

## CHAPTER 155

[Engrossed Senate Bill No. 3181]

## PROPERTY TAX—ENERGY SAVING EXEMPTION—LEVY LIMITATION

AN ACT Relating to revenue and taxation; amending and reenacting section 84.40.030, chapter 15, Laws of 1961 as last amended by section 1, chapter 187, Laws of 1973 1st ex. sess. and by section 96, chapter 195, Laws of 1973 1st ex. sess. and RCW 84.40.030; amending section 6, chapter 91, Laws of 1947 as last amended by section 43, chapter 195, Laws of 1973 1st ex. sess. and RCW 41.16.060; amending section 16, chapter 110, Laws of 1967 ex. sess. as last amended by section 8, chapter 71, Laws of 1974 ex. sess. and RCW 71.20.110; amending section 7, page 210, Laws of 1888 as last amended by section 5, chapter 4, Laws of 1973 2nd ex. sess. and RCW 73.08.080; adding a new section to chapter 84.40 RCW; creating a new section; repealing section 1, chapter 364, Laws of 1977 ex. sess. and RCW 84.36.410; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

**NEW SECTION.** Section 1. The legislature finds that certain residences have been subjected to excessive property taxes solely because the residences are utilizing energy saving systems. It is the intent of the legislature to prevent homeowners who install energy saving heat pumps, heating, cooling, domestic water heating and electrical systems, including active and passive solar energy systems, from being subjected to unfair property tax burdens.

The legislature further finds that the use of solar and other renewable energy resources can make a useful contribution to meeting future energy needs and that encouragement of the use of these energy resources is in the best interests of the people of the state.

Sec. 2. Section 84.40.030, chapter 15, Laws of 1961 as last amended by section 1, chapter 187, Laws of 1973 1st ex. sess. and by section 96, chapter 195, Laws of 1973 1st ex. sess. and RCW 84.40.030 are each amended and reenacted to read as follows:

All property shall be valued at one hundred percent of its true and fair value in money and assessed on the same basis unless specifically provided otherwise by law.

Taxable leasehold estates shall be valued at such price as they would bring at a fair, voluntary sale for cash without any deductions for any indebtedness owed including rentals to be paid. Notwithstanding any other provisions of this section or of any other statute, when the value of any taxable leasehold estate created prior to January 1, 1971 is being determined for assessment years prior to the assessment year 1973, there shall be deducted from what would otherwise be the value thereof the present worth of the rentals and other consideration which may be required of the lessee by the lessor for the unexpired term thereof: PROVIDED, That the foregoing provisions of this sentence shall not apply to any extension or renewal, made

after December 31, 1970 of the term of any such estate, or to any such estate after the date, if any, provided for in the agreement for rental renegotiation.

The true and fair value of real property for taxation purposes (including property upon which there is a coal or other mine, or stone or other quarry) shall be based upon the following criteria:

(1) ~~((a))~~ Any sales of the property being appraised or similar property with respect to sales made within the past five years. The appraisal shall take into consideration political restrictions such as zoning as well as physical and environmental influences. The appraisal shall also take into account, ~~((ii))~~ (a) in the use of sales by real estate contract as similar sales, the extent, if any, to which the stated selling price has been increased by reason of the down payment, interest rate, or other financing terms; and ~~((ii))~~ (b) the extent to which the sale of a similar property actually represents the general effective market demand for property of such type, in the geographical area in which such property is located. Sales involving deed releases or similar seller-developer financing arrangements shall not be used as sales of similar property.

~~((b))~~ (2) In addition to sales as defined in subsection ~~((i))~~ (1), consideration may be given to cost, cost less depreciation, reconstruction cost less depreciation, or capitalization of income that would be derived from prudent use of the property. In the case of property of a complex nature, or being used under terms of a franchise from a public agency, or operating as a public utility, or property not having a record of sale within five years and not having a significant number of sales of similar property in the general area, the provisions of this subsection ~~((b))~~ (2) shall be the dominant factors in valuation. When provisions of this subsection ~~((b))~~ (2) are relied upon for establishing values the property owner shall be advised upon request of the factors used in arriving at such value.

