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**SUBSTITUTE HOUSE BILL 1494**

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**State of Washington**

**67th Legislature**

**2021 Regular Session**

**By** House Finance (originally sponsored by Representatives Harris-Talley, Berg, Davis, Wicks, Peterson, Ortiz-Self, Orwall, Gregerson, Chapman, Ramel, Simmons, Berry, Lekanoff, Frame, Hackney, Slatter, Duerr, Kirby, Thai, Valdez, Ormsby, and Morgan)

1 AN ACT Relating to providing housing safety, security, and  
2 protection for Washington families by creating the antidisplacement  
3 property tax exemption; amending RCW 84.48.010, 84.48.110, and  
4 84.69.020; adding new sections to chapter 84.36 RCW; adding a new  
5 section to chapter 84.52 RCW; creating new sections; and providing a  
6 contingent effective date.

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

8 NEW SECTION. **Sec. 1.** (1) The legislature finds that home and  
9 housing security is more important to Washingtonians than ever  
10 before. The COVID-19 pandemic prompted Washington governor Jay Inslee  
11 to institute a stay-at-home order in March 2020, obliging millions of  
12 nonessential employees to remain at home. Governor Inslee also  
13 declared a statewide emergency in September 2020, when west coast  
14 wildfires destroyed 181 homes in Washington state and made outdoor  
15 air unbreathable for many weeks, leading millions to seek refuge  
16 indoors and in their homes.

17 (2) The legislature further finds that: Homeownership is the main  
18 mechanism for building wealth for individuals and families in the  
19 middle class; owning a home is a way to create wealth and pass it on  
20 generationally; and institutional class and racial biases limits  
21 access to home ownership for many Washingtonians.

1 (3) The legislature further finds that middle class families have  
2 disproportionate tax responsibility due, in part, to property tax  
3 liability.

4 (4) The legislature further finds that our paramount duty to fund  
5 common schools and increase equity in education relies on tax revenue  
6 that is disproportionately reliant on taxes paid by middle class  
7 property and homeowners, and that the inequities in our tax code  
8 limits access and sustainability of homeownership for working  
9 families, black, indigenous, and people of color homeowners, and  
10 elders, who are those age 65 and older, due, in part, to this over  
11 reliance on property taxes pricing them out of their homes.

12 (5) The legislature further finds that we are living through a  
13 new civil rights moment, a moment of reflection and remedy of racial  
14 disparity in policing, employment, schools, and housing, and  
15 recognizes the link to racial and class bias in economic systems of  
16 capitalism. In 2018, the national assessment of education and  
17 progress found that Washington state ranked last among all fifty  
18 states in closing the white-black achievement gap among eighth  
19 graders between 2003 and 2017. In Washington state, black Americans  
20 earn 76 cents on the dollar of their white counterparts.

21 (6) The legislature recognizes that working families, black,  
22 indigenous, and people of color communities, and elders in Washington  
23 state are subject to more displacement and gentrification than other  
24 homeowners, and that racial justice cannot be realized without  
25 economic justice and access to housing and land, and that the  
26 enforcement of property tax laws has a socioeconomic and racial  
27 disparity impact generationally.

28 (7) The legislature further finds a loss of homeownership for  
29 working families has been extraordinary, particularly homeownership  
30 rates in black, indigenous, and people of color communities,  
31 including in King county, which has the largest concentration of  
32 black families in the state. Black family homeownership in King  
33 county since 1970, when the rate of black homeownership was at 49  
34 percent, versus 64.2 percent for white families, has fallen by 2015  
35 to 28 percent versus 63 percent for white families, as reported in  
36 the Seattle Times.

37 (8) The legislature further finds that working families, black,  
38 indigenous, and people of color families, and elders experience more  
39 home foreclosure and forfeiture than other homeowners in Washington

1 state, and that many home foreclosures are due to owing back property  
2 taxes.

3 (9) The legislature further finds that many Washingtonians are  
4 vulnerable to foreclosure by mortgage holders and other secured  
5 creditors, despite the homestead exemption limited in bankruptcy  
6 statute, RCW 6.13.030, which is a tool to protect the head of  
7 household from having their homes confiscated and sold to satisfy  
8 debts from unsecured creditors.

