

SIGNIFICANT EVENTS IN THE HISTORY OF PROPERTY TAX IN WASHINGTON STATE

- 1853** – Territorial government established; all taxes to be assessed uniformly; exemption for property of the United States, churches and benevolent institutions.
- 1889** – State Constitution adopted -- property to be assessed uniformly. Legislature may grant exemptions.
- 1929** – 14th Amendment to state constitution: classification of property allowed. All real estate is one class; taxes to be uniform on the same class of property.
- 1935** – Revenue Act exempted all household goods and personal effects.
- 1944** – 17th Amendment to state constitution: added 40 mill limit. Property to be assessed at 50% of true and fair value.
- 1955** – Property revaluation cycle established -- 4 year interval.
- 1965** – 47th Amendment to the state constitution allows senior citizen exemption.
- 1967** – Senior citizens exempt from first \$50.00 of real property tax. Barlow v. Kinnear provided the state with assessment equalization power.
- 1968** – Current use assessment provided for open space, timber and agricultural lands.
- 1969** – State revaluation plan instituted to realize the 1955 revaluation act. Carkonen v. Williams mandated a 50% ratio of assessed to market value.
- 1971** – \$50.00 senior citizen exemption replaced by varying exemption from special levies depending on income. Annual increase in regular levies of taxing districts limited to 106% of the largest prior levy. Annual update of values permitted.
- 1972** – Home improvement exemption created. Constitutional limit of 1% of market value enacted for all regular levies.
- 1973** – Assessment level increased from 50% to 100% of true and fair value, for 1975 taxes.
- 1974** – Ten year phase-out of property tax on inventories authorized
- 1975** – 100% assessment ratio implemented. Statutory rate limit reduced to \$9.15 per \$1,000 assessed value. Deferral of property taxes and special assessments allowed for senior citizens with income of less than \$8,000.
- 1976** – 64th Amendment to state constitution permits school districts to seek voter approval of two year special levies.
- 1978** – Seattle School District v. State requires full state funding of K-12 education.
- 1979** – State levy for common school support subject to 106% limitation.
- 1981** – Interest rate on delinquent property taxes increased from 8% to 12%. New penalty of 11% for first year delinquencies.
- 1982** – Physical inspection may take six years, if values updated annually.
- 1983** – Business inventories eliminated from property tax and assessment rolls, effective in 1983 for 1984 collections.
- 1984** – Legal requirements for payment of penalties and interest on delinquent taxes relaxed. Senior Citizen Exemption qualifications revised.
- 1985** – Provision made for special valuation of eligible historic property. Benefit rating system authorized.
- 1986** – Limited waiver of the 106% limit may be placed before the voters. Levies for school capital purposes may be made for up to 6 years with voter approval.
- 1987** – Interest rates on property tax refunds increased.
- 1988** – New construction valuation date of July 31 upheld. State school levy removed from \$9.15/\$1,000 limitation for proration purposes. Local appeal date set at July 1. Personal property affidavit filing deadline set at April 30.
- 1989** – Business personal property exemption raised to \$3,000. Deadline changed for determining boundaries of newly incorporated cities. Washington Condominium Act passed.