~~((c))~~ (3) In valuing any tract or parcel of real property, the value of the land, exclusive of structures thereon shall be determined; also the value of structures thereon, but the valuation shall not exceed the value of the total property as it exists. In valuing agricultural land, growing crops shall be excluded.

~~((PROVIDED, That the provisions of this subsection (1) shall be applicable to all values for use in computing property taxes for the assessment year 1972 for taxes payable in 1973 and subsequent years.))~~

(4) In valuing any building with an unconventional heating, cooling, domestic water heating or electrical system before December 31, 1987, the value placed on the building shall not exceed the value which would be placed on the building if it had a conventional system.

NEW SECTION. Sec. 3. There is added to chapter 84.40 RCW a new section to read as follows:

Notice of the assessment rule provided in section 2(4) of this 1980 act shall be included on or with all property tax statements and revaluation notices. This section shall expire December 31, 1987.

Sec. 4. Section 6, chapter 91, Laws of 1947 as last amended by section 43, chapter 195, Laws of 1973 1st ex. sess. and RCW 41.16.060 are each amended to read as follows:

It shall be the duty of the legislative authority of each municipality, each year as a part of its annual tax levy, to levy and place in the fund a tax of twenty-two and one-half cents per thousand dollars of assessed value against all the taxable property of such municipality: PROVIDED, That if a report by a qualified actuary on the condition of the fund establishes that the whole or any part of said dollar rate is not necessary to maintain the actuarial soundness of the fund, the levy of said twenty-two and one-half cents per thousand dollars of assessed value may be omitted, or the whole or any part of said dollar rate may be levied and used for any other municipal purpose.

It shall be the duty of the legislative authority of each municipality, each year as a part of its annual tax levy and in addition to the city levy limit set forth in RCW 84.52.050, as now or hereafter amended, to levy and place in the fund an additional tax of twenty-two and one-half cents per thousand dollars of assessed value against all taxable property of such municipality: PROVIDED, That if a report by a qualified actuary establishes that all or any part of the additional twenty-two and one-half cents per thousand dollars of assessed value levy is unnecessary to meet the estimated demands on the fund under this chapter for the ensuing budget year, the levy of said additional twenty-two and one-half cents per thousand dollars of assessed value may be omitted, or the whole or any part of such dollar rate may be levied and used for any other municipal purpose.

The amount of a levy under this section allocated to the pension fund may be reduced in the same proportion as the regular property tax levy of the municipality is reduced by chapter 84.55 RCW.

Sec. 5. Section 16, chapter 110, Laws of 1967 ex. sess. as last amended by section 8, chapter 71, Laws of 1974 ex. sess. and RCW 71.20.110 are each amended to read as follows:

In order to provide additional funds for the coordination of community mental retardation and other developmental disability services and to provide community mental retardation, other developmental disability, or mental health services, the board of county commissioners of each county in the state shall budget and levy annually a tax in a sum equal to the amount which would be raised by a levy of two and one-half cents per thousand dollars of assessed value against the taxable property in the county to be used for such purposes: PROVIDED, That all or part of the funds collected from the tax levied for the purposes of this section may be transferred to the

state of Washington, department of social and health services, for the purpose of obtaining federal matching funds to provide and coordinate community mental retardation, other developmental disability, and mental health services. In the event a county elects to transfer such tax funds to the state for this purpose, the state shall grant these moneys and the additional funds received as matching funds to service-providing community agencies or community boards in the county which has made such transfer, pursuant to the plan approved by the county, as provided by chapters 71.16, 71.20, 71.24, and 71.28 RCW, all as now or hereafter amended.

The amount of a levy allocated to the purposes specified in this section may be reduced in the same proportion as the regular property tax levy of the county is reduced by chapter 84.55 RCW.