9 (10) Therefore, it is the intent of the legislature to prevent  
10 more loss of real property and the displacement of working families,  
11 black, indigenous, and people of color communities, and elders. By  
12 exempting a portion of tax of one's primary residence, we can lower  
13 the inequities of cost of homeownership and responsibility of  
14 taxation, with the goal of making sure individuals can reside, raise  
15 their families, age in place, and stay in the communities they call  
16 home, without fear of displacement due to crises and/or increase in  
17 land and home value assessment. This is a means of providing equity  
18 in the tax code and serves as an antidisplacement tool for community  
19 land trusts, cooperative owners, and homeowners across Washington.

20 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.36  
21 RCW to read as follows:

22 (1)(a) Subject to the conditions in this section, a portion of  
23 the assessed value of a qualified residence is exempt from the state  
24 levy but not from property taxes levied by any local taxing district.  
25 Subject to the adjustments and limitations in subsection (2) of this  
26 section, the antidisplacement property exemption from the state levy  
27 is equal to:

28 (i) For taxes levied for collection in 2024 and thereafter:

29 (A) Up to the lesser of the maximum exemption amount, or the  
30 amount calculated pursuant to section 3 of this act, of the assessed  
31 valuation of each qualified residential tax parcel consisting of  
32 fewer than three residences; and

33 (B) Up to the lesser of the maximum exemption amount, or the  
34 amount calculated pursuant to section 3 of this act, of the assessed  
35 valuation of each qualified residence within a multiunit residential  
36 dwelling wherein each residence is owned and taxed separately or is  
37 owned by members of a cooperative housing association, corporation,  
38 or partnership; and

1 (ii) For taxes levied for collection in 2026 and each subsequent  
2 year, the maximum amount of antidisplacement property tax exemption  
3 may be increased from the prior year's maximum exemption amount. The  
4 amount of such increase for a year is equal to the percentage growth  
5 in the state levy between the state levy for collection in the  
6 preceding year as compared to the state levy for collection two years  
7 ago. The department is responsible for making a determination of any  
8 increase in the amount of the antidisplacement property tax exemption  
9 and may round the dollar amount of the exemption to the nearest  
10 \$1,000.

11 (b) For purposes of (a) of this subsection, "maximum amount of  
12 antidisplacement property tax exemption" and "maximum exemption  
13 amount" mean:

14 (i) \$250,000 for taxes levied for collection in 2024 and 2025;  
15 and

16 (ii) For taxes levied for collection in each subsequent year, the  
17 full exemption amount under (a) of this subsection, notwithstanding  
18 any reduction in the exemption amount required under section 3 of  
19 this act.

20 (2) (a) The county assessor must multiply the amount of the  
21 antidisplacement property tax exemption for a tax year by the  
22 combined indicated ratio fixed by the department for the county in  
23 which the qualified residence is located and used by the department  
24 to determine the equalized state levy for that county for that tax  
25 year.

26 (b) The amount of the antidisplacement property tax exemption for  
27 a qualified residence may not result in a tax reduction that exceeds  
28 the amount of state property taxes that would otherwise be levied on  
29 that qualified residence.

30 (3) The antidisplacement property tax exemption is in addition to  
31 the exemption provided in RCW 84.36.379 through 84.36.389.

32 (4) (a) (i) The antidisplacement property tax exemption must be  
33 claimed by filing an application with the department by April 30th of  
34 the calendar year prior to the year for which the exemption will be  
35 received.

36 (ii) The department shall provide the means for claimants to  
37 annually claim the antidisplacement property tax exemption for their  
38 primary qualified residence online. The department must also make  
39 paper applications available to claimants upon request. Each county  
40 assessor must also make applications available at the assessor's

1 office, on the assessor's official website, and by mail or email upon  
2 request.

3 (iii) The department shall determine whether claimants have  
4 applied for an exemption for only a single qualified residence for  
5 the applicable calendar year. As resources allow, the department must  
6 notify claimants who appear to have applied for more than one  
7 residence or when the department is unable to confirm that the  
8 claimant applied for an exemption for only a single qualified  
9 residence. Such notification may be provided electronically and  
10 include a request for additional information needed to confirm that  
11 the claimant has applied for only a single qualified residence.

12 (iv) By August 1st each year, the department must provide each  
13 county assessor a list of all claimants, parcels, and other  
14 information necessary for the assessor to determine if a claimant  
15 meets the eligibility requirements for the antidisplacement property  
16 tax exemption. Such list must indicate the department's determination  
17 whether or not the claimant has applied for a single qualified  
18 residence or whether the department is unable to determine whether  
19 the claimant has applied for a single qualified residence. County  
20 assessors have the sole authority to approve or deny claims for the  
21 antidisplacement property tax exemption.

