



Property Tax Review

March 2014

Volume 15, Issue 1

A New Look within the Valuation Advisory Program

By Dave McKenzie, Ratio and Advisory Valuation Program Supervisor

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The Property Tax Division currently has four staff dedicated to performing advisory appraisals in the counties. At one time the Division had nearly twice that many staff but through the economic downturn the staff was reduced to its current levels. Legislation passed in 2009 amended RCW 84.41.030 to require the Department to provide advisory appraisals of industrial properties valued at \$25 million dollars or more when requested by the county assessor. Additionally, RCW 84.41.060 allows county assessors to request valuation assistance from the Department when special expertise not possessed by the assessor is needed. So far, the Department has been able to keep up with the number of \$25 million and above industrial advisory requests.

This year our staff will be performing 48 appraisals with a current cumulative assessed value of approximately \$4.6 billion. These appraisals will be completed throughout the late winter, spring and summer months. Our goal is to have the last of the 48 appraisals completed, reviewed by peers internally, reviewed by the county and taxpayer, and then a final copy delivered to the county no later than August 31, 2014.

We've had a few changes in the past 18 months for the Valuation Advisory Program. You may have heard that Howard Hubler retired from the Property Tax Division after nearly 34 years. Howard was a tremendous asset for the Division and helped set many of our high standards for appraisals. He will be sorely missed within the Division and more specifically the Valuation Advisory Group where his skills were used to perform some of the most complex appraisals. We were fortunate to be able to re-hire Dean Ando who was with the Valuation Advisory Group between 2007 and 2011. Even though it was hard to say goodbye to Howard we were ecstatic to say hello again to Dean. Dean's expertise in the fee world along with extensive county experience will allow him to hit the ground running. Dean has a Bachelor's Degree in Economics from Claremont McKenna College.

Another addition to the Valuation Advisory Program is Vicky Carr. Vicky has been with the Department since 2007 and worked with the Valuation Advisory Group in 2010, 2011, & 2012. We are very excited to have Vicky back for 2014. Vicky has been appraising progressively complex properties for the past 16 years. Vicky has a Bachelor's Degree in Earth & Space Science from the University of Washington and an Associates Degree in Interior Design from Bellevue College. What better degrees than "Science" and "Art" to perform appraisals.

I would be remiss if I didn't mention the faces that have been with the Valuation Advisory Team for several years now. Carl Klingeman has been with the Department since 1987 and with the Valuation Advisory Group appraising complex Industrial properties since 2003. Omar Medina has been with the Department since 1999 and appraising those same properties for the Valuation Advisory Group since 2008.

The Valuation Advisory Group also relies heavily on two key experts from the Division's Ratio Team. Lisa Brewer and Mark Studer play a key part in developing our Trended Investment Method for each of the advisory appraisals that go out the door each year. The bottom line is that we wouldn't be able to complete as many appraisals as we do each year without Lisa and Mark.

If you have questions about the Advisory Appraisal Program and how we work with both assessors and taxpayers, please contact Dave McKenzie at (360) 256-2125 or DaveM@dor.wa.gov. ♦

Special points of interest:

- **Quarterly Reminders (see page 2)**
- **Upcoming Training (see page 4)**

This Quarter's Reminders

March 31*

- Nonprofit property tax exemption applications are due. Penalties apply. (RCW 84.36.815; 825)
- Property tax assistance claims for widows/widowers of qualified veterans are due. (RCW 84.39.020)

Also in March

- Assessors submit County Statistics for Comparison Report to DOR Property Tax Division. (form REV 64 0106)

April 30

- Personal property listing forms are due to the county assessor. Penalties apply. (RCW 84.40.020, 040, 060 and 130)
- Taxes are due. If taxes are less than \$50, full payment is due. If taxes are \$50 or more, one half of the payment is due. Second half payment is due October 31. (RCW 84.56.020)
- (Prior to May 1) PUD Privilege Tax billings are issued. (RCW 54.28.040)

May 1

- Prior year applications for forest land designation are considered approved unless assessor has notified the owner otherwise. (RCW 84.33.130)
- Prior Year current use farm and agricultural land applications are considered approved unless assessor has notified owner otherwise. (RCW 84.34.035)

May 31*

- County assessors complete and list valuation on all property. Property may be added later (new construction and mobile homes) after giving written notice to the taxpayer. (RCW 84.40.040)

(Continued on page 3)

Jefferson County Assessor, Jack Westerman, Retires

By Josh Jeffries, Appraiser

Jack Westerman retired effective December 31, 2013, after 35 years (almost nine terms) as the Jefferson County Assessor. His career in property assessment started in 1975 when Assessor Jeff Ingman hired him as an appraiser. In 1978, Jack ran for the office and became the Jefferson County Assessor the next year. More often than not, he was unopposed when he ran for re-election.

