

amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected.

Passed the House February 15, 1972.

Passed the Senate February 12, 1972.

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CHAPTER 125

[Engrossed House Bill No. 139]

PROPERTY TAXES--NOTICE OF CHANGE IN VALUE--
VALUATION CRITERIA--

EXEMPTION, IMPROVEMENT TO SINGLE FAMILY DWELLING

AN ACT Relating to revenue and taxation; and amending section 10, chapter 146, Laws of 1967 ex. sess. as amended by section 16, chapter 288, Laws of 1971 ex. sess. and RCW 84.40.045; amending section 84.40.030, chapter 15, Laws of 1961 as last amended by section 1, chapter 288, Laws of 1971 1st ex. sess. and RCW 84.40.030; and adding a new section to chapter 84.36 RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Section 1. Section 10, chapter 146, Laws of 1967 ex. sess. as amended by section 16, chapter 288, Laws of 1971 ex. sess. and RCW 84.40.045 are each amended to read as follows:

((On or before June 15 of each year)) The assessor shall give notice of any change in the true and fair value of real property for the tract or lot of land and any improvements thereon no later than thirty days after appraisal: PROVIDED, That for appraisals made between December 1st and February 15th notice shall not be sent out prior to March 1st.

The notice shall contain a statement of both the prior and the new true and fair value and the ratio of the assessed value to the true and fair value on which the assessment of the property is based, stating separately land and improvement values, and a brief statement of the procedure for appeal to the board of equalization and the time, date, and place of the meetings of the board.

The notice shall be mailed by the assessor to the taxpayer.

If any taxpayer, as shown by the tax rolls, holds solely a security interest in the real property which is the subject of the notice, pursuant to a mortgage, contract of sale, or deed of trust, such taxpayer shall, upon written request of the assessor, supply,

within thirty days of receipt of such request, to the assessor the name and address of the person making payments pursuant to the mortgage, contract of sale, or deed of trust, and thereafter such person shall also receive a copy of the notice provided for in this section. Wilful failure to comply with such request within the time limitation provided for herein shall make such taxpayer subject to a civil penalty of five dollars for each parcel of real property within the scope of the request in which it holds the security interest, the aggregate of such penalties in any one year not to exceed five thousand dollars. The penalties provided for herein shall be recoverable in an action by the county prosecutor, and when recovered shall be deposited in the county current expense fund. The assessor shall make the request provided for by this section during the month of ~~((April))~~ January.

Sec. 2. Section 84.40.030, chapter 15, Laws of 1961 as last amended by section 1, chapter 288, Laws of 1971 1st ex. sess. and RCW 84.40.030 are each amended to read as follows:

All property shall be assessed fifty percent of its true and fair value in money.

Taxable leasehold estates shall be valued at such price as they would bring at a fair, voluntary sale for cash. 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 less a percentage equal to the average, ordinary and usual direct costs of sale of that type of property, including but not limited to costs of title insurance, legal services, recording fees and taxes levied against such sales that are borne by the seller, and an amount equal to the customary fees payable to a licensed real estate broker for handling such a sale, such percentage to be determined by studies conducted by the department of revenue. 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, (i) 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) 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) In addition to sales as defined in subsection (1) (a), 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 (1) (b) shall be the dominant factors in valuation. When provisions of this subsection (1) (b) are relied upon for establishing values the property owner shall be advised upon request of the factors used in arriving at such value.

(c) 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.

NEW SECTION. Sec. 3. There is added to chapter 84.36 RCW a new section to read as follows:

Any physical improvement to single family dwellings upon real property shall be exempt from taxation for the three assessment years subsequent to the completion of the improvement to the extent that the improvement represents 30 percent or less of the value of the original structure. A taxpayer desiring to obtain the exemption granted by this section must file notice of his intention to construct the improvement prior to the improvement being made on forms prescribed by the department of revenue and furnished to the taxpayer by the county assessor: PROVIDED, That this exemption cannot be claimed more than once in a five-year period.

The department of revenue shall promulgate such rules and regulations as are necessary and convenient to properly administer the provisions of this section.

NEW SECTION. Sec. 4. If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected.

Passed the House February 19, 1972.

Passed the Senate February 19, 1972.

Approved by the Governor February 25, 1972.

Filed in Office of Secretary of State February 28, 1972.

CHAPTER 126
[Engrossed House Bill No. 140]
PROPERTY TAXES--SENIOR CITIZEN EXEMPTION

AN ACT Relating to revenue and taxation; amending section 4, chapter 288, Laws of 1971 ex. sess. and RCW 84.36.370; amending section 5, chapter 288, Laws of 1971 ex. sess. and RCW 84.36.380; and amending section 84.69.020, chapter 15, Laws of 1961 as last amended by section 14, chapter 288, Laws of 1971 ex. sess. and RCW 84.69.020.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Section 1. Section 4, chapter 288, Laws of 1971 ex. sess. and RCW 84.36.370 are each amended to read as follows:

A person shall be exempt from any legal obligation to pay a percentage of the amount of real property taxes due and payable in 1972 and subsequent years as the result of the levy of additional taxes in excess of regular property tax levies as that term is defined in RCW 84.04.140, as now or hereafter amended, and/or from such regular property tax levies in accordance with the following conditions:

(1) The property taxes must have been imposed upon a residence which has been regularly occupied by the person claiming the exemption during the two calendar years preceding the year in which the exemption claim is filed; or the property taxes must have been imposed upon a residence which ~~((has been regularly))~~ was occupied by the person claiming the exemption ~~((during the preceding calendar year))~~ as a principal place of residence as of January 1st of the year for which the claim is filed and the person claiming the exemption must also have been a resident of the state of Washington for the last three calendar years preceding the year in which the claim is filed.

(2) The person claiming the exemption must have owned, at the time of filing, in fee, or by contract purchase, the residence on which the property taxes have been imposed. For purposes of this