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Department of F  
Property Tax D  
P. O. Box 474  
Olympia, WA

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# Property Tax Review



## Happy Holidays Everyone!

*By Sandra Guilfoil, Assistant Director*

I hope you are all being festive and enjoying the extraordinary energy and cheer that is so apparent this time of year. Have fun, and store up all the good memories in reserve for the coming months when we begin addressing the pressing issues of state budgets, the legal challenge associated with I-722, and the continuing challenges of meeting the expectations of the public and the Legislature. That's when we'll need some of this "reserve cheer"!

It has not been an easy year for those of us involved in the administration of property taxes. But, hey, who ever said anything worth doing was easy? Despite the obstacles, the diversions, the challenges to our integrity, budget crises, and personal demands, we are all still here, still working hard to do the right thing, and still making a positive difference in our respective roles.

There have been many successes recently. And while this list certainly

doesn't include everything, or everyone, here is good news:

- A DOR review of the Stevens County Assessor's Office was done in a cooperative environment. The review helped clarify goals and reassure public officials and taxpayers that the property tax system could be relied upon.
- We worked diligently to provide assessors with the information they needed to prepare for the potential passage of Initiative 722.
- We have been successfully implementing improvements of the Ratio Study that have enhanced its credibility and reliability and have reduced or redirected internal workloads to be more productive and efficient.
- Many assessors, despite the obvious hurdles, continue to make progress at improving the integrity of their systems. Most have even managed to maintain their sense of humor through the last year!



- We're finding some talented new people willing to join us here at DOR. You will start seeing some new faces in Personal Property, Real Property, Exemptions, and Utilities. With the help of these individuals, we will add depth and diversity that will enhance our abilities to support the counties and meet our own responsibilities better.



- Fred Saeger from WACO has been invaluable this year in helping me understand the issues from the counties' perspective. And his newsletter has done an excellent job of keeping us well informed.
- We published the legislative report on the implementation of the intangible personal property exemption this month – concluding that there were no unintended consequences to date. Within our utilities valuation program, the information developed for this study required an additional appraisal of each company as though intangible personal property was taxable. This information was needed to show the impact on assessed values, and was a value subject to appeal by the companies. Obviously, there was a significant increase in their workloads each year in order to accomplish this. My special thanks to all the staff involved in this process.

■ Finally, I have to credit  
Fred  
Kiga

for his courage and proactive nature. He has been very supportive and encouraging of this program's visions and challenges.

I am very proud of the Property Tax Division. The staff of professionals here is committed to serving assessors and the public to the best of their abilities. Never doubt that. And they are a talented crew! You can be sure that the future will continue to show improvements and creativity and enthusiasm from us. From you as well, I am sure. ♦

## Property Tax Advisory Issued

*By Pete Levine, Current Use Specialist*

One of the outcomes of the *Current Use Assessment and Administration* seminars in Spring 2000 involved questions about the administration and qualification of the land on which a residence is sited for property classified as farm and agricultural land in the Current Use Program under chapter 84.34 RCW, specifically dealing with RCW 84.34.020(2)(d).

To clarify the issue, we have put forth a Property Tax Advisory (PTA 4.0.2000). The advisory explains the correct administration and classification for land that meets the criteria as the principle place of residence of the farm operator or owner under RCW 84.34.020(2)(d). The advisory further addresses the correct administration and classification for land that does not meet the criteria in RCW 84.34.020(2)(d). The following is a summary of PTA 4.0.2000.

The specific question is: When a residence located on land classified as farm and agricultural land

under RCW 84.34.020(2)(d) is not occupied by a farm owner or operator and is not used in connection with the farm operation, does that land qualify to be included within the total parcel classified as farm and agricultural land classification under RCW 84.34.020(2)?

The Department of Revenue's answer is no. The correct administration for a parcel of land on which a residence is sited that does not qualify under RCW 84.34.020(2)(d) is to segregate the unqualified area from classification and value that portion at its true and fair market value.

RCW 84.34.020(2)(a) stipulates that classified land must be devoted primarily to the production of livestock or agricultural commodities for commercial purposes. RCW 84.34.020(2)(d) further stipulates that the land on which a residence is located *may* be classified as farm and



agricultural land *if* the land is 20 acres or more and the land is the principal place of residence of the farm operator or owner and the housing is integral to the use of the classified land for agricultural purposes. The land is not eligible for classification if it does not meet these criteria.

