

SB 5454 - S AMD 411

By Senator Schoesler

ADOPTED 03/09/2021

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 84.70.010 and 2005 c 56 s 1 are each amended to
4 read as follows:

5 (1) If, on or before December 31 in any calendar year, any real
6 or personal property placed upon the assessment roll of that year is
7 destroyed in whole or in part, or is in an area that has been
8 declared a disaster area by the governor or the county legislative
9 authority and has been reduced in value by more than twenty percent
10 as a result of a natural disaster, the true and fair value of such
11 property shall be reduced for that assessment year by an amount
12 determined by taking the true and fair value of such taxable property
13 before destruction or reduction in value and deduct therefrom the
14 true and fair value of the remaining property after destruction or
15 reduction in value.

16 (2) Taxes levied for collection in the year in which the true and
17 fair value has been reduced under subsection (1) of this section
18 shall be abated in whole or in part as provided in this subsection.
19 The amount of taxes to be abated shall be determined by first
20 multiplying the amount deducted from the true and fair value under
21 subsection (1) of this section by the rate of levy applicable to the
22 property in the tax year. Then divide the product by the number of
23 days in the year and multiply the quotient by the number of days
24 remaining in the calendar year after the date of the destruction or
25 reduction in value of the property. If taxes abated under this
26 section have been paid, the amount paid shall be refunded under RCW
27 84.69.020. The tax relief provided for in this section for the tax
28 year in which the damage or destruction occurred does not apply to
29 property damaged or destroyed voluntarily.

30 (3) No reduction in the true and fair value or abatements shall
31 be made more than three years after the date of destruction or
32 reduction in value.

1 (4) The assessor shall make such reduction on his or her own
2 motion; however, the taxpayer may make application for reduction on
3 forms prepared by the department and provided by the assessor. The
4 assessor shall notify the taxpayer of the amount of reduction.

5 (5) If destroyed property is replaced prior to the valuation
6 dates contained in RCW 36.21.080 and 36.21.090, the total taxable
7 value for that assessment year shall not exceed the value as of the
8 appropriate valuation date in RCW 36.21.080 or 36.21.090, whichever
9 is appropriate.

10 (6) The taxpayer may appeal the amount of reduction to the county
11 board of equalization in accordance with the provisions of RCW
12 84.40.038. The board shall reconvene, if necessary, to hear the
13 appeal.

14 (7)(a) Physical improvements to qualifying single-family
15 dwellings are exempt from taxation for three assessment years
16 subsequent to the completion of the improvement, subject to the
17 conditions and limitations in this subsection (7).

18 (b) The amount of the exemption provided in this subsection (7)
19 is limited to the amount of the reduction in value determined in
20 subsection (1) of this section with respect to the qualifying single-
21 family dwelling.

22 (c)(i) A taxpayer desiring to obtain the exemption provided in
23 this subsection (7) must file an application with the county assessor
24 on forms prescribed or approved by the department and made available
25 to the taxpayer by the county assessor. Except as provided in (c)(ii)
26 of this subsection (7), the application must be submitted by the
27 taxpayer before initiating construction of the improvement. County
28 assessors may not approve any application for exemption received
29 after June 30, 2026.

30 (ii) If a taxpayer has, before the effective date of this
31 section, initiated construction of physical improvements to a
32 qualifying single-family dwelling, the taxpayer may apply for the
33 exemption under this subsection (7) by October 1, 2021.

34 (d) The value of the improvements must be considered as new
35 construction for the purposes of chapters 36.21 and 84.55 RCW as
36 though the property was not exempt under this chapter.

37 (e) The department may adopt any rules necessary to administer
38 this section.

39 (f) For purposes of this subsection (7), the following
40 definitions apply:

1 (i) "Improvement" means any actual, material, and permanent
2 change to a qualifying single-family dwelling damaged as a result of
3 a natural disaster that increases the value of the dwelling.
4 "Improvement" also includes the construction of a new single-family
5 dwelling that replaces a qualifying single-family dwelling totally
6 destroyed as a result of a natural disaster.

7 (ii) "Qualifying single-family dwelling" means a single-family
8 dwelling:

9 (A) Upon real property located in an area that has been declared
10 a disaster area by the governor or the county legislative authority
11 and has been reduced in value by more than 20 percent as a result of
12 a natural disaster that occurred on or after August 31, 2020;

13 (B) That has received a reduction in the true and fair value
14 under subsection (1) of this section; and

15 (C) In which the legal or beneficial ownership is held by the
16 same individual or individuals who owned the property at the time
17 that it was reduced in value as a result of a natural disaster, or
18 their relatives. For the purpose of this subsection (7)(f)(ii),
19 "relative" means any individual related to another individual by
20 blood, marriage, or adoption.

21 (8) For purposes of this section, an area that has been declared
22 a disaster area by the governor includes areas within the scope of
23 the governor's request to the president of the United States for a
24 major disaster declaration.

25 NEW SECTION. Sec. 2. The provisions of RCW 82.32.805 and
26 82.32.808 do not apply to this act.

27 NEW SECTION. Sec. 3. This act applies for taxes levied for
28 collection in 2022 and thereafter."

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29 On page 1, line 1 of the title, after "Relating to" strike the
30 remainder of the title and insert "creating a property tax exemption
31 for homes damaged by natural disasters; amending RCW 84.70.010; and
32 creating new sections."

EFFECT: Expands the exemption to single-family dwellings damaged by any type of natural disaster occurring on or after August 31, 2020, that has been reduced in value by more than 20 percent; limits the exemption to persons who owned the property at the time that it was reduced in value by a natural disaster; expires the exemption on June 30, 2026; requires the value of the improvements to be considered as new construction; gives the Department of Revenue rule-making authority for purposes of administering the new property tax exemption; adds definitions for "improvement" and "qualifying single-family dwelling"; and makes other technical and administrative changes.

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