Kathy Beith, current Assistant Director of the Property Tax Division, credits Jack as a mentor. "Jack taught us much of what we know at DOR about the taxation of timber, how it supplements property tax levies and how it protects the budgets of local taxing districts". Other DOR specialists and managers could always "call Jack" for practical advice and a reality check, knowing that he would patiently explain how just about any specific property tax issue plays out in the real world.

As the Dean of local assessors, Jack taught statewide classes in property tax administration, served on panels that coached new assessors and always took the time to help other elected officials solve problems, one-on-one.

As Assessor, Jack's reputation was for protecting the Jefferson County taxpayer, saving money, and hiring good people. Jack has held many leadership positions with the statewide organizations, including terms as president of the statewide organization for assessors and the organization for elected county officials. He has also led on specific statewide issues, playing a key role in changing the way we tax timber in the 1980's and fighting the worst effects of Referendum 47 in the 1990's.

Jeff Chapman, Jack's former Chief Deputy of 14 years, succeeded him as assessor on December 31, 2013 and will finish the current term through 2014. Jack left him an experienced, well trained staff of nine: Lauralee Kiesel, Sherrie Shold, Jami Trafton, Darcy Harrison, Pat Perryman, and appraisers Charlie Hough, John Pray, Bob Shold, and Linda Manthe. The new Jefferson County team will implement annual revaluation and complete the transition to a new computer assisted mass appraisal (CAMA) system.

Jack's community service includes serving as president of his local Kiwanis Club and the United Good Neighbors of Jefferson County. Outside the courthouse, Jack was a passionate runner. Locally, he was involved with the Rhody Run Race. He completed his first Boston Marathon 25 years ago. Jack notes: "They talk about the big hill at the Boston Marathon and I told them, it's nothing like running the Olympic Mountains, or even our Rhody Run course." We always wondered how Jack stayed so svelte.

In an interview with the Port Townsend *Leader*, the long-serving assessor summed it up "It's been a good run, I'll miss the people I work with. It's been an honor to serve the people in this county." Happy Trails Jack! Enjoy your retirement! ♦



This Quarter's Reminders

(Continued from page 2)

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. (RCW 84.12.270)

For a complete version of the *Property Tax Calendar*, visit the Department of Revenue's website at this link:

http://dor.wa.gov/docs/Pubs/Prop_Tax/PropCal.pdf ♦

Annual Valuation in Full Bloom in 2014

By Marilyn O'Connell, Revaluation Specialist

As a result of legislation that passed in 2009, which amended RCW 84.41.041 and RCW 82.45.180, all counties in the state are now required to update values on all of their parcels for property tax assessment purposes as of January 1, 2014. At the time this legislation passed, nearly half of the counties in the state were valuating property on a cyclical basis, usually once every four years. With the advent of annual valuation, assessors will be reflecting market changes on an annual basis. This will result in more equitable valuation, an increased ability to respond to a changing real estate market, and a greater uniformity of assessments.

As part of the Department of Revenue's (Department) commitment to helping cyclical counties successfully make the transition to annual revaluation, the Annual Valuation Team has produced numerous tools and educational seminars to address some of these challenges. These included seminars on STARS (Statistical Tool for Analytics and Ratio Studies), a tool developed by the Department to assist counties with modeling, mass appraisal techniques, and neighborhood delineation. Over the past several years, the team has been providing direct, focused training and assistance to individual counties, as necessary, to help improve and automate appraisal techniques in order to handle the increased workload for annual valuation.

In addition, the Department provides forms and templates for use within the assessor's office, including property inspection forms, mass appraisal guidelines, and other general appraisal information. This is available to county officials and their staff as a source of educational and reference materials.

With annual valuation, the assessor is required not only to inspect every parcel in the county at least once every six years, but to also perform a yearly statistical analysis of the remaining uninspected parcels as well. This is to determine if market adjustments are required to bring out of cycle properties to their true and fair value. This is where the Department has found the greatest need for county assistance and education. The counties have had to learn how to perform "mass appraisal" rather than individual property appraisal.