RCW 84.34.065 provides a method of valuation for property classified as farm

## This Quarter's Reminders

### January 1

Date real and personal property subject to taxation and valuation for assessment purposes. (RCW 84.36.005 and RCW 84.40.020) Taxes are payable on and after February 15 the following year. (RCW 84.56.020) Also first day to apply for open space assessment for January 1, 2002. (RCW 84.34.030)

### January 15

Assessor shall classify all forest land not designated and notify owner of classification. (RCW 84.33.120)

### February 1

2001 county timber assessed value (TAV) worksheets are due to Forest Tax Division of Department of Revenue.

### February 15

Property taxes can be paid on and after this date. These taxes are based on assessments made in previous year. There are certain exceptions relative to personal property as set forth in RCW 84.56.070. (RCW 84.56.020)

### March 1

Most taxing district boundaries to be established to permit levy for collection following year. (RCW 84.09.030 For exceptions, see 84.09.030-.035.

### March 31

Applications for exemption property tax must be received Department of Revenue to avoid \$10/month penalty. (RCW 84.09.025) New incorporations may establish boundaries. (RCW 84.09.030)

### April 30

Personal property revaluation form must be filed by April 30

method for valuing land that qualifies under RCW 84.34.020(2)(d). Likewise, WAC 458-30-260, effective November 1995, reflects valuation procedures and it addresses land that does not qualify under RCW 84.34.020(2)(d). Specifically, WAC 458-30-260(8) states in pertinent part that "if the residence or housing for employees does not meet all the requirements for classification [under RCW 84.34.020(2)(d)], the land may not be classified as farm and agricultural land and it must be valued at its true and fair value." [Emphasis added.]

When land fails to qualify, or no longer continues to qualify, under RCW 84.34.020(2)(d), then the land attributable to the residence – typically referred to as a homesite – is removed from classification and is valued at its true and fair value under RCW 84.40.030.

Two scenarios exist that must be considered as a result of the answer to the question for correct administration of related land. They are: (1) an initial application is made for a 20-acre parcel, but the land on which the residence (homesite) is sited does not meet the requirements under RCW 84.34.020(2)(d); and, (2) a 20-acre parcel that was previously classified as farm and agricultural land, but the land on which the residence (homesite) is sited no longer meets the requirements under RCW 84.34.020(2)(d).

Assuming that one acre is used for a homesite area, the Department would interpret that, upon removal of the homesite, a 19-acre parcel of *classified* land remains. Consequently, those 19 acres become subject to the minimum income requirements for new applications in RCW 84.34.020(2)(b).

Likewise, in the event that one acre was removed from classification because the

residence no longer qualified under RCW 84.34.020(2)(d), the residual 19 acres would remain the *classified* farm and agricultural land, and it too would be subject to the minimum income requirements in RCW 84.34.020(2)(b).

In conclusion, the Department contends that land which does not meet the requirements or criteria for the current use program under chapter 84.34 RCW may not be classified, nor can land be classified as farm and agricultural land when it does not meet the criteria under RCW 84.34.020(2)(d). This PTA can be found on the internet at the following location:

<http://dor.wa.gov/pub/pta/pta400.doc>.



## Accreditation Forms to Get a New Look

By Pete Levine; Education Specialist

The *Application for Accreditation as an Ad Valorem Real Property Appraiser* (REV 64-0081), the

*Application for Accreditation Renewal* (REV 64-0083), and the *Request for Administration of Appraiser Examination* form (REV 64-0080) have



all been revised. Changes have been made to protect private and personal information used in the course of everyday business. Beginning in January 2001, applicants using these forms will no longer be required to include their social security number on the respective application.

Additional changes to the forms require applicants to provide complete documentation and sufficient descriptions in order to make accurate determinations for accreditation





approval and minimize the need to request additional information.