Sec. 6. Section 7, page 210, Laws of 1888 as last amended by section 5, chapter 4, Laws of 1973 2nd ex. sess. and RCW 73.08.080 are each amended to read as follows:

The boards of county commissioners of the several counties in this state shall levy, in addition to the taxes now levied by law, a tax in a sum equal to the amount which would be raised by not less than one and one-eighth cents per thousand dollars of assessed value, and not greater than twenty-seven cents per thousand dollars of assessed value against the taxable property of their respective counties, to be levied and collected as now prescribed by law for the assessment and collection of taxes, for the purpose of creating the veteran's relief fund for the relief of honorably discharged veterans who served in the armed forces of the United States in the Civil War, in the war of Mexico or in any of the Indian wars, or the Spanish-American war or the Philippine insurrection, in the First World War, or Second World War or Korean conflict, or Viet Nam conflict, and the indigent wives, husbands, widows, widowers and minor children of such indigent or deceased veterans, to be disbursed for such relief by such board of county commissioners: PROVIDED, That if the funds on deposit, less outstanding warrants, residing in the veteran's relief fund on the first Tuesday in September exceed the expected yield of one and one-eighth cents per thousand dollars of assessed value against the taxable property of the county, the county commissioners may levy a lesser amount: PROVIDED FURTHER, That the costs incurred in the administration of said veteran's relief fund shall be computed by the county treasurer not less than annually and such amount may then be transferred from the veteran's relief fund as herein provided for to the county current expense fund.

The amount of a levy allocated to the purposes specified in this section may be reduced in the same proportion as the regular property tax levy of the county is reduced by chapter 84.55 RCW.

NEW SECTION. Sec. 7. Section 1, chapter 364, Laws of 1977 ex. sess. and RCW 84.36.410 are each repealed.

NEW SECTION. Sec. 8. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect immediately and shall be effective for assessments made in 1980 and years thereafter.

Passed the Senate March 11, 1980.

Passed the House March 4, 1980.

Approved by the Governor April 1, 1980.

Filed in Office of Secretary of State April 1, 1980.

## CHAPTER 156

[Substitute Senate Bill No. 3457]

### VICTIMS OF CRIME COMPENSATION—INSURANCE PROCEEDS— APPROPRIATION

AN ACT Relating to state government; amending section 2, chapter 122, Laws of 1973 1st ex. sess. as last amended by section 2, chapter 302, Laws of 1977 ex. sess. and RCW 7.68-.020; amending section 5, chapter 122, Laws of 1973 1st ex. sess. as amended by section 3, chapter 302, Laws of 1977 ex. sess. and RCW 7.68.050; amending section 13, chapter 122, Laws of 1973 1st ex. sess. as amended by section 8, chapter 302, Laws of 1977 ex. sess. and RCW 7.68.130; creating a new section; making an appropriation; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Section 1. Sections 2 through 4 of this 1980 act are required to clarify the legislative intent concerning the phrase "public or private insurance" as used in section 13, chapter 122, Laws of 1973 1st ex. sess. and RCW 7.68.130 which was the subject of *Wagner v. Labor & Indus.*, 92 Wn.2d 463 (1979). It has continuously been the legislative intent to include as "public insurance" both state and federal statutory social welfare and insurance schemes which make available to victims or their beneficiaries recompense as a result of the claimed injury or death, such as but not limited to old age and survivors insurance, medicare, medicaid, benefits under the veterans' benefits act, longshore and harbor workers act, industrial insurance act, law enforcement officers' and fire fighters' retirement system act, Washington public employees' retirement system act, teachers' retirement system act, and firemen's relief and pension act. "Private insurance" continuously has been intended to include sources of recompense available by contract, such as but not limited to policies insuring a victim's life or disability.

Sec. 2. Section 2, chapter 122, Laws of 1973 1st ex. sess. as last amended by section 2, chapter 302, Laws of 1977 ex. sess. and RCW 7.68-.020 are each amended to read as follows:

The following words and phrases as used in this chapter ((~~shall~~)) have the ((~~following~~)) meanings set forth in this section unless the context otherwise requires((:)).