Mass appraisal is defined as "the systematic appraisal of groups of properties as of a given date using standardized procedures and statistical testing" (Robert J. Gloudemans, *The Mass Appraisal of Real Property*, Chicago: International Association of Assessing Officers, 1999, 1). It involves analyzing sales data collected in mass quantities, developing statistics from the data, and applying these results to a large number of properties. Groups of sales are used to provide a value indication for large populations of properties. Mass appraisal applies the same appraisal principles as an individual appraisal, but applies these principles to groups of properties rather than an individual property. This annual review and update ensures assessed values are representative of true and fair value (market value) as of January 1 of any given year.

In addition to providing education and training, the Department administered a grant program to help cyclical counties transition to annual valuation. The program provided funding for items such as upgrades to computer systems, conversion of data to an electronic format, and staff training related to computer software used in mass appraisal and statistical analysis. There were 22 counties who received funding from the program which had revenue of over \$3.9 million.

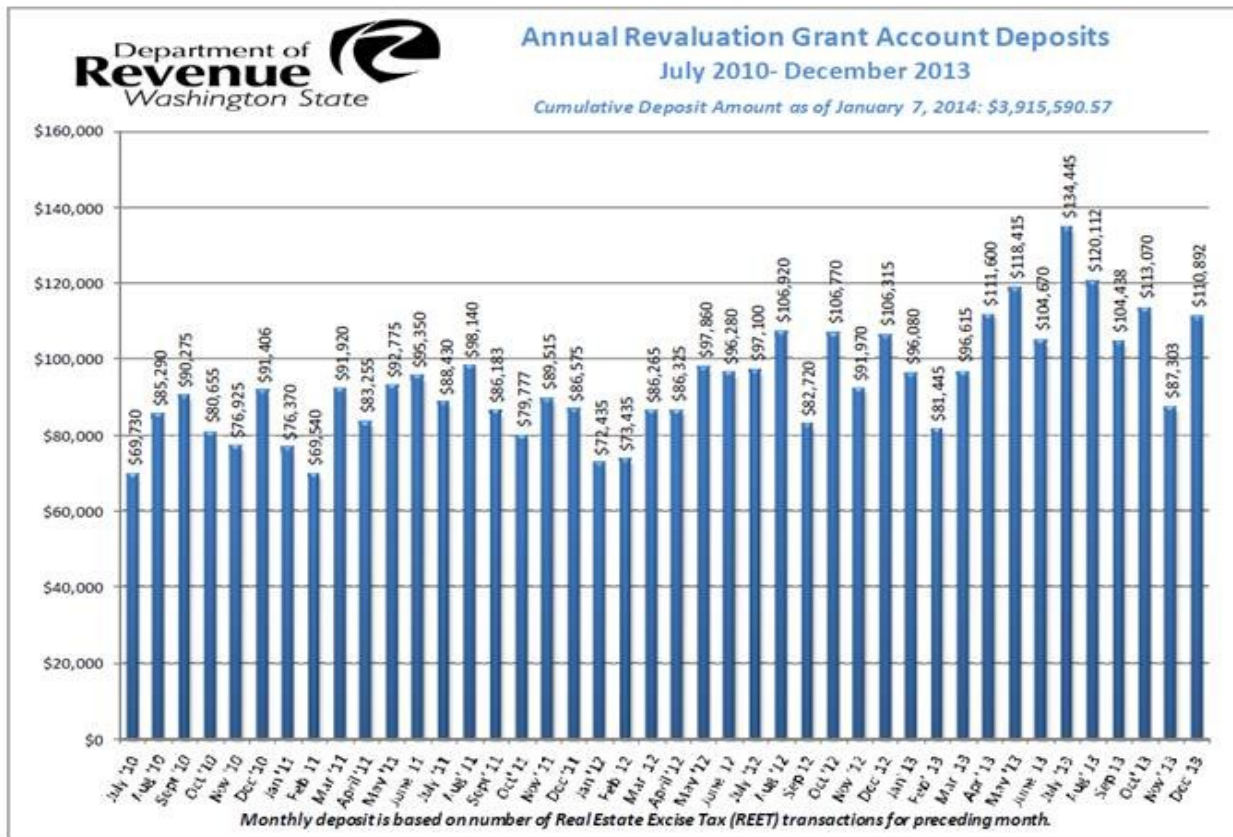
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Annual Valuation in Full Bloom in 2014 (continued)

(Continued from page 3)

The program was funded by a \$5 fee which was collected for every Real Estate Excise Tax (REET) transaction that took place between July 1, 2010, and December 31, 2013. Many of the counties that were funded by the program purchased a CAMA (Computer Assisted Mass Appraisal) system for the first time or were able to replace systems that were no longer supported by their software vendor. This allowed some counties to convert paper records to electronic records which will enhance their ability to perform mass appraisal.