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- 1990** – Regular levy limitation of \$5.55/1,000 of assessed valuation increased to \$5.90/1,000 and proration procedures modified. Personal property equalized based on assessment level of preceding year.
- 1992** – Appellants may appeal directly to State Board of Tax Appeals, bypassing local appeals board. Manifest errors no longer reviewed by the county Board. Assessor may stipulate to value of appealed property with concurrence of appellant. Four-year renewal required for Senior Citizen exemption.
- 1993** – Voter-approved regular levy for low-income housing authorized for cities and counties (above statutory and \$5.90 limits).
- 1994** – Tax bill required to show percent of voted and non-voted tax. Certain deadlines for providing information in valuation appeals altered.
- 1995** – Senior citizen income limit raised; values frozen as of 1/1/95. Deferral income, age and parcel size limits changed. New exemption created for multi-unit dwellings in designated urban centers.
- 1996** – Revaluations out-of-cycle and error corrections allowed for value-affecting changes in land use restrictions.
- 1997** - All intangible personal property made tax-exempt. Appeals allowed up to 60 days after notification of value change. Referendum 47 imposes additional requirements on the 106% limit.
- 1998** – The value averaging portion of Referendum 47 is ruled unconstitutional by the Washington State Supreme Court. Senior exemption eligibility and benefits were liberalized.
- 2000** – I-722 passed in November mandating a roll back of assessed values to January 1, 1999 levels and limiting future increases of taxable value to 2% per year. It also limited taxing district non-voted property tax increases to 2%, and rolled back certain property tax increases levied for 2000. The initiative was not implemented because the Washington State Supreme Court unanimously ruled it unconstitutional on September 20, 2001.
- 2001** – I-747 passed in November which restricts taxing districts to a 1% monetary aggregate increase over their prior highest lawful levy. Effective for the 2002 tax year.
- 2002** – Annexations by petition ruled unconstitutional in March 2002 by the State Supreme Court. The basic method by which cities may annex territory is now by election – by approval of the voters in the area proposed for annexation.
- 2004** – Senior citizen and disabled income limits raised; allowable expenses for seniors/disabled includes adult family care facilities and boarding homes; allows Medicare part B insurance premiums as a deduction against taxable/non-taxable income. Mental as well as physical disability included in program. Timber assessed values include publicly as well as privately owned forest land.
- 2005** – Effective 7/24/05, veterans with 100% service connected disabilities are included in the Senior/Disabled Exemption Program. Certification of budgets to the county legislative authority changed from November 15 to November 30. Veterans' assistance program to benefit indigent veterans and their families established. Effective 7/24/05 a 10-year special tax exemption for nightclubs that install a sprinkler system. Exemptions for widows/widowers of honorably discharged veterans over and above the existing senior/disabled exemption became effective for the 2006 tax year. An increase in the maximum benefit assessment charge for conservation districts from \$5 to \$10 in counties greater than 1.5 million in population became effective for the 2006 tax year. Fire protection district can impose up to a total of 25 cents of its property tax levy outside of the \$5.90 aggregate limit on regular levies if the district's levy would be otherwise prorated. Personal property tax exemption repealed for farm machinery used in burning effective for the 2007 tax year.

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2006 – Establishment of Regional Fire Protection Service Authorities for participating jurisdictions to provide adequate private ambulance services. A financial plan must contain the property tax and/or benefit charge proposed by a regional fire protection service authority and requires 60 percent voter approval for the tax and benefit charge. Property Tax Deferral Program: bill changes the interest rate on payback of taxes from eight percent to five percent when senior citizens, retired persons, and veterans with 100% service connection disability with disposable incomes of \$40,000 or less have deferred property taxes and special benefit assessments imposed on their residence. The reduced rate will apply to taxes and special assessments deferred after January 1, 2007. Local Infrastructure Financing Tool (LIFT): Investments in public infrastructure to promote community and economic development by creating a revenue allocation of local excise tax and local property tax (use of new construction dollars), effective July 1, 2006 and expiring June 30, 2039. Personal Property Head of Family Tax Exemption: Amendment of the Washington State Constitution to change the exemption from \$3,000 to \$15,000 for a head of family who owns, operates, and is a sole proprietor of a business that meets certain qualifications, effective January 1, 2007. Property Tax Exemptions and Deferrals for Senior Citizens and Persons Retired for Reasons of Disability: Increases the one- acre limitation on residence size 'up to' five acres if the larger parcel size is what is required by local zoning for the Senior Citizen and Disabled personal Exemption Program and the Widows/Widowers of Veterans Property Tax Assistance Program.

2007 – Modified forest fire protection flat fee assessment from \$14.50 to \$17.50 per parcel, and the assessment on excess acreage increased from 25 cents to 27 cents on each acre exceeding 50 acres. Lid lifts: allows all taxing districts to impose a lid lift in which the levy may exceed the 101% limitation in each of up to 6 consecutive years. This bill extends the authority to all taxing districts, not just counties, cities and towns whom have had the ability to exceed that limit since 2003. Taxing district boundaries: The date for the establishment of taxing district boundaries are changed from March 1 to August 1 of the year in which the property tax levy is made. New provisions have been established related to the disposition of taxes levied on property within fire or library districts that have been annexed to a city or town. Also, new city and town notification requirements pertaining to annexation of property within a fire or library district are established. School District Capital Project Funds for Technology: School Districts are allowed to impose 2-year through 6-year levies to fund costs associated with the application and modernization of technology systems. These levies are in addition to other maintenance and operation levies imposed by the school district and are not subject to the limitation founding RCW 84.52.053.