22 (b) The claimant or the claimant's designated agent or legal  
23 guardian must sign the application declaring that the property for  
24 which the antidisplacement property tax exemption is sought is the  
25 claimant's principal qualified residence within the meaning of  
26 subsection (5)(a) and (b) of this section. If the claimant resides in  
27 a cooperative housing association, corporation, or partnership, the  
28 application must also be signed by the authorized agent of such  
29 cooperative. If the claimant holds a life estate in the qualified  
30 residence for which the antidisplacement property tax exemption is  
31 claimed and the claimant is not shown on the tax rolls as the  
32 taxpayer for that qualified residence, the remainderman or other  
33 person shown on the tax rolls as the taxpayer must also sign the  
34 application. All signatures on an application must be made under  
35 penalty of perjury as provided in RCW 9A.72.085.

36 (c) Notice of the antidisplacement property tax exemption and  
37 where to obtain further information about the exemption must be  
38 included on or with property tax statements and revaluation notices  
39 for residential property. The department and each county assessor are  
40 required to publicize the qualifications and manner of making claims

1 for the antidisplacement property tax exemption, including such paid  
2 advertisements or notices as deemed appropriate in the sole  
3 discretion of the department and county assessors. The department and  
4 county assessors must make the antidisplacement property tax  
5 exemption information available in all languages required for voter  
6 ballot outreach at the state level.

7 (5) The following conditions apply to the antidisplacement  
8 property tax exemption:

9 (a) The qualified residence must be occupied by the claimant as  
10 the claimant's principal place of residence as of the date of the  
11 signed application under subsection (4) of this section. A claimant  
12 who sells, transfers, or is displaced from the claimant's qualified  
13 residence may transfer the claimant's exemption status to a  
14 replacement qualified residence, but no claimant may receive the  
15 antidisplacement property tax exemption on more than one qualified  
16 residence in any calendar year. However, the confinement of the  
17 claimant to a hospital, nursing home, assisted living facility, or  
18 adult family home will not disqualify the claim of exemption if:

19 (i) The qualified residence is temporarily unoccupied;

20 (ii) The qualified residence is occupied by either a spouse,  
21 state registered domestic partner, or a person financially dependent  
22 on the claimant for support, or both; or

23 (iii) The qualified residence is rented for the purpose of paying  
24 the claimant's costs of a nursing home, hospital, assisted living  
25 facility, or adult family home.

26 (b) At the time of signing the application:

27 (i) The claimant must have owned, in fee or by contract purchase,  
28 or have held a life estate in, the qualified residence for which the  
29 antidisplacement property tax exemption is claimed; or

30 (ii) If the claimant resides in a cooperative housing  
31 association, corporation, or partnership, including a mobile home  
32 park cooperative or manufactured housing cooperative, the claimant  
33 must own a share in the cooperative representing the unit or dwelling  
34 in which the claimant resides or the lot on which the claimant's  
35 manufactured/mobile home or park model is situated.

36 (c) For purposes of this section, a qualified residence owned by  
37 a marital community, state registered domestic partners, or cotenants  
38 is deemed to be owned by each spouse, domestic partner, or cotenant,  
39 and any lease for life or 99 years of a single-family dwelling unit

1 or the land upon which it stands is deemed a life estate in the  
2 qualified residence.

3 (d) (i) The assessed value of a dwelling owned by a cooperative  
4 housing association, corporation, or partnership must be reduced, for  
5 purposes of state property taxes levied on the dwelling, by the  
6 amount of the antidisplacement property tax exemption to which a  
7 claimant residing in that dwelling is entitled. The cooperative must  
8 pass the full amount of its property tax savings under this section  
9 to its members in proportion to each member's antidisplacement  
10 property tax exemption. The cooperative may meet its obligation under  
11 this subsection (5) (d) (i) by reducing the amount owed by the members  
12 to the cooperative or, if no amount be owed, by making payment to the  
13 members.