The following chart shows the revenue for the duration of the program:



2014 Upcoming Training (State/County Personnel ONLY)

Date	Course	Location	Cost
April 15-16	BOE/BTA Preparation	Wenatchee	\$75
May 6-7	Current Use—Basic	Webinar	\$75
May 13	Current Use—Advanced	Webinar	\$35
June 2-6	IAAO 600—Principles & Techniques of Cadastral Mapping	Ellensburg	\$350

For further information, contact:
 Jennifer Whealy, Department of Revenue, Property Tax Division
 Phone: (360) 534-1361, Fax: (360) 534-1380, Email: JenniferW@dor.wa.gov

Assessment and Valuation of Leasehold Improvements

By Pete Levine, Personal Property Supervisor

The Department periodically receives inquiries regarding the assessment and valuation of leasehold improvements (LHIs), where the Department last published a similar FAQ in the 2008 *Personal and Industrial Valuation Guidelines*. We would like to take the opportunity to re-address those FAQs and references pertaining to LHIs.

Background and definitions to keep in mind

- ♦ Simply stated, LHIs are alterations, improvements, or additions made to leased property by or for a lessee/tenant. The most common leasehold improvements are the alterations made to leased office or retail space where the tenant completes all or part of the interior of a building.
- ♦ Real Property is defined in [RCW 84.04.090](#).
- ♦ Personal Property is defined in [RCW 84.04.080](#)
- ♦ Trade Fixtures are defined in [WAC 458-12-005\(2\)\(i\)](#) – this concept, which is peculiar to the landlord-tenant relationship, refers to the machinery or equipment of any commercial or industrial business that operates on leased land or in rented quarters. Such machinery or equipment is a trade fixture; i.e., the tenant’s personal property, no matter how firmly it may be attached to the landlord’s realty, unless it could not be removed without virtually destroying the building housing it, or otherwise seriously damaging the landlord’s realty. Brown on *Personal Property* (2d Edition 1955), Sec. 144.
- ♦ Improvements made to real property may be real or personal property, depending on a number of factors. Trade fixtures on land owned by the person who owns the improvements may be classified as real property, but on leased land, the same improvements are personal property.



The following are FAQs that come up when assessing and valuing leasehold improvements:

1. **Q. When valuing LHIs, such as retail tenant improvements located at a shopping mall or strip center for purposes of property taxation, is it proper to value the tenant-installed improvements (TIs) as personal property?**
 - A. Yes. These improvements will appear on the tenant’s depreciation schedule and add value to the tenant’s business.
2. **Q. What if the landlord installed the improvements and billed the tenant an extra amount to recover the cost over the term of the lease?**
 - A. These are capital improvements, and the increase in tenant occupancy cost is essentially a financing agreement, not additional rent. If the income approach is used to value the real property and the additional rent for TIs is included and valued, then they may be captured in the real property value. Generally, TIs should be valued as personal property unless it is clear they are valued as real property.
3. **Q. What if the LHIs are walls, plumbing, and electrical; aren’t those improvements automatically real property?**
 - A. When LHIs are permanently affixed to the real estate, they may appear to be real property. However, the value of the property rights associated with the improvements is what must be determined. In most situations, the tenant is the sole beneficiary of the value of these improvements and should be assessed for the LHI. If the landlord installed the improvements, then the landlord should be assessed for the value of the LHI. When LHIs are assessed as real property, those improvements should not be assessed as personal property.
4. **Q. What if the tenant has a lease term that is shorter than the life of the assets?**
 - A. When the term of the lease is less than the life of the assets, it is important to consider if it is likely the tenant will renew the lease or remain as a tenant. If there is no requirement that the tenant vacate the premises, the LHI should be assessed as personal property. However, if the tenant has given notice or received notice to vacate, the effect on value must be considered.
5. **Q. If the tenant leases a shell and finishes the space but is required by the lease terms to leave any tenant improvements (TIs) in place when the lease expires, are the TIs personal property? What if at the end of the lease these improvements will be removed by the land lord before the next tenant leases the space?**
 - A. Yes. The tenant improvements are personal property if the tenant is required to remove them at the end of the lease. If the landlord requires that the TIs be left but rarely if ever re-leases the space without removing the former tenant’s TIs, they are still personal property since there is no likely benefit to the landlord.
6. **Q. Are leasehold improvements permanently affixed to a building real property, even if the life of the asset is shorter than the length of the lease?**
 - A. No. This is personal property.

(Continued on page 6)

Assessment and Valuation of Leasehold Improvements (continued)

(Continued from page 5)

7. Q. What if the TIs are trade fixtures?

- A. Trade fixtures are defined in WAC (noted above) as personal property, so they are always personal property when owned or installed by or on behalf of the tenant.

