing the entire report as a cohesive PDF document but there are also PDF *and* Excel versions of all the charts. Same report, but now with increased functionality!

The current issue and previous issues through 1999, of the *Comparison Report* are available through the Department of Revenue's website at this link: [http://dor.wa.gov/content/AboutUs/StatisticsAndReports/2014/Property Tax Statistics 2014/county-assessor-report.aspx](http://dor.wa.gov/content/AboutUs/StatisticsAndReports/2014/Property_Tax_Statistics_2014/county-assessor-report.aspx) ♦

2015 Legislative Update—Property Tax

By Miki Gearhart, Tax Policy Specialist and Pete Levine, Property Tax Supervisor

The following is a summary of property tax related legislation approved during the regular, first, second, and third special sessions of the 2015 Washington State Legislature. This summary is not intended to cover technical details or provide a legal interpretation of the bills but rather to alert our county assessors and treasurers of changes in law that may impact administration of property tax and related programs.

Included in the summary are:

- Links to the Legislature's site for each of the bills that were adopted. These sites give a very complete picture of how the measures moved through the legislative process, along with links to the final session laws.
- Contact information for Department of Revenue staff members involved in the implementation of the bill or the ongoing administration of related programs.

If you have general questions about the Property Tax Division and our role in the legislative process, please contact Pete Levine at (360) 534-1551 or PeteL@dor.wa.gov.

HB 1317 - Revising the lien for collection of sewer charges by counties

This bill provides for recovery of lien recording and release fees incurred in collection of sewer utility charges by counties. Lien recording and release fees are included in the lien amount attached to the property. In lieu of standard lien procedures, alternate lien procedures for cities and towns can be adopted by county ordinance or resolution.

HB 1317 became effective July 24, 2015.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=1317&year=2015>

DOR contact: Peggy Davis at PeggyD@dor.wa.gov or (360) 534-1410.

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2015 Legislative Update—Property Tax (continued)

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SHB 1337 - Increasing the flexibility for industrial development district levies for public port districts

This bill provides ports greater flexibility when financing industrial development projects by allowing port industrial development district (IDD) levies to be levied in smaller increments over a greater amount of years. Specifically, it expands the duration a port district may impose an IDD levy for the first and second levy periods to 20-years per period.

- The total aggregate amount levied over the 20-year period cannot exceed what could have been collected in a six-year period at the annual rate of \$0.45 per \$1,000 dollars of assessed value.
- The third period has a six-year maximum length, available only to counties that border the Pacific Ocean.

SHB 1337 is effective for taxes levied for collection beginning in 2016.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=1337&year=2015>

DOR contact: Diann Locke at DiannL@dor.wa.gov or (360) 534-1427.

SHB 1940 - Exempting levies imposed by qualifying flood control zone districts from certain limitations upon regular property tax levies

For a county-wide flood control zone district located in a county with a population over 775,000, this bill removes the expiration date for the authority to protect up to \$0.25 of its property tax levy rate from reduction or elimination under the \$5.90 aggregate rate limit for regular property taxes. Beginning with taxes levied for collection in 2018, this same authority is expanded to county-wide flood control zone districts in counties located in the Chehalis River Basin.

This bill is effective January 1, 2018.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=1940&year=2015>

DOR contact: Diann Locke at DiannL@dor.wa.gov or (360) 534-1427.

HB 2195 - Modifying certain auditor's fees

This bill increases the surcharge for recording instruments that is collected by county auditors or recording officers and deposited into the Washington State Heritage Center account. The surcharge increases from \$2 to \$3. Total fees for recording deferral liens/releases will increase from \$32 to \$33.

This bill is effective October 6, 2015.

<http://app.leg.wa.gov/billinfo/summary.aspx?bill=2195&year=2015>

DOR contact: Peggy Davis at PeggyD@dor.wa.gov or (360) 534-1410.

ESHB 2263 - Relating to providing local governments with options to strengthen their communities by providing services and facilities for people with mental illness, developmental disabilities, and other vulnerable populations, and by increasing access to educational experiences through cultural organizations

This bill allows counties to create cultural access programs in order to provide funding for nonprofit cultural organizations and public school access to such organizations. To fund the cultural access program, a county may levy a regular property tax for periods up to seven years under the following conditions:

- The property tax is approved by a majority of voters at a special or general election after June 30, 2016;
- The property tax cannot be levied in a county with a population of 1.5 million or more;

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2015 Legislative Update—Property Tax (continued)

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- The property tax cannot be levied at the same time as the 0.1% sales and use tax, also authorized in this bill, for cultural access programs;
- The total dollar amount for the first year levy cannot exceed an estimated amount of revenue that would be collected under a 0.1% sales and use tax, if it were imposed.