14 (ii) A mobile home park cooperative or manufactured housing  
15 cooperative is entitled to any unused portion of the antidisplacement  
16 property tax exemption of its members. A mobile home park cooperative  
17 or manufactured housing cooperative receiving the unused portion of  
18 the antidisplacement property tax exemption of its members must pass  
19 the full amount of its property tax savings to its members in  
20 proportion to each member's unused antidisplacement property tax  
21 exemption. The cooperative may meet its obligation under this  
22 subsection (5) (d) (ii) by reducing the amount owed by the members to  
23 the cooperative or, if no amount be owed, by making payment to the  
24 members. For purposes of this subsection (5) (d) (ii), "unused portion  
25 of the antidisplacement property tax exemption" means the amount by  
26 which the maximum allowable primary residence exemption exceeds the  
27 assessed value of the manufactured/mobile home or park model owned by  
28 a member of the mobile home park cooperative or manufactured housing  
29 cooperative.

30 (e) A claimant granted an antidisplacement property tax exemption  
31 must immediately inform the county assessor, on forms created or  
32 approved by the department, of any change in status affecting the  
33 claimant's entitlement to an antidisplacement property tax exemption.

34 (f) (i) Where a claimant has a life estate in the single-family  
35 dwelling unit, the land upon which it sits, or both, which comprise  
36 the claimant's qualified residence, and a remainderman or other  
37 person would have otherwise paid the state property tax exempted on  
38 the qualified residence, or portion of the qualified residence, as a  
39 result of the claimant's antidisplacement property tax exemption,  
40 such remainderman or other person must reduce the amount owed by the

1 claimant to the remainderman or other person by the amount of the tax  
2 savings from the claimant's antidisplacement property tax exemption.  
3 If no amount is owed by the claimant to the remainderman or other  
4 person, the remainderman or other person must make payment to the  
5 claimant in the full amount of the tax savings from the claimant's  
6 antidisplacement property tax exemption.

7 (ii) Where a claimant has a life estate in a cooperative  
8 ownership or a community land trust, which comprise the claimant's  
9 qualified residence, and a remainderman or other person would have  
10 otherwise paid the state property tax exempted on the qualified  
11 residence, or portion of the residence, as a result of the claimant's  
12 antidisplacement property tax exemption, such remainderman or other  
13 person must reduce the amount owed by the claimant to the  
14 remainderman or other person by the amount of the tax savings from  
15 the claimant's antidisplacement property tax exemption. If no amount  
16 is owed by the claimant to the remainderman or other person, the  
17 remainderman or other person must make payment to the claimant in the  
18 full amount of the tax savings from the claimant's the  
19 antidisplacement property tax exemption.

20 (6) (a) (i) If the assessor finds that the claimant's residence  
21 does not meet the qualifications for the antidisplacement property  
22 tax exemption, the assessor must deny or cancel the antidisplacement  
23 property tax exemption.

24 (ii) If the assessor is unable to determine whether an  
25 application for the antidisplacement property tax exemption should be  
26 approved, the assessor must deny the antidisplacement property tax  
27 exemption.

28 (iii) If an application for the antidisplacement property tax  
29 exemption is received by the department after the deadline in  
30 subsection (4) of this section, the assessor must deny the  
31 antidisplacement property tax exemption unless the assessor  
32 determines that the claimant qualifies for the antidisplacement  
33 property tax exemption and that good cause exists to excuse the late  
34 filing. A claimant whose antidisplacement property tax exemption was  
35 denied because the application was filed after the deadline in  
36 subsection (4) of this section may seek a refund of state property  
37 taxes paid as a result of the denial as provided in RCW 84.69.020.  
38 For purposes of this subsection (6) (a) (iii), good cause may be shown  
39 by one or more of the following circumstances:



1 (A) Death or serious illness of the claimant or a member of the  
2 claimant's immediate family, as defined in RCW 42.17A.005, within two  
3 weeks of the due date of the application;

4 (B) The claimant received incorrect, ambiguous, or misleading  
5 written advice regarding the qualifications or filing requirements  
6 for the antidisplacement property tax exemption from the department  
7 or the county assessor's staff;

8 (C) Natural disaster, such as flood or earthquake, occurring  
9 within two weeks of the due date of the application; or

10 (D) Other circumstances as the department may provide by rule.

11 (b) A denial under (a) of this subsection (6) is subject to  
12 appeal under the provisions of RCW 84.48.010 and in accordance with  
13 the provisions of RCW 84.40.038.