8. Q. What if improvements are unique to the tenant's business?

- A. Unique TIs, even if installed by the landlord as part of the lease agreement, are personal property because the benefit is only to the business even though there may be financial benefit to the landlord in terms of rent received. If the income approach includes additional rent for TIs to value the real property, then TIs may be valued as real property. TIs should always be valued as personal property unless it is clear they are valued as real property.

9. Q. When a landlord installs tenant improvements and charges market rent for finished space, are those improvements (TIs) to finished space real property?

- A. If the real property is valued based on market rents for finished space, then the value of those TIs would be captured as real property, and would not be personal property.

10. Q. To ensure all taxable property (property rights) is assessed and taxed, what are the best procedure or procedures and policies to follow, giving significant weight to ease of administration for both taxpayer and tax administrator?

- A. Ensuring uniformity is the priority, making sure to avoid double assessment while equally avoiding omitted property assessments. Focus on ensuring that the value of all property rights are captured, not on what asset is real property and what asset is personal property; the assignment is to value the property rights associated with the tangible assets.

Common policies and procedures for discovery and assessment of both real and personal property must be in place to limit double assessments, avoid omissions, and coordinate efforts between real property and personal property assessments. Communication between the real and personal property appraisers is essential. As a general rule, list and value all LHIs as personal property. If the LHIs are owned by the lessee and are not valued with the real estate, those LHIs need to be listed and valued on the lessee's personal property account for assessment.

Detailed listing of LHIs on the annual personal property listing forms, allow the appraiser to ensure assets are not being double assessed.

Uniformity is important when assessing LHIs, and each county needs to establish a process for making any necessary corrections to minimize the impact to taxpayers and county assessment staff time when double assessments are substantiated.

11. Q. What valuation table/column should be used for leasehold improvements?

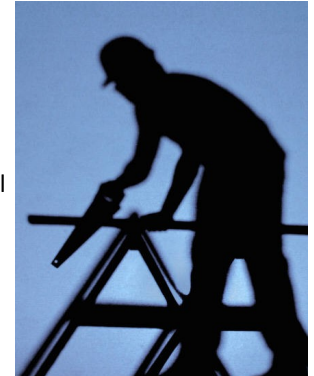
- A. Generally, the appropriate table is the one that is applicable for the specific asset. LHIs typically can be short-lived or long-lived improvements, where the appraiser can utilize the *Building & Land Improvements* index and tables within the Department's *Personal Property and Industrial Valuation Guidelines*.

LHIs are not always limited to short or long life, or occasions exist when a property owner lists the property simply as "leasehold improvements." In these instances, the appraiser may need to use something a more general business activity, e.g. the table for *Office Furniture and Fixtures* of an office-building tenant.

An alternative method would be to value the assets on the basis of the lease term. Let's assume a tenant has a 10-year lease with one 5-year option to extend the lease, for a total of 15 years. The unidentifiable LHIs could be viewed as having a 15-year life. By consulting the *Combined Table* in the Index, the appropriate table/column can be selected. The economic life in years is noted at the top of each column of percent good factors, immediately under the rate. The rate that most closely matches the 15-year lease term is the 10 percent column. In either case, the economic life of the LHIs is the primary basis by which the rate should be chosen.

12. Q. What costs need to be reported on personal property listing forms necessary to value LHIs?

- A. The historical (or original) costs include both hard and soft costs (such as interim financing during construction, engineering, freight, installation, etc.) and are to be included as part of the cost to which the valuation tables are applied. For LHIs, retail sales tax (or use tax) is included as an element of cost when reporting LHIs on a personal property listing form.



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Assessment and Valuation of Leasehold Improvements *(continued)*

(Continued from page 6)

The following are FAQs relate to buildings located on leased land

13. Q. Are leasehold improvements made to buildings on leased land taxable as personal property?

A. Yes.

14. Q. Is the building itself personal property?

A. *It depends.* All privately owned improvements and buildings located on publicly owned (i.e. government owned) lands are defined by law and rule as personal property. (See [WAC 458-12-005](#).) However, buildings on other leased land are real property.

15. Q. If a tenant leasing a government building makes LHIs that include major renovations, plumbing, and HVAC, would those improvements be real property and therefore exempt as government property?