Cities are authorized to create and fund a cultural access program only if the county where the city is located forfeits its option to create a program or does not place a proposition on the ballot for voter approval before June 30, 2017.

ESHB 2263 is effective October 9, 2015 – Except for Section 405, which becomes effective January 1, 2018.

<http://app.leg.wa.gov/billinfo/summary.aspx?bill=2263&year=2015>

DOR contact: Diann Locke at DiannL@dor.wa.gov or (360) 534-1427.

SSB 5186 – Relating to property tax exemptions for service-connected disabled veterans and senior citizens

This bill increases combined disposable income thresholds for the senior citizen and disabled persons property tax relief programs by \$5,000.

SSB 5186 applies to taxes due beginning in 2016.

<http://app.leg.wa.gov/billinfo/summary.aspx?bill=5186&year=2015>

DOR contact: Peggy Davis at PeggyD@dor.wa.gov or (360) 534-1410.

SSB 5275 - Concerning tax code improvements that do not affect state revenue collections

The bill concerns tax statute clarifications, simplifications, and technical corrections – i.e. technical corrections to existing laws to clarify statutes and/or improve the tax administration. Property tax statutes affected include: RCW 84.41.030, 84.41.041, 84.48.034, 84.36.041, 84.38.030, 84.39.010, 84.64.060, and 84.64.070.

SSB 5275 became effective July 24, 2015.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=5275&year=2015>

DOR contact: Peggy Davis at PeggyD@dor.wa.gov or (360) 534-1410.

SSB 5276 - Concerning refunds of property taxes paid as a result of manifest errors in descriptions of property

This bill allows county legislative authorities to authorize a refund on a claim filed more than 3 years after the payment due date if the claim is for taxes paid as a result of a manifest error in the description of the property and the correction would result in a refund or reduction of taxes for the property owner.

The purpose is to provide an avenue for taxpayers to request a refund when manifest errors, which are corrections without the need of appraisal judgment, are discovered more than three years after the due date of the tax.

SSB 5276 became effective July 24, 2015.

<http://app.leg.wa.gov/billinfo/summary.aspx?bill=5276&year=2015>

DOR contact: Mike Braaten at MichaelB@dor.wa.gov or (360) 534-1428.

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2015 Legislative Update—Property Tax (continued)

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SSB 5322 - Relating to conservation districts' rates and charges

This bill revises the maximum per-parcel rate for a special benefit assessment charge by a conservation district:

- For counties with a population over 480,000
 - ◊ Increased from \$5 to \$10
- For counties with a population over 1.5 million
 - ◊ Increased from \$10 to \$15
- For all counties with a population of 480,000 or less
 - ◊ Unchanged at \$5

SSB 5322 became effective July 24, 2015.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=5322&year=2015>

DOR contact: Diann Locke at DiannL@dor.wa.gov or (360) 534-1427.

ESB 5761 - Providing for property tax exemption for the value of new construction of industrial/manufacturing facilities in targeted urban areas

This bill creates a limited property tax exemption for new construction of industrial manufacturing facilities in city-designated areas when the facilities meet specific conditions and create 25 or more family living wage jobs.

The exemption:

- Applies to the value of new facility improvements only (not the land) meeting minimum size and value criteria (10,000 sq. ft. and \$800,000 in value) located in designated areas;
- Is limited to local property taxes but excludes county property taxes unless the county legislative authority specifically authorizes such exemption by resolution;
- Continues for up to 10 successive years provided the improvements are not converted to a different use and continue to satisfy all applicable conditions, including job creation; and
- Must be applied for by December 31, 2022, on applications provided by a city authorized to approve the exemption. A city may impose an application fee to cover the costs of administration.

Property targeted for the exemption program must be:

- Undeveloped land zoned for industrial and manufacturing use as of December 31, 2014;
- Located within or contiguous to an innovation partnership zone, foreign trade zone, or EB-5 regional center; and
- Designated by an authorized city.

Cities authorized to approve the exemption must:

- Have a population of at least 18,000;
- Be located north or east of the largest city in the county in which the city is located;
- Be located in a county that has a population of at least 700,000, but less than 800,000; and
- File an annual report with the Department of Commerce that provides the number of tax exemption certificates granted, number and type of constructed facilities, number of family living wage jobs resulting from the new facilities, and the value of tax exemptions.