**Look for a New Form for Continuing Education Course Approval**

WAC 458-10-050(3) stipulates that the Department preapprove courses, seminars, or workshops applied toward the continuing education requirements for accreditation of real property appraisers. With that in mind, we have created a form, *Continuing Education Course Approval Application*, for use when an education provider or sponsor requests continuing education. The form contains essentially the same information previously requested, but now in a written format. Our hope is that the form will streamline the approval process for both the applicant and the Department; it will be available in January 2001. ♦

**A New Face at Property Tax**

*By Peri Maxey, Technical Programs Manager*

The Department is pleased to welcome Ruth Efta to the Property Tax staff. Ruth will be working in the Exempt Property area as a Property Tax Auditor 4. She will be responsible for determining the exempt status of nonprofit organizations in Chelan, Kittitas, Island, San Juan, Snohomish, and Yakima Counties. Ruth has a

background in property tax administration having previously been an assessor in Montana and a real property



appraiser in Whatcom County. Ruth's phone number is (360) 570-5869 and her e-mail address is [ruthed@dor.wa.gov](mailto:ruthed@dor.wa.gov). ♦

**IAAO Section Governor Appointed**

*By David Saavedra, Program Coordinator*

Deb Mandeville has recently been appointed to serve as the IAAO Rural or Small Jurisdiction Issues Section Governor for Region 8. The region encompasses Idaho, Montana, Oregon, Washington, Wyoming, and Saskatchewan.

The purpose of the Section Governor is to support the mission and commitments of the IAAO by offering the unique perspective of members who are primarily involved or interested in rural and small jurisdiction valuation, administration, and tax policy. The IAAO is striving to represent and serve all of its members and hopes that this section would provide a forum for exchanging information on rural or small jurisdiction issues.

The section's governing body consists of nine governors (one governor per region) and a chair. Each governor serves a three-year term. The governors' primary responsibilities include coordinating and implementing an annual regional meeting consisting of a 2-5 hour seminar or workshop with a follow-up business meeting. The seminar should focus on rural or small jurisdiction issues and the meeting site shall rotate each year between states and provinces of each region.

**This Quarter's Reminders**

*Continued from Page 4*

assessor. Penalties prescribed. (RCW 84.40.020, .040, .060 and .130) Also last day for payment of taxes except that when taxes on one lot or tract are \$50 or more, or when personal property taxes total \$50 or more, one-half may be paid by April 30 and the remaining one-half by October 31. (RCW 84.56.020) ♦

Deb attended the IAAO Conference in Edmonton, Alberta in September 2000 to learn more about the section, her duties and responsibilities. The committee of governors and the chair meet annually at the conference.

Discussion topics included training concerns of rural and small jurisdictions, not only cost of training, but office coverage when staff size is limited. Alternative training opportunities such as Internet classes or video training were two ideas that were discussed.

Publishing a quarterly newsletter addressing rural and small jurisdiction topics was also suggested.

If you are an IAAO member, please forward any comments or ideas directly to Deb Mandeville so she may successfully represent you. She will be contacting the small and/or rural counties in the near future. Deb may be contacted by e-mail at [debmand@dor.wa.gov](mailto:debmand@dor.wa.gov) or by telephone at (360) 570-5863. ♦

**Fall Proves to be a Busy Time for Training!**

*By Pete Levine, Education Specialist*

Nearly 300 county staff members from throughout the state participated in

training opportunities provided by the Department of Revenue (DOR) during September and October!



Thirty-three students attended the annual Fundamentals of the Assessor's Office class held in Lacey the week of September 11<sup>th</sup>. Five Property Tax staff members teamed together to instruct the class by teaching in their area of expertise; as well, David Wallis from the Cowlitz County Assessor's Office gave a presentation on basic legal descriptions. The class serves as an important tool to a new employee's career in the assessor's office, as well as it challenges experienced staff members, by providing information that includes: a comprehensive overview of the laws and rules applicable to the assessment process; Boards of Equalization; the levy process; current use programs; exemptions; and a brief introduction of real and personal property valuation. While the weeklong class is "long" – and sometimes overwhelming – nearly everyone leaves with a greater understanding of how the assessor office functions!

Kathy Beith, DOR Levy Specialist, and Peri Maxey, DOR Technical Programs Manager, presented training in the levy setting process. In fact, 72 county and taxing district staff members attended the two-day Basic Levy Training seminars, held this year in Moses Lake and Lacey. The two-day training focused on the basics of the levy process, administration of levies, and levy limitations.

