

Special Notice

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

June 9, 2022

Legislative changes to property tax administration

The 2022 Legislature passed several bills relating to property tax administration. The effective date for these bills is June 9, 2022, unless otherwise noted.

ESB 5849 Targeted urban area property tax exemption

[Engrossed Senate Bill 5849](#) revises the definition of “lands zoned for industrial and manufacturing uses.” The definition previously was for lands in a city zoned as of December 31, 2014.

Effective July 1, 2022, this bill eliminates the December 31, 2014, date and allows for any lands to be eligible for the exemption if they are in a city and zoned for an industrial or manufacturing use consistent with the city’s comprehensive plan where the lands are designated for industry.

SB 5505 Reinstating farmers’ market allowance up to 53 days per year

[Senate Bill 5505](#) reinstates the provision that allowed churches and nonprofit public assembly halls that were exempt from property tax to host farmers’ markets for up to 53 days per year without losing their property tax exemption (Chapter 84.36 RCW).

The provision to allow up to 53 days of farmers’ market activities on exempt church and public assembly hall property expired at the end of 2020. The reinstatement applies both retroactively and prospectively to property taxes levied for collection in 2021, and after.

ESHB 1643 Exempting REET for qualifying affordable housing sales

[Engrossed Substitute House Bill 1643](#) exempts the sale or transfer to a nonprofit, cooperative association, housing authority, public corporation, county, or municipal corporation from the real estate excise tax (REET) if the property will be used for qualifying low-income housing purposes.

Qualifying grantees of the REET exemption must obtain the required property tax exemption

and use the property for low-income housing within the corresponding timeframes of one, three, or five years. The grantee must provide supporting documentation to the Department of Revenue once they have met the exemption criteria. If the grantee fails to qualify for an approved exemption and use the property for low-income housing within the allowed amount of time, all unpaid REET plus interest becomes due from the grantee.

SSB 5862 Concerning technical changes to the commercial property assessed clean energy and resiliency program

In 2020, the Legislature established the regulatory framework for state and countywide Commercial Property Assessed Clean Energy and Resiliency (C-PACER). C-PACER programs provide a financing mechanism to encourage the installation of renewable energy systems and energy efficiency improvements.

Eligible improvements frequently include:

- Installation of solar thermal panels.
- High efficiency air conditioning.
- Insulation.

C-PACER programs allow a property owner to finance the up-front cost of energy or other eligible improvements on a property and then pay the costs back over time through a special property assessment. Special assessments are not property taxes, but rather special charges created to recover funds to pay for services or improvements that have a particular direct benefit to land and their owners.

[Substitute Senate Bill 5862](#) clarifies that the county or county treasurer foreclosing a tax lien can perform lien enforcing acts that the C-PACER capital provider may not (RCW 84.64.080). The county treasurer collecting delinquent real property taxes or any C-PACER lien amounts must be submitted to the capital provider (Chapter 84.64 RCW).

Effective March 17, 2022, costs incurred by the county or county treasurer from activities taken pursuant to this section must be reimbursed by the capital provider.

ESHB 1629 Concerning a comprehensive study of aerial imaging technology uses for state agencies, special purpose districts, and local and tribal governments

[Engrossed Substitute House Bill 1629](#) requires the Department of Commerce (Commerce), in collaboration with the Office of the Chief Information Officer (OCIO), to conduct a study regarding the use of aerial imaging technology. The bill:

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- Requires that the study include an assessment of the ways in which state agencies and local governments currently use aerial imaging technology and an estimate of the cost of administering an aerial imaging program on a statewide basis.
- Requires Commerce also seek recommendations from the OCIO regarding ways in which the use of aerial imaging technology could be limited by state law. Commerce may complete the study directly or contract the study to a third party. The study results must be delivered to the Legislature by June 1, 2023.

SHB 1590 School district enrollment stabilization funding due to the COVID-19 pandemic

[Substitute House Bill 1590](#) provides stable funding referred to “enrollment stabilization” in the 2021-22 school year if a local education agency’s combined state revenue generated in the 2021-22 school year is less than what its combined state revenue would be if using 2019-20 enrollment amounts.

Effective March 23, 2022, this bill also authorizes the use of 2019-20 enrollment values to calculate enrichment levy limits in the 2023 calendar year and to calculate local effort assistance in the 2022 and 2023 calendar years.

SB 5800 State school maximum levy rate

[Senate Bill 5800](#) amends multiple statutes modifying tax and revenue laws by easing compliance burdens for taxpayers, clarifying ambiguities, making technical corrections, and providing administrative efficiencies.

The statutory change related to property tax amends RCW 84.52.065 to include language to proportionally reduce Part 1 and Part 2 of the state school levy under RCW 84.52.065(1) and (2) when the aggregate of the levies exceeds the maximum rate limit of \$3.60 per \$1,000 true and fair market value, until the rate limit is no longer exceeded.

SB 5565 Fire districts and regional fire authority’s treasurer duties

[Senate Bill 5565](#) allows certain fire districts and regional fire service authority (RFA) districts to appoint a treasurer other than the county treasurer.

- Only fire districts and RFAs with more than \$10,000,000 in annual revenues for the preceding three consecutive years or the participating jurisdictions that are forming a RFA with at least \$10,000,000 in annual revenues for the three years prior to the formation of the RFA may appoint their own treasurer.
- The appointed treasurer has the same powers, responsibilities, and duties as the county treasurer, and subjects them to the same restrictions.

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If the district appoints their own treasurer, the county treasurer remains responsible for billing and collecting all property taxes for the district.

HB 2061 Community revitalization financing program

[House Bill 2061](#) amends the definition of “public improvements” to include permanently affordable housing to the list of infrastructure improvements within an increment area that can be funded by a community revitalization financing program.

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.