A. No. Only improvements owned by the governmental entity for which the tenant is paying rent to that entity are exempt from property taxes. This is because the tenant is paying leasehold excise tax in lieu of property taxes. LHIs – no matter how firmly affixed to the realty – are personal property when they are affixed to government-owned property

If you have additional questions about assessment and valuation of personal property, please contact Pete Levine at (360) 534-1425 or PeteL@dor.wa.gov. ♦

Nonprofit Exemptions & Leasehold Excise Tax

By Sindy Armstrong, Exemption & Deferral Programs Supervisor

Leasehold excise tax (RCW 82.29A) is a tax on the use of public property by a private person or entity. This tax is in lieu of the property tax. The intent of the tax is to ensure that the lessees of public property bear their fair share of the cost of governmental services. This tax is triggered when the tenant would be subject to property tax if they owned the public property. The leasehold excise tax rate is .1284 percent of the rent paid on the property. Public entities and certain community centers which lease their property are required to collect this tax from the lessee and remit it to the Department of Revenue. In addition, lessees of federal property are required to register with and pay the tax directly to the Department of Revenue. Approximately 53 percent of this tax goes into the State General Fund; the remaining 47 percent is returned to the county and city in which the leased property is located.

Under Chapter 84.36 RCW, property exclusively used by a qualifying nonprofit organization to conduct an activity which has been exempted by Legislature is not subject to property tax. When these qualified nonprofits lease public property, their tenancy may not trigger leasehold excise tax as the property would not be subject to property tax if owned by the nonprofit.

Nonprofit entities seeking a property tax exemption, or in the case of leasehold, seeking to demonstrate their tenancy has not trigger leasehold excise tax must submit an application to the Department of Revenue (form [REV 630001](#)). Upon approval, the Department will issue a determination letter specifically exempting the property from property taxes. When the determination concerns publicly owned property, the Department includes a statement indicating the property would not be subject to property tax if owned by the nonprofit applicant. Nonprofits may then use this letter to demonstrate to the Community Center, City, County, or State that their tenancy has not triggered leasehold excise tax.



It is important to remember that it is the “use” of property which controls the property tax exemptions afforded to churches and nonprofit organizations. The fact that a church or a nonprofit qualifies for exemption at one site does not guarantee that they will qualify at another. Public property owners and community centers that lease property to nonprofit entities should continue to collect and remit leasehold excise tax until the church or nonprofit tenant applies for exemption to the Department of Revenue. Once the nonprofit demonstrates their use of the leased property qualifies, the exemption will be approved specifically for the property under review.

For more information regarding the administration of Leasehold Excise Tax, contact the Special Programs Division at 360-570-3265, option 5. If your question is more about nonprofit property tax exemptions, contact Linda Smith at LindaSm@dor.wa.gov or (360) 534-1416. ♦

What is Happening in State Assessed Utilities

By Scott Sampson, Utility Valuation and GIS Program Manager

Each year, the Department values the operating property of approximately 400 utility companies for property tax purposes. These industries include airlines, gas and oil pipelines, electric generation and distribution, landline and wireless telephones, railroads, and private rail cars. These companies function as an integrated unit and operate in two states or counties. Because of their integrated nature, the Department estimates the value of and distributes it among the taxing districts where the property is located using state law formulas. Combined, these centrally assessed companies own and operate real and personal property at 1.5 million locations throughout Washington, accounting statewide for \$18.6 billion in assessed property value. Overall, statewide centrally assessed values changed 1.5 percent for the 2013 assessment. Here is additional information about the changes within our industry groups:

Airlines

Statewide airlines assessed values changed -0.87 percent remaining at \$1.8 billion. The airline industry is highly competitive, subject to various uncertainties, and has historically been characterized by low profit margins. Airlines are delivering some profitability because of efficiency gains and improvements to the industry's structure, as well as increased ability to enact price hikes from healthy passenger demand. The industry is also going through a period of transformation through consolidation, both domestically and internationally, and changes in international alliances. That said, in several instances elevated fuel costs hampered profitability.



Electric, Gas and Pipeline Utilities

Statewide the electric utilities assessed values rose 6.8 percent to \$5.4 billion. Statewide the gas utilities assessed values rose 1.6 percent to \$2.2 billion. Each state regulates electric and gas industries and in Washington they are regulated by The Utilities and Transportation Commission. Electric and Gas companies continued to invest in renewable energy, transmission, and distribution system. The companies then file for rate increased to recover their cost of investment and additional operating expenses. Generally, the industry has been successful in receiving rate increases in Washington and through all the States they operated in. Keep in mind, the cost of gas is a straight pass-through to customers. Companies are not allowed to make a return on the cost of gas.