Another 59 county staff members attended one-day Senior Levy Seminars also held in Moses Lake and Lacey. The agenda included advanced levy issues such as annexation calculations, road levy shifts, and highly valued

disputed property. In addition, time was set aside to discuss and address frequently asked questions in the levy process, as well as a discussion of 2000 legislative changes affecting property tax.

The Uniform Standards of Professional Appraisal Practice (USPAP) seminars held in Everett and Moses Lake certainly drew attention this fall, attended by over 50 students. The USPAP seminar presented by Sandy Guilfoil, Assistant Director, and Brent Wilde, MAI, not only meets the requirements necessary accreditation, but it provides an insightful look at USPAP from the mass appraisal

## Reassignment

*By Joe Simmonds, Program Manager*

Effective September 1, 2000 Property Tax has reassigned Joe Simmonds to a special project – writing a personal property manual for the Property Tax Division. This manual will include material that may be beneficial to county personal property staff and administrators.

If you have items that you believe would be helpful to include in this manual or that you would like to see covered in the manual, you may e mail Joe Simmonds with your suggestions at [jws51@dor.wa.gov](mailto:jws51@dor.wa.gov) ♦

perspective, emphasizing USPAP Standard-6 (dealing with the development of a mass appraisal).

Another big hit this year was the International Association of Assessing Officers (IAAO) classes, offered the week of October 9<sup>th</sup>, in Lacey, jointly sponsored by DOR and Washington Association of County Assessors (WSACA). A total of 77 students attended the three classes directed at skill levels from the basic fundamentals of appraising real property for the novice appraiser to advanced appraisal concepts for those more experienced.



Most agreed that the week was intense, but rewarding!

A special thank you goes out to King County Department of Assessments for their support of 2000 IAAO classes by providing four instructors from their staff. We recognize the resources commitment when allowing individuals to instruct. Thank you King County! ♦

## 2001 Training is Just Around the Corner

*By Pete Levine, Education Specialist*

As we look ahead to next year, keep an eye out for the 2001 Training Calendar in your office for training sponsored by DOR and training jointly sponsored by DOR and WSACA. Upon completion, it will be distributed to all county assessor offices. Also, look for a rescheduled Introduction to Personal Property seminar in the first half of 2001, as result of the canceled November 6-7, 2000, offering. ♦



## Upcoming Training Courses

### February 6

Intermediate Legal Description  
Olympia/Lacey -- \$25

### February 27-28

Introduction to Personal Property  
Olympia/Lacey -- \$35

### March 6

Intermediate Legal Description  
Spokane -- \$25

### April 18-19

Current Use Assessment & Administration  
Ellensburg -- \$35

For further information, contact Linda Cox, Education Coordinator, at (360) 570-5866 or by e-mail at [LindaC@dor.wa.gov](mailto:LindaC@dor.wa.gov).

## Third Annual Multi-State Personal Property Conference, September 2000, Jackson, Wyoming

*By Neal R. Cook, MAI, Personal Property Specialist*

Neal Cook, the Department's Personal Property Specialist and Joe Simmonds, the Personal Property Section Manager, attended this year's Multi-State Personal Property Conference in Jackson Wyoming. There were 13 representatives from eight states in attendance. The conference focused on the direction of personal property assessment and ways to better share resources among the states. Standards for valuation studies are being developed so that other states can use and rely on the work of other states when developing valuation guidelines. "Best Practices" were explored with regard to property discovery and

valuation issues. Mobile homes were discussed at length including ways to improve the discovery process associated with transportation of mobile homes over state lines.

It was discovered that some companies, who had property in multi-states, were attempting to file personal property listings based upon allocation of purchase price without regard to the actual location of the assets. A multi-state audit was suggested as a possible solution should this sort of activity persist. Multi-county and multi-state appeals by one company were also discussed to help clarify the issues, role of the state and to discover the most affective approaches to deal with these issues. Networking through e-mail, conferences etc. are regarded as affective methods of maintaining sound practices and solving common problems.

If you have questions about the conference contact Neal Cook at (360) 570-5881 or [nealc@dor.wa.gov](mailto:nealc@dor.wa.gov), or to obtain meeting minutes.



Season's Greetings  
to everyone from the  
Property Tax Division  
staff.



