

Special Notice

Intended audience: County assessors, county treasurers, taxing districts, and local governments.

July 24, 2023

Legislative changes to property tax administration

The 2023 Legislature passed several bills relating to property tax administration. The effective date for these bills is July 23, 2023, unless otherwise noted.

HB 1303 Appeals, levies, and assessment date

[House Bill 1303](#) amends multiple statutes of property tax code to make them easier to understand, more transparent, and more efficient to administer. This bill is effective July 23, 2023, except for Sections 4 and 6. Sections 4 and 6 take effect Jan. 1, 2027. Highlights include:

- [RCW 82.03.140](#) expands the department's ability to convert additional types of appeals before the State Board of Tax Appeals from an informal hearing to a formal hearing within ten days of the appeal being filed. These now include appeals:
 - By an assessor or landowner regarding the department's general supervisory orders and boards of equalization reconvene orders.
 - By an assessor or landowner for intercounty utility valuation determinations.
 - Of interest rates that are used by the department for assessments involving farmland related to current use valuation.
 - From revisions to the department's stumpage value tables used to determine timber value.
 - Regarding the department's denial of a property tax exemption application.
- [RCW 84.40.370](#) clarifies that the valuation date for government-owned property that loses its exempt status. The valuation date is Jan. 1 of the year that the status changes. For example, if the property loses its exempt status on March 1, 2023, the valuation should reflect the property's value as of Jan. 1, 2023.
- [RCW 84.52.085](#) provides if a property tax levy error occurs during the 2024 tax year or

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subsequent years, that was due to no fault of the taxing district and the correction amount would result in a levy rate greater than the levy's statutory maximum rate limit, then the correction must be made using the following criteria:

- The correction must be made proportionally over a three-year period.
- The portion of the tax rate resulting from the levy error correction will be excluded from the \$5.90 aggregate rate limit calculation.
- The portion of the tax rate resulting from the levy error correction will be the first to be reduced or eliminated under the constitutional 1% aggregate limitation.
- [RCW 84.55.015](#) provides a method for assessors to calculate the regular levy limitations when the levy has not been made for seven years or more. Specifically:
 - When a district has not levied their regular levy property tax for seven years or more, the first levy cannot exceed the statutory maximum levy rate and is treated as if it is a first-time levy.
 - When a district has not levied their regular levy property tax for six years or less, the first levy cannot exceed the maximum levy amount allowed by [RCW 84.55.010](#), the 1% growth limit, would be calculated as if the district had levied continuously over the six-year period.
- [RCW 84.55.020](#) provides when taxing districts consolidate, their first levy is based on the sum of the highest lawful levy since 1985, rather than the highest lawful levy from the last three years, plus other allowable increases.

SHB 1572 Concerning venue for actions for the recovery of taxes

[Substitute House Bill 1572](#) allows taxpayers a choice of venue in legal actions against a single county for recovery of taxes paid under protest. Taxpayers may now file in a superior court of either of the two nearest judicial districts as an alternative to filing in the county where the tax was collected or in federal court. Specifically:

- [RCW 36.01.050](#) states the two nearest judicial districts are measured by the travel time between county seats using major surface routes, as determined by the administrative office of the courts.
- SHB 1572 included an emergency clause, which took effect April 13, 2023. It also applies retroactively and prospectively to all actions, allowing for a change in venue for those actions already filed.

EHB 1663 Allowing functionally consolidated port districts to adopt a unified levy

[Engrossed House Bill 1663](#) allows two or more port districts that operate jointly through a mutual agreement under [RCW 53.08.240](#) to levy, as one joint taxing district, a consolidated property tax for general port purposes authorized in [RCW 53.36.020](#), provided the following conditions are met:

- The port districts are adjacent, and the boundaries of the port districts are coextensive with county boundaries.

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- At least two-thirds of the commissioners of each port district vote to conduct a joint levy.
- A majority of the voters of each port district approve the joint property tax levy at a general election within each port district on the same day.
- The tax rate for the joint levy is the same in each participating port district.

[RCW 84.55.020](#) provides the first joint levy, imposed by the functionally consolidated port district, must be set as if the districts were truly consolidated. Subsequent joint levies are subject to the annual growth limit.

Port districts that are jointly levying the property tax for general port purposes may not separately levy the property tax for general port purposes unless the separate participating ports must do so for payment of principal and interest on general bonded indebtedness.

SHB 1756 Supporting clean energy

[Substitute House Bill 1756](#) creates a new section in RCW 84.36 and a new chapter in Title 82. It establishes an exemption from the state's portion for personal property used for renewable energy generation or storage. Taxpayers that take the exemption must choose between a 10-year and 15-year exemption, and will be required to pay a production excise tax instead, with different rates based on the length of the exemption. Note:

- This is for facilities with a nameplate capacity to generate at least 10 megawatts of alternating current power who begin construction on or after July 1, 2023.
- This is for taxes levied in 2025 and after.
- The production excise tax is based on the nameplate capacity of solar and wind generation equipment in megawatts, and the storage capacity of energy storage equipment in megawatt-hours.

E2SSB 5045 Accessory dwelling unit (ADU) rental to low-income households

[Engrossed Second Substitute Senate Bill 5045](#) amends [RCW 84.36.400](#) to allow a county legislative authority, for a county with a population of 1,500,000 or more, the option to exempt the value of certain ADUs from property taxes. To qualify, these criteria must be met:

- The ADU must be maintained as a rental for low-income households.
- Rent charged to a tenant may not exceed 30% of the tenant's monthly income.
- The tenant may not be an immediate family member of the taxpayer unless the tenant is 60 years of age or older.
- The taxpayer must submit notice of their intention to participate in the exemption program on forms provided by the county assessor.

The exemption only applies to an amount equal to or less than 30% of the value of the original structure. It may continue for as long as the ADU continues to be rented to a qualifying low-income household.

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Low-income household means a single person, family, or unrelated persons living together whose adjusted income is at or below 60% of the median household income, adjusted for household size, for the county where the household is located, as reported by the United States Department of Housing and Urban Development (HUD).

This bill takes effect July 23, 2023, and applies to taxes levied for collection in 2024 through 2034.

HB 1265 Expanding the property tax exemption for nonprofits that operate adult family homes that serve people with intellectual or developmental disabilities

[House Bill 1265](#) modifies [RCW 84.36.042](#) and [RCW 84.36.805](#) to allow the existing property tax exemption for nonprofit organizations operating an adult family home for people with intellectual or developmental disabilities, to be granted whether the housing and/or services are provided directly by the nonprofit, or if they are provided through another provider that is licensed to operate an adult family home, regardless of the contracted provider's nonprofit status.

This bill takes effect July 23, 2023, and applies to taxes levied for collection in 2024, and after.

SSB 5714 Property tax payments from automated check processing services

[Substitute Senate Bill 5714](#) amends [RCW 84.56.020](#) to allow up to three business days after the due date before a property tax payment is delinquent when payment was:

- Generated by an automated check processing service.
- Sent via United States mail without a discernable postmark.

This bill takes effect July 23, 2023, and applies to taxes levied for collection in 2024, and after.

Questions?

If you have questions or need additional information, please contact the Department of Revenue, Property Tax division at 360-534-1400 or your county assessor.