14 (c) If the assessor determines that the claimant had received the  
15 antidisplacement property tax exemption in error in prior years, the  
16 county treasurer must collect all state property taxes that would  
17 have been paid on the claimant's residence for the prior years had  
18 the antidisplacement property tax exemption not been claimed, not to  
19 exceed six years. Interest, but not penalties, applies to such taxes  
20 and is computed at the same rates and in the same way as interest is  
21 computed on delinquent taxes. Taxes and interest imposed under this  
22 subsection (6)(c): (i) Must be extended on the tax roll; (ii) are due  
23 within 30 days after the date of the treasurer's billing for such  
24 taxes and interest; and (iii) constitute a lien on the real property  
25 to which the tax and interest applies as provided in chapter 84.60  
26 RCW.

27 (7) The department may conduct audits of the administration of  
28 this section by the county assessors and applications filed for the  
29 antidisplacement property tax exemption as the department considers  
30 necessary. The powers of the department under chapter 84.08 RCW apply  
31 to these audits.

32 (8) The department may adopt such rules in accordance with  
33 chapter 34.05 RCW, and prescribe such forms, as the department deems  
34 necessary and appropriate to implement and administer this section.

35 (9) For the purposes of this section:

36 (a) "Antidisplacement property tax exemption" means a tax  
37 exemption from the state property tax levy for a primary residence  
38 that meets the requirements of this act.

39 (b) "Claimant" means an individual who has applied for or is  
40 receiving an antidisplacement property tax exemption.

1 (c) "Community land trust" means a private, nonprofit  
2 organization created to acquire and hold land for the benefit of a  
3 community and provide secure affordable access to land and housing  
4 for community residents.

5 (d) "Cooperative ownership" means a type of residential housing  
6 where the corporation owns the housing units and each resident is a  
7 shareholder in the corporation based in part on the relative size of  
8 the unit in which they reside.

9 (e) "Manufactured/mobile home," "manufactured housing  
10 cooperative," "mobile home park cooperative," and "park model" have  
11 the same meaning as in RCW 59.20.030.

12 (f) "Qualified residence" means a residence with an assessed  
13 value for the current tax year of less than \$2,500,000. Beginning  
14 January 1, 2027, and every fourth year thereafter:

15 (i) The department must adjust the assessed value limit in this  
16 subsection (9)(f) to reflect the lesser of the growth of the consumer  
17 price index for shelter or five percent. If the growth is equal to or  
18 less than zero percent, the current maximum assessed value of a  
19 qualified residence continues to apply.

20 (ii) The department must publish the updated maximum assessed  
21 value of a qualified residence under this subsection (9)(f) by March  
22 1, 2027, and March 1st of every fourth year thereafter. The updated  
23 maximum assessed value of a qualified residence will apply to claims  
24 for the antidisplacement property tax exemption for taxes due in the  
25 immediately following calendar year. The department may round the  
26 dollar amount of the maximum assessed value for a qualified residence  
27 under this subsection (9)(f) to the nearest \$1,000.

28 (iii) The most recent maximum assessed value for a qualified  
29 residence becomes the base for subsequent adjustments.

30 (g) "Residence" means a single-family dwelling unit whether such  
31 unit is separate or part of a multiunit dwelling, including the land  
32 on which such dwelling stands, regardless of whether ownership of the  
33 single-family dwelling unit and the land on which the dwelling unit  
34 stands is vested in the same person. "Residence" includes:

35 (i) A single-family dwelling unit situated upon lands the fee of  
36 which is vested in or held in trust by the United States or any of  
37 its instrumentalities, a federally recognized Indian tribe, the state  
38 of Washington or any of its political subdivisions, or a municipal  
39 corporation;

1 (ii) A single-family dwelling unit consisting of a manufactured/  
2 mobile home or park model that has substantially lost its identity as  
3 a mobile unit by virtue of its being fixed in location and placed on  
4 a foundation with fixed pipe connections with sewer, water, or other  
5 utilities; and

6 (iii) A single-family dwelling unit consisting of a floating home  
7 as defined in RCW 82.45.032.

8 (h) "State levy" means property taxes levied by the state under  
9 RCW 84.52.065.

10 NEW SECTION. **Sec. 3.** A new section is added to chapter 84.36  
11 RCW to read as follows:

12 (1) By August 1, 2023, and each subsequent August 1st, the state  
13 treasurer must notify the department of the amount of revenue in the  
14 Washington tax justice and equity fund created in section 4 of this  
15 act available to fund the antidisplacement property tax exemption  
16 established in section 2 of this act for the upcoming calendar year.