**DEPARTMENT OF REVENUE  
PROPERTY TAX DIVISION**

P. O. Box 47471  
Olympia, Washington 98504-7471

DESCRIPTION OF PROGRAM OR SERVICE	CONTACT	PHONE # (360)	INTERNET E-MAIL
Property Tax Administration/Policy	Sandra Guilfoil Assistant Director	570-5860	<a href="mailto:SANDYG@dor.wa.gov">SANDYG@dor.wa.gov</a>
Property Tax Program Coordinator	David Saavedra	570-5861	<a href="mailto:DAVIDS@dor.wa.gov">DAVIDS@dor.wa.gov</a>
General Information – Receptionist FAX	Cathy Berry	570-5900 586-7602	
Specific Topics			
Accreditation	Pete Levine	570-5865	<a href="mailto:PETEL@dor.wa.gov">PETEL@dor.wa.gov</a>
Ratio & Advisory Appraisals & Audits - Personal Property Prog. Manager - Personal Property Specialist - Real Property Program Manager	David Saavedra Neal Cook Mark Maxwell	570-5861 570-5881 570-5885	<a href="mailto:DAVIDS@dor.wa.gov">DAVIDS@dor.wa.gov</a> <a href="mailto:NEALC@dor.wa.gov">NEALC@dor.wa.gov</a> <a href="mailto:MARKMAX@dor.wa.gov">MARKMAX@dor.wa.gov</a>
Appraiser Certification (DOL)	Cleotis Borner	753-1062	<a href="mailto:CBORNER@dol.wa.gov">CBORNER@dol.wa.gov</a>
Appraiser Testing	Linda Cox	570-5866	<a href="mailto:LINDAC@dor.wa.gov">LINDAC@dor.wa.gov</a>
Boards of Equalization	Kathy Beith	570-5864	<a href="mailto:KATHYB@dor.wa.gov">KATHYB@dor.wa.gov</a>
Current Use/Open Space Assessment	Pete Levine	570-5865	<a href="mailto:PETEL@dor.wa.gov">PETEL@dor.wa.gov</a>
Education & Training for County Personnel	Linda Cox Pete Levine	570-5866 570-5865	<a href="mailto:LINDAC@dor.wa.gov">LINDAC@dor.wa.gov</a> <a href="mailto:PETEL@dor.wa.gov">PETEL@dor.wa.gov</a>
Forest Tax General Information Classified/Designated Timber Land	Steve Vermillion	664-8432	<a href="mailto:STEVEV@dor.wa.gov">STEVEV@dor.wa.gov</a>
Forms	Pete Levine	570-5865	<a href="mailto:PETEL@dor.wa.gov">PETEL@dor.wa.gov</a>
Legislation	Peri Maxey	570-5868	<a href="mailto:PERIM@dor.wa.gov">PERIM@dor.wa.gov</a>
Levy Assistance	Kathy Beith	570-5864	<a href="mailto:KATHYB@dor.wa.gov">KATHYB@dor.wa.gov</a>
Mobile Homes	Neal Cook	570-5881	<a href="mailto:NEALC@dor.wa.gov">NEALC@dor.wa.gov</a>
Nonprofit/Exempt Organizations	Harold Smith	570-5870	<a href="mailto:HAROLDS@dor.wa.gov">HAROLDS@dor.wa.gov</a>
Railroad Leases	Jay Fletcher	570-5876	<a href="mailto:JAYF@dor.wa.gov">JAYF@dor.wa.gov</a>
Ratio Study	Deb Mandeville	570-5863	<a href="mailto:DEBM@dor.wa.gov">DEBM@dor.wa.gov</a>
Revaluation	Shawn Kyes	570-5862	<a href="mailto:SHAWNK@dor.wa.gov">SHAWNK@dor.wa.gov</a>
Senior Citizens/Disabled Homeowners, Exemption/Deferral	Mary Skalicky	570-5867	<a href="mailto:MARYS@dor.wa.gov">MARYS@dor.wa.gov</a>
Utilities - Certification of Utility Values to Counties - Code Area/Taxing District Boundaries & Maps - Public Utility Assessment - PUD Privilege Tax	Ha Haynes Steve Yergeau " " " "	570-5879 570-5877 " "	<a href="mailto:HAH@dor.wa.gov">HAH@dor.wa.gov</a> <a href="mailto:STEVEY@dor.wa.gov">STEVEY@dor.wa.gov</a> " "