ESB 5761 is effective August 27, 2015, and applies beginning with taxes levied for collection in 2016.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=5761&year=2015>

DOR contact: Harold Smith at HaroldS@dor.wa.gov or (360) 534-1411

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2015 Legislative Update—Property Tax (continued)

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SB 5768 - Relating to county electronic public auctions

This bill provides clear authority for county treasurers to use electronic media, including the internet, and electronic funds transfers to conduct public auctions for real property foreclosure, distraint and sale of personal property, and sale of county-owned real and personal property. The bill also provides guidance for conducting a public auction.

SB 5768 became effective July 24, 2015.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=5768&year=2015>

DOR contact: Peggy Davis at PeggyD@dor.wa.gov or (360) 534-1410.

2ESSB 5987 - Concerning transportation revenue

Among other provisions, this bill authorizes a voter-approved regular property tax for a regional transit authority (RTA) that includes a county with a population of more than 1.5 million with voter approval. The property tax:

- Has a maximum tax rate up to \$ 0.25 /\$1,000 AV.

- Is excluded from the \$5.90 aggregate rate limit for regular property taxes.

- Is placed in the same level as cities and counties for prorationing under the Constitutional 1% aggregate rate limit.

The bill also clarifies that the effective date for property tax changes as a result of RTA boundary changes are subject to RCW 84.09.030.

This bill became effective July 15, 2015.

<http://apps.leg.wa.gov/billinfo/summary.aspx?bill=5987&year=2015>

DOR contact: Diann Locke at DiannL@dor.wa.gov or (360) 534-1427.

ESSB 6057 - Relating to stimulating economic development through the use of tax preferences and streamlined tax administration

This is a bill with multiple parts that primarily extends or reinstates a number of tax preferences. It also creates several new tax incentives.

Part XX – Nonprofit Fair Association

This part removes the January 1, 2019, expiration date for the property tax exemption for real and personal property owned by a qualifying nonprofit fair association and used for fair purposes. To qualify for this exemption, a nonprofit fair association must have been organized under chapter 24.06 RCW, and the majority of its fair property, as measured by assessed value, must have been purchased or acquired by the nonprofit fair association from a county or a city between 1995 and 1998.

Effective January 1, 2019, Part XX also provides that if any portion of such exempt property is rented for more than 50 consecutive days during any calendar year, the rental is subject to leasehold excise tax.

<http://app.leg.wa.gov/billinfo/summary.aspx?bill=6057&year=2015>

DOR contact: Harold Smith at HaroldS@dor.wa.gov or (360) 534-1411 ♦

Faces & Places at Property Tax

Sadie Siglin joined the Property Tax Division last October as an office assistant in the Olympia office. Sadie came to us from Special Programs and quickly became the face (and voice) of the Olympia office as our receptionist and front line customer service expert. After a short eight months, Sadie was promoted to become a Tax Service Representative for our Forest Tax group. We'll miss her at Property Tax, but she'll only be a few steps away, spoiling the staff and customers in Forest Tax.



Sadie Siglin

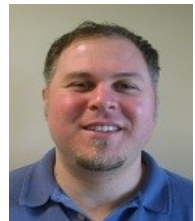
Judy Wells has joined our Ratio & Advisory Valuation Program Team in the Richland field office. Judy's 20 years with Revenue includes experience with our Compliance Division and Special Programs Division as an Estate Tax Examiner before joining Property Tax about 7 years ago. Using her great writing and communication skills, Judy has provided outstanding technical assistance to taxpayers and practitioners as a part of our County Performance programs. Judy started her new position last December and can be reached at (509) 987-1235 or at JudyW@dor.wa.gov.

Leslie Mullin recently accepted a promotion to join the Interpretations and Technical Advice Division as a Tax Policy Specialist. In 2014, Leslie accepted a developmental job assignment with our ITA friends upstairs and did so well, they wouldn't let her return to Property Tax. While with Property Tax, Leslie was our expert on Current Use, educational programs, levy audits, tax increment financing and more. Our division will be one of Leslie's main clients as she drafts and revises our "rules" under the Washington Administrative Code. She will also provide guidance with her teammates on the toughest interpretations of property tax & excise tax laws. Leslie can be reached at LeslieMu@dor.wa.gov or at (360) 534-1589.



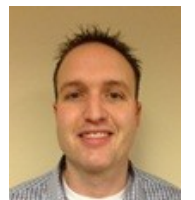
Leslie Mullin

Micah Roy accepted a position with the Pierce County Assessor's office as an appraiser. Micah joined Property Tax about 2 years ago after several years in appraisal on the private side. He was a specialist with our Ratio and Advisory Valuation Program and did some amazing work in organizing our personal property information systems.