Within pipelines, we have crude oil/refined products (gasoline, heating oils) pipelines and natural gas pipelines. Values of pipeline decreased 5.2 percent to \$967 million, primarily due to the decrease in volumes. Oil pipeline fees are based on the volume of product transported, not by the price of oil. The Federal Energy Regulatory Commission regulates pipelines.

Private Railcars

Statewide railcar assessed values rose 15.6 percent to \$377 million as the number of companies reporting railcar use also increased from 219 the previous year to 267. As the economy continues to grow, more companies are using rail to ship goods in and out of the state. The total number of cars assessed increased 4.7 percent from the previous year to 863,052. The average car value also increased from \$30,615 in 2012 to \$32,439 in 2013, which was a 6 percent increase.



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What is Happening in State Assessed Utilities *(continued)*

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Railroads

Statewide railroad utilities assessed values rose 11.8 percent to \$1.6 billion. Railroads continue to improve performance as they reduce expenses. With the widening of the Panama Canal, transporting goods by ship will be increasing. The canal project has a completion date sometime in 2015 and the railroads are expecting an increase in their intermodal traffic due to the expansion. At the same time, the wider canal will be able to support larger ships, which will be increasing the competition between port cities in the U.S. It is expected that the port cities on the east coast of the U.S. will be the major beneficiaries of the increased ship traffic and the West coast ports will need to increase their capital expenditures on infrastructure, especially for rail. The Class 1 railroads have been increasing their capital expenditures in anticipation.



Wireless Telecom

Statewide the wireless telecom utilities assessed values changed -5 percent to \$2.5 billion. The US industry is highly concentrated in the four largest companies that generate about 80 percent of industry revenue. The profitability of a wireless company depends on its customer service and marketing, and the larger companies have advantages economically in marketing and in delivering customer services. However, small companies compete effectively by delivering attractive service packages tailored to various regional areas and at economical prices. Wireless voice, though still replacing wire line service, is a mature sector. Many carriers have changed their voice and data plans to help increase their bottom lines and to keep expenses down. The industry's main driver of additional revenues is with data traffic. Spectrum is highly valued, and there is a need for increased spectrum acquisitions. Mergers and acquisitions are increasing in the industry and may lead to increasing market share for some of the carriers but at the same time, reducing the number of carriers in the market.

Telecom

Statewide the telecom utilities assessed values changed -5.5 percent to \$3.5 billion. The industry is in a transitional phase. Consolidation in the industry continued, but the addition of a few new companies in Washington balanced the total number of telecoms assessed. Companies have adapted to competition and consumer wants by expanding their service offerings. Cloud services, internet, data, video, and voice services are all on the menu now. ♦



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> ♦

Faces & Places at Property Tax

Marino Maiani has joined Property Tax as a Property and Acquisition Specialist 4 in the Ratio and Advisory Valuation Program. Marino is based in our Spokane field office, and will be working mostly in counties in the Northeast corner of our state. Marino comes to us from the Kootenai County Assessor's office over in Idaho, where he worked as a Residential Appraiser III/District Lead for the past six years. He also previously worked two years for the Bonner County (ID) Assessor's office as a Residential Appraiser. Marino has an Associate degree from North Idaho College and a Bachelors degree in Business Administration from Lewis & Clark State College. Marino can be reached at MarinoM@dor.wa.gov or (509) 327-0276.



Marino Maiani

Patty Concepcion has returned to the Property Tax Division in the Administrative Assistant 5 position and succeeds Sheryl Campbell. Patty recently worked as an AA5 in the Executive Office, providing assistance to the Agency's executive management team. Prior to joining the Executive Office, Patty spent 12 years working in the Property Tax Division as an Office Assistant, Secretary Senior, and Administrative Assistant 3. Patty will now directly support Kathy Beith, the Assistant Director for Property Tax, and her management team. The knowledge and skills she has gained and sharpened in each of her positions will help her keep the Property Tax Division on track. Patty can be reached at PattyC@dor.wa.gov or (360) 534-1402.



Patty Concepcion

Jordan Dilba has joined the revaluation team of our County Performance and Administration section. Jordan previously worked for BC Assessment, conducting mass appraisals of areas of Surrey, British Columbia. He holds a degree in Economics from the University of Victoria and Diploma of Urban Land Economics with Appraisal Specialization from the University of British Columbia. Jordan works out of Olympia and can be reached at JordanD@dor.wa.gov or (360) 534-1362.



