

## 2012 Property Tax Legislation

### **SHB 2149      Relating to personal property tax assessment administration, authorizing waiver of penalties and interest under specified circumstances (Chapter 59, Laws of 2012)**

This bill allows a county's legislative authority to authorize its county assessor to waive the late filing penalties for 2011 and prior assessment years for personal property tax if the taxpayer:

- Files with the assessor a correct list and statement of taxable personal property and
- completes an application for a penalty waiver on or before July 1, 2012; and
- By September 1, 2012, makes full payment of all tax liabilities for which a penalty waiver is requested.

Taxpayers receiving penalty relief may not seek a refund or otherwise challenge the amount of tax liability paid as a condition for receiving a penalty waiver. Personal property listed by the taxpayer is subject to verification by the assessor, and any unreported or misreported property remains subject to taxes, penalties, and interest.

SHB 2149 took effect March 20, 2012.

### **ESHB 2502      Relating to modifying exceptions to the compensating tax provisions for removal from forest land classification to more closely parallel open space property tax provisions (Chapter 170, Laws of 2012)**

This bill makes changes to the designated forest land property tax program, which allows eligible forest land to be valued for property tax purposes based on its use for growing and harvesting timber instead of its highest and best use.

When land is removed from designation as forest land, it is assessed for property tax purposes at its true and fair value unless the land is reclassified (i.e., transferred to a classification under chapter 84.34 RCW). In addition, compensating tax is imposed unless an exemption applies. One exemption to the payment of compensating tax is when a property interest in forest land is transferred for conservation purposes to a governmental entity, nonprofit historic preservation corporation, or nonprofit nature conservancy corporation. This exemption currently applies only in counties with a population over 600,000. This bill expands the exemption to include counties with a population of at least 245,000 that border Puget Sound (currently Thurston and Kitsap counties).

When land is reclassified from designated forest land to a classification under chapter 84.34 RCW and is later removed from classification, it is assessed at its true and fair value. And if the removal from classification occurs before 10 years has passed since the land was reclassified, a combination of additional tax, interest, and penalty, and compensating tax are imposed unless an exemption applies. However, there is an exemption from the payment of the compensating tax portion when the removal from classification is a result of a transfer that qualifies for one of the exemptions from payment of additional tax, interest, and penalty

under chapter 84.34 RCW. Currently, this exemption from the compensating tax portion only applies if the land is located in a county with a population over 600,000. This bill expands that exemption to include counties with a population of at least 245,000 that border Puget Sound.

ESHB 2502 takes effect June 7, 2012.

**SHB 2617 Relating to school district financial insolvency  
(Chapter 186, Laws of 2012)**

This bill establishes criteria for a school district to be identified as financially insolvent and establishes a process by which a financially insolvent school district may be dissolved and its territory annexed by or transferred to one or more contiguous school districts. The bill also contains provisions relating to property tax levies, including (1) levies for paying the bonded indebtedness of a dissolved school district, (2) extending any pre-existing excess levy of a school district to territory received from a financially insolvent school district, and (3) authorizing replacement or supplemental levies, upon voter approval, by a school district annexing or receiving territory from a financially insolvent school district. Additionally, the bill specifies that for property tax purposes, the boundaries of a school district that annexes or receives territory from a financially insolvent school district must be established on September 1st of the year in which a levy is to be made for the enlarged school district. SHB 2617 takes effect September 1, 2012.

**SSB 5381 Relating to adjusting voting requirements for the renewal of emergency medical service levies  
(Chapter 115, Laws of 2012)**

This bill allows a six-year or 10-year emergency medical services (EMS) levy to be renewed with a majority vote rather than a super majority vote. The bill maintains the requirement that the initial imposition of a permanent EMS levy or a six- or 10-year EMS levy be approved by a super-majority vote.

SSB 5381 takes effect June 7, 2012.

**SSB 6277 Relating to creating authority for counties to exempt from property taxation new and rehabilitated multiple-unit dwellings in certain unincorporated urban centers  
(Chapter 194, Laws of 2012)**

This bill expands the property tax exemption for eligible new, rehabilitated, or converted multiple-unit housing within residential targeted areas in urban centers. Currently, only certain cities are allowed to create residential targeted areas and offer this exemption. However, the bill makes the exemption available in residential targeted areas located in the unincorporated area of a county if (1) that area is within an urban growth area under the Growth Management Act and contains an institution of higher education where at least 1,200 students live on campus during the academic year and (2) the county has an unincorporated

population of at least 350,000. For any multi-unit housing located in an unincorporated area of a county, a property owner seeking a property tax exemption must commit to renting or selling at least 20 percent of the multi-family housing units as affordable housing units to low- and moderate-income households.

SSB 6277 takes effect June 7, 2012.

**SSB 6600      Relating to extending property tax exemptions to property used exclusively by certain nonprofit organizations that is leased from an entity that acquired the property from a previously exempt nonprofit organization  
(Chapter 76, Laws of 2012)**

This bill allows property receiving a property tax exemption under RCW 84.36.030 to continue receiving the exemption when the property is transferred to an entity that would otherwise not qualify for the exemption if:

- That entity was formed exclusively for the purpose of leasing the property to an organization that will use the property for exempt purposes under RCW 84.36.030;
- The lessee uses the property for exempt purposes under RCW 84.36.030;
- The immediate previous owner of the property had received an exemption under RCW 84.36.020 or 84.36.030 for the property; and
- The benefit of the exemption inures to the benefit of the lessee organization.

SSB 6600 takes effect June 7, 2012.