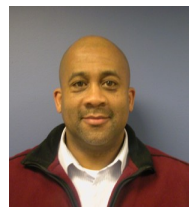
Micah Roy

Seth Fisher recently accepted a position with the Pierce County Public Works and Utilities office as a Right of Way Agent. Seth joined Property Tax about a year ago after several years as an appraiser and commercial real estate agent the private sector. He was our air-line appraisal specialist in the Utility Valuation Program.



Seth Fisher

Kevin Hill promoted to Property Acquisition Specialist V in our Utility Valuation and GIS section. He will specialize in the valuation of airlines and other major utility companies. Previously, Kevin was our private railcar appraiser and PUD privilege tax administrator. He joined Property Tax in December of 2012 after a military career and graduation from St. Martin's University with a finance degree. Congratulate Kevin on accepting his next mission at KevinH@dor.wa.gov or at (360) 534-1422.



Kevin Hill

Faces & Places at Property Tax (continued)

Tonya Boren has joined our Ratio and Advisory Valuation Program in the Olympia office. Tonya has been with Revenue since 1999, most recently as an unclaimed property auditor in Special Programs. Tonya will work in our personal property section, performing audits and helping the team develop personal property studies and guidance. Tonya completed a six month rotation in Property Tax a few years ago when she helped Property Tax implement the tribal exemption for fee-owned land. Welcome her back to Property Tax at TonyaB@dor.wa.gov or at (360) 534-1368.

Kari Kenall has been appointed as our Property & Acquisition Specialist IV appraiser in the Utility Section. She comes to us highly recommended from the agency's Special Programs Estate Tax section. Overall, Kari has 12 years tax administration experience in a variety of programs with our agency and the Minnesota Department of Revenue. She earned her Bachelor of Science in Accounting at the University of Wisconsin – River Falls. She will work with the valuation of rail cars, PUD privilege taxes and other central assessment programs. Kari can be reached at Karik@dor.wa.gov.



Kari Kenall

Jay Fletcher gave himself a very special gift on his birthday, April Fools' Day, by retiring from state employment after 29 years. Jay began his career in 1986 Revenue Agent in the Compliance division. In 1996, he moved over to the Property Tax as a ratio specialist. He served the last nine years as the Utility Valuation supervisor. Jay represented the Department nationally through his participation on the planning committee and as a speaker at the Appraisal for Ad Valorem Taxation of Communications, Energy and Transportation Properties conference held at Wichita State University. He also taught at the Western States Association of Tax Administrators Committee on Centrally Assessed Properties class at Utah State University. Jay's retirement plans include traveling to tropical climates for SCUBA diving, snow skiing his favorite mountains in the Cascade and Rocky mountains, and spending time with his family and grandchildren. We wish Jay a long, happy retirement and thank him for his many years of state service.



Jay Fletcher

Tarah Kimbrough accepted a promotion to return to the Department of Enterprise Services as a PAS V Leasing Agent. She came to us about 5 years ago from DES and filled several roles in our County Performance section. Tarah had extraordinary communication skills and helped several of the old-timers learn new skills for sharing information. She will be missed, but is still providing outstanding service to the State.♦



Tarah Kimbrough



Property Tax Advisories

Property Tax Advisories (PTAs) are formal, interpretive statements authorized by RCW 34.05.230. The following PTAs were updated or introduced in 2014. The complete list of active Property Tax Advisories can be found on the Department's website under Property Tax Publications or follow this link:

http://dor.wa.gov/content/FindTaxesAndRates/PropertyTax/prop_RnLs.aspx. For additional information about these interpretations, please contact the appropriate Property Tax Division staff listed on the attached Property Tax Division Contact List.

PTA Number	17.0.2014
PTA Title	Valuation of Community Land Trust (Resale Restricted) Properties
PTA Effective Date	November 17, 2014
Purpose	This advisory assists assessors in determining the true and fair market value of resale-restricted, owner-occupied housing developed or acquired through an organization, such as a Community Land Trust (CLT).
Link to PTA	http://dor.wa.gov/Docs/Pubs/Prop_Tax/PTA17_0_2014.pdf

PTA Number	12.3.2014
PTA Title	Classification of Land used for Christmas Tree Production
PTA Effective Date	June 4, 2014
Purpose	This advisory clarifies the statutory guidelines for designation of Christmas Tree lands under Chapter 84.33 RCW. It also discusses disqualifying conditions and classification under alternative programs.
Link to PTA	http://dor.wa.gov/Docs/Pubs/Prop_Tax/PTA12_3_2014.pdf