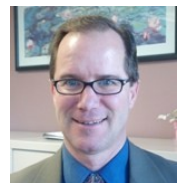
Jordan Dilba

Seth Fisher has joined the Property Tax team as a Utility Appraiser. Seth will be our lead appraiser with the valuation of airlines. He brings six years of commercial appraisal, real estate sales and leasing experience to us, most recently with Strickland, Heischman & Hoss in Tacoma. His experience valuing industrial, hotel, and other properties where the business is integral to the property will translate well to unitary valuation. Seth is a University of Washington alumni and is based in the Olympia office. He can be reached at SethF@dor.wa.gov or (360) 534-1407.



Seth Fisher

Scott Turnbull has accepted our position as an appraiser in the Utilities Section. He will be working with the valuations of telecoms and railroads. Scott is a University of Montana graduate with a degree in Business Finance. He joined the Department in 1992 and has worked with taxpayers on almost every type of tax our agency administers. Scott transferred to Property Tax from the Special Programs Division in January of this year and works out of the Olympia office. Scott can be reached at ScottT@dor.wa.gov or (360) 534-1414.



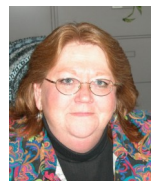
Scott Turnbull

The Utility Section said farewell to **Jessica Griffith** in February. Jessica started with the Property Tax Division in October 2005 and worked her way up to a Property and Acquisition Specialist 5 in 2008, handling the Airplane Company valuations for our section. Recently, Jessica was offered a great position at the home office of Lowe's Companies near Charlotte, North Carolina, and decided to make the change. We miss her already, but wish her the best in her new adventure.



Jessica Griffith

Sheryl Campbell just retired after more than 30 years of state service. Since the late 90's Sheryl has been the Administrative Assistant to the Property Tax Division's Assistant Director. Sheryl taught managers, supervisors, specialists and support staff how to get things done. She was an incredible resource for all and a patient Den Mother to many of us. ♦



Sheryl Campbell

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 go directly to recent notices by following this link: http://www.dor.wa.gov/content/getaformpublication/PublicationBySubject/tax_sn_main.aspx - property. 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.

January 10, 2014

Legislative Update – Changes in the statute to create greater efficiency for assessors by eliminating the requirement to annually appraise tax-exempt government properties

This notice discusses the effects of SSB 5444, which was passed by the 2013 Legislature and became effective July 28, 2013. The measure amended RCW 84.40.045, RCW 84.40.175, and RCW 82.29A.120. It removed the requirement for assessors to routinely value and provide a notice of change in value for publicly owned property exempt under RCW 84.36.010. It also eliminated the leasehold excise tax credit for amounts that are in excess of the amount of property tax that would have applied if the lessee or sub-lessee owned the property. The credit remains for leasehold excise tax related to product leases and for those who qualify for the Senior exemption under RCW 84.36.381. The complete notice can be reviewed at:

http://dor.wa.gov/Docs/Pubs/SpecialNotices/2014/sn_14_PropTaxLegislative.pdf

December 30, 2013

Legislative Update – Changes in the statute to clarify inclusion of deferral balances in certificates of delinquency and treatment of proceeds when tax title properties are rented or sold

This notice discusses the effects of EHB 1421 which was passed by the 2013 Legislature and became effective July 28, 2013. The measure amended a number of statutes to clarify how proceeds from the disposition of tax title properties are to be distributed by the county Treasurer. Costs of maintaining the property while owned by the county, costs of foreclosure & sale incurred by the county and any deferral lien balances owed to the state are to be paid before distributions are made to appropriate taxing districts. The complete notice can be reviewed at:

http://dor.wa.gov/Docs/Pubs/SpecialNotices/2013/sn_13_PropTaxLegUpdate.pdf

October 17, 2013

Legislative Update – Changes in the Property Tax Exemption for Nonprofit Fair Associations

This notice discusses the effects of ESSSB 5078 was passed by the 2013 Legislature and became effective July 28, 2013. The measure amended RCW 84.36.480 to provide a new exemption for certain non-profit fairs that acquired the majority of their property directly from a city or county in the 1990's. Under this new exemption, a qualifying nonprofit fair may loan or rent their property to individuals or organizations during the off-season with fewer restrictions. The complete notice can be reviewed at:

http://dor.wa.gov/Docs/Pubs/SpecialNotices/2013/sn_13_PropertyTaxNonProfit.pdf

August 8, 2013

Industrial Development District (IDD) Levies for Port Districts

This Special Notice is to clarify the Department's interpretation of the following aspects of IDD levies:

The second and third periods of six-year levies are not required to immediately follow the previous period(s) of six-year levies. The port district is not required to impose these six-year levies in six successive years. The complete notice can be reviewed at:

http://dor.wa.gov/Docs/Pubs/SpecialNotices/2013/sn_13_IDDLevies.pdf ♦

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