

## **2005 PROPERTY TAX LEGISLATION**

Bills became effective July 24, 2005, unless otherwise stated.

### **HB 1019 - Senior citizens exemption extended to disabled veterans (Chapter 248, Laws of 2005)**

The property tax exemption for senior citizens and disabled persons is broadened to include veterans with 100 percent service connected disabilities, as determined under federal law. The program provides varying levels of tax relief based on income for persons aged 61 and up and those who are unable to work because of disability. The state property tax liability is shifted to other taxpayers. The bill will first affect taxes due and payable in 2006.

### **SHB 1158 - County Treasurer administrative changes (Chapter 502, Laws of 2005)**

This is a County Treasurer's bill which makes several administrative changes. There is no direct impact on state or local revenues associated with this bill. SHB 1158 takes effect on June 17, 2005, and Section 7 applies to property taxes levied in 2004 for collection in 2005.

### **SHB 1189 - Property tax levy for veterans' relief (Chapter 250, Laws of 2005)**

This legislation formalizes the requirement for counties to establish a veteran's assistance program for the benefit of indigent veterans and their families. Also, the bill amends the authorized use of the funds raised through the levy. There is no impact on state revenues for this bill.

### **HB 1303 - Metropolitan park districts; special bond refinance levies (Chapter 226, Laws of 2005)**

This bill amends RCW 35.61.290 to facilitate the transfer of real or personal property interests from counties, cities, and park districts to metropolitan park districts, with or without consideration. The bill also authorizes metropolitan park districts to assume existing voter-approved indebtedness in certain instances. There is no impact on state revenues for this bill which took effect on April 28, 2005.

### **HB 1315 - Real estate excise tax; tax on controlling interests (Chapter 326, Laws of 2005)**

The transfer of controlling interest in an entity that owns real property is subject to real estate excise tax. The tax is reported directly to the Department of Revenue so the Department can more effectively discover and track such transfers. Availability of the annual reports on controlling interest transfers is expected to increase real estate excise tax collections by the Department.

### **HB 1401 - Property tax exemption; sprinkler systems in nightclubs (Chapter 148, Laws of 2005)**

This bill is a property tax exemption for nightclubs with newly installed sprinkler systems. This bill requires the building code council to adopt rules by December 1, 2005, that would require certain size nightclubs to have automatic sprinkler systems. The amount of exemption is calculated by subtracting the increase in assessed value attributable to the installation of the sprinkler system; the exemption will last for ten years. There is no impact to state revenues from this legislation. The impact on local property tax levies is anticipated to be minimal.

### **HB 1502 - Property tax exemption; property damaged by disasters (Chapter 56, Laws of 2005)**

This bill grants property tax relief if, on or before December 31 in any calendar year, real or personal property is destroyed in whole or in part or is located in an area declared a disaster area by either the Governor or the county legislative authority and has been reduced in value by more than 20 percent as a result of a natural disaster. Loss to the state levy is estimated to be \$31,000 in FY 2007.

### **SHB 1509 - Property tax exemption for widows/widowers of veterans (Chapter 253, Laws of 2005)**

This bill creates property tax assistance in the form of a grant to widows or widowers of honorably discharged veterans who meet certain requirements. The cost of the grants will be borne by the state, similar to the manner in which the senior citizens property tax deferral operates. The Department will request the necessary funds in its biennial budget request.

### **ESHB 1631 - County conservation future levy (Chapter 449, Laws of 2005)**

This levy encourages counties to use conservation futures to preserve lands of public interest for future generations as one tool for salmon restoration purposes. This bill amends RCW 84.34.230 by allowing a portion of the county levy authorized under this statute to be used for maintaining and operating any property acquired under the terms of RCW 84.34.210 and 84.34.220. The amendment requires that the county must determine if the acquisition of lands funded with the receipts of this levy would inhibit housing and employment growth. If the capacity to accommodate planned growth would be impaired, then the county must adopt reasonable measures to increase the capacity to meet future growth. There is no impact of this legislation on the state.

**SB 5136 - Fire district levies in excess of \$5.90 limit (Chapter 122, Laws of 2005)**

This bill authorizes a fire protection district to impose up to a total of 25 cents of its property tax levy outside of the \$5.90 aggregate property tax limit if the fire protection district's levy would otherwise be prorated. However, when the Constitutional 1 percent limit is exceeded, this levy would be the first to be reduced as a result of prorationing. There is no impact on the state property tax levy.

**2SSB 5154 - Leasehold tax exemption for Fort Vancouver (Chapter 170, Laws of 2005)**

A new exemption from state and local leasehold excise tax is added to RCW 82.29A.130. It covers properties on a federal or state historical register which are owned by a municipal corporation. The property must be wholly contained within a designated national historical reserve. It is understood that this exemption pertains to the Fort Vancouver site in downtown Vancouver and covers parcels that were recently deeded to the city by the federal government.

**ESSB 5396 - In-lieu payments for habitat conservation lands (Chapter 303, Laws of 2005)**

This bill establishes new accounts for financing specific programs (riparian protection and farmland preservation) and revises distribution formulas for these programs, as well as the formulas for the outdoor recreation and habitat conservation accounts. Sections 6-7 require new in-lieu of tax payments by the state to hold local jurisdictions harmless in situations where land is taken for habitat conservation areas, riparian areas, farmland preservation, and recreation lands. The sections of the bill dealing with the in-lieu payments are effective on July 1, 2007.

**SB 5663 - Exemptions for field burning equipment (Chapter 420, Laws of 2005)**

This bill repeals the property tax exemption of RCW 84.36.580 passed by the Legislature in 2000 for property taxes due in 2002 for qualifying farm machinery and equipment used to reduce field burning or to reduce air emissions resulting from such burning. Farmers who applied for the personal property tax exemption on qualifying equipment when they filed their annual personal property listing on April 30 will be granted the exemption for the 2005 assessment for taxes collected in 2006. The bill actually takes effect on July 1, 2005; however, the deadline for filing personal property at the county assessor's office is April 30. The exemption will not be available starting with the 2006 property assessments (2007 tax collections). The bill replaces the sales and use tax exemptions as well.

**SB 5713 - Property tax exemption; multiple-unit housing rehabilitation (Chapter 80, Laws of 2005)**

This bill amends RCW 84.14.030 by deleting the requirement that property proposed for rehabilitation must be vacant for 12 months before an application for the exemption may be submitted. It also adds that if the property is not vacant, an applicant is to provide each existing tenant housing of comparable size, quality, and price and a reasonable opportunity to relocate. There is no impact on state revenues.

See summary of property tax history at:  
<http://dor.wa.gov/docs/reports/2002/Compare02/Chart4.pdf>