PTA Number	1.1.2014
PTA Title	Taxation of Permanent Improvements on Tribal Trust Land
PTA Effective Date	March 31, 2014
Purpose	This advisory discusses the decision of the United States Court of Appeals in the matter of Confederated Tribes of the Chehalis Reservation v. Thurston County Board of Equalization, concerning the Great Wolf Lodge. In its decision, the Court concluded that permanent improvements, such as buildings, that are attached to properties held in trust for tribes or tribal Indians were not subject to local taxation.
Link to PTA	http://dor.wa.gov/Docs/Pubs/Prop_Tax/PTA1_1_2014.pdf

Property Tax Special Notices

Property Tax Special Notices are generally sent to assessors, treasurers, and those stakeholders that we can identify with a specific interest in the particular topic. Prior to being issued, each Special Notice will go through an internal review process. Special Notices are posted on the Department's website at www.dor.wa.gov under Property Tax Publications. You may also receive a copy of a Special Notice by adding your name to the ListServ. This can be done by going to www.dor.wa.gov, clicking "Find Taxes and Rates," then clicking "Property Tax," and one more click to "Join E-mail Service." A notice will usually provide a contact for more information on the topic.

August 12, 2015

Income Thresholds for Property Tax Relief Programs for Senior Citizens and Disabled Persons

This notice summarizes SSB5186, which increases the income thresholds for the Property Tax Exemption and the Property Tax Deferral Programs for Senior Citizens and Disabled Persons. Under the new legislation, each income threshold increases by five thousand dollars. The increases are effective for taxes levied for collection in tax year 2016 and thereafter.

http://dor.wa.gov/Docs/Pubs/SpecialNotices/2015/sn_15_PropTaxReliefPrograms.pdf

July 9, 2015

Refunds for Manifest Error Corrections

This notice summarizes SSB5276, which was a passed bill allowing county legislative authorities to authorize a manifest error cancellation or correction to be made more than three years preceding the year in which the error is discovered.

http://dor.wa.gov/Docs/Pubs/SpecialNotices/2015/sn_14_PT_LegislativeUpdate-RefundsforManifestErrorCorrections.pdf

July 2, 2014

Federally Recognized Tribes and Exemption of Economic Development Properties under ESHB 1287

This notice discusses the property tax exemption provided for properties owned, in fee, by federally recognized tribes when they are used for essential government services. ESHB 1287 expanded the definition of essential government services to include certain economic development properties. It also discusses Leasehold Excise taxes and payments in lieu of taxes that may apply to properties that qualify for exemption under this new option, which expires in 2022.

http://dor.wa.gov/Docs/Pubs/SpecialNotices/2014/SN_14_FedRecogIndianTribes.pdf

June 17, 2014

Standardized Criteria Established for Exempt Nonprofits

Summarizes the effects of ESB 6405, which was enacted to provide consistency between various property tax exemptions and the manner in which exempt properties may be shared with others. The amended exemption statutes now provide the same limitations on virtually all nonprofit categories, while expanding opportunities for most nonprofits to loan or rent their exempt properties.

http://dor.wa.gov/Docs/Pubs/SpecialNotices/2014/sn_14_ExemptNonprofits.pdf ♦

Washington Department of Revenue
Property Tax Division

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The Property Tax Review is published by the Department of Revenue's Property Tax Division. Comments and suggestions for featured topics should be forwarded to our newsletter editor.

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Boards of Equalization	Diann Locke	(360) 534-1427	DiannL@dor.wa.gov
Collection of Taxes/Treasurer Issues	Harold Smith	(360) 534-1411	HaroldS@dor.wa.gov
County Performance & Admin. Program	Mike Braaten	(360) 534-1428	MichaelB@dor.wa.gov
Current Use/Open Space Assessment	Jordan Dilba	(360) 534-1424	JordanD@dor.wa.gov
Designated Forest Land	Jordan Dilba	(360) 534-1424	JordanD@dor.wa.gov
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o County Revaluation & Revaluation Plans	Marilyn O'Connell	(360) 534-1364	MarilynO@dor.wa.gov
o Annual Revaluation Grant Program	Marilyn O'Connell	(360) 534-1364	MarilynO@dor.wa.gov
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o Certification of Utility Values to Counties	Ha Haynes	(360) 534-1418	HaH@dor.wa.gov
o Code Area/Taxing District Boundary Changes & Maps	Susan Ragland	(360) 534-1369	SusanRa@dor.wa.gov
o Public Utility Assessment	Scott Sampson	(360) 534-1420	ScottS@dor.wa.gov
o PUD Privilege Tax	Kari Kenall	(360) 534-1407	KariK@dor.wa.gov
o Airline	Kevin Hill	(360) 534-1422	KevinH@dor.wa.gov