17 (2)(a) By October 1, 2023, and each subsequent October 1st, the  
18 department must estimate the amount needed to fund the full amount of  
19 the antidisplacement property tax exemption established in section 2  
20 of this act for the upcoming calendar year.

21 (b) By December 31st of each year, the department must determine  
22 if the full antidisplacement property tax exemption can be funded. If  
23 the department determines that there is not sufficient funds  
24 available in the Washington tax justice and equity fund to provide  
25 the full amount of the antidisplacement property tax exemption  
26 established in section 2 of this act for the upcoming calendar year,  
27 it must calculate a new exemption amount for that upcoming year based  
28 on the funds available.

29 (c) The department's estimations and calculations under this  
30 subsection (2) may not be overturned by a court except upon a showing  
31 of willful misconduct by clear, cogent, and convincing evidence.

32 (3) By August 1, 2023, each county assessor must submit to the  
33 department any necessary data from the 2022 assessment year in order  
34 to complete the estimate under subsection (2) of this section for the  
35 first year of the exemption. The data required by this subsection (3)  
36 must be provided in a form and manner prescribed by the department.

37 (4) By March 1, 2024, and each subsequent March 1st, each county  
38 assessor must submit to the department the amount of tax exempted as  
39 a result of the antidisplacement property tax exemption established

1 in section 2 of this act for the current calendar year, and such  
2 other information maintained by the county assessor as may be  
3 requested by the department for the purposes of completing the  
4 estimate under subsection (2) of this section. The data required by  
5 this subsection (4) must be provided in a form and manner prescribed  
6 by the department.

7 NEW SECTION. **Sec. 4.** A new section is added to chapter 84.36  
8 RCW to read as follows:

9 The Washington tax justice and equity fund is created in the  
10 state treasury. Moneys in the fund may only be used as specified in  
11 this section.

12 (1) First, moneys in the Washington tax justice and equity fund  
13 must be used to offset reductions in revenue and administrative costs  
14 resulting from the antidisplacement property tax exemption program  
15 created in this act. This use is the highest priority of moneys in  
16 the fund.

17 (2) After the requirements of subsection (1) of this section are  
18 satisfied, expenditures from the Washington tax justice and equity  
19 fund may be used for offsetting reductions in revenue due to  
20 implementation of other policies such as the working families' tax  
21 exemption, a replacement to the business and occupation tax, and  
22 other tax fairness policies such as those that may be suggested by  
23 the tax structure work group.

24 NEW SECTION. **Sec. 5.** A new section is added to chapter 84.36  
25 RCW to read as follows:

26 (1) The antidisplacement property tax exemption administration  
27 account is created in the state treasury. All receipts from direct  
28 appropriations from the legislature, moneys directed to the account  
29 as provided in this title, Title 82 RCW, or Title 84A RCW (the new  
30 title created in chapter . . . (H-1416/21), Laws of 2021), and moneys  
31 directed to the account from any other source must be deposited into  
32 the account. Moneys in the account may be spent only after  
33 appropriation. Expenditures from the account may be used only for the  
34 purposes provided in this section.

35 (2)(a) Funds deposited into the antidisplacement property tax  
36 exemption administration account must be distributed to each county  
37 to assist with the costs incurred by the counties in administering  
38 the antidisplacement property tax exemption in section 2 of this act.

1 (b) (i) Except as provided in (b) (ii) of this subsection, each  
2 county is entitled annually to an amount equal to five dollars  
3 multiplied by the number of applications for the antidisplacement  
4 property tax exemption that the county processed in the most recent  
5 calendar year.

6 (ii) For the distribution for calendar year 2023, the  
7 distribution amount is equal to five dollars multiplied by the  
8 estimated number of applications for the antidisplacement property  
9 tax exemption that the county will process in that calendar year. The  
10 department, with the assistance of the county assessors, must  
11 estimate the number of antidisplacement property tax exemption  
12 applications that the county will process in calendar year 2023.

13 (iii) If funds in the antidisplacement property tax exemption  
14 administration account are insufficient to make the full  
15 distributions under this subsection, the distributions to all  
16 counties must be ratably reduced.

17 (3) (a) Distributions under subsection (2) of this section must be  
18 made by the state treasurer annually by August 1st, beginning August  
19 1, 2023. By July 25th, the department must certify to the state  
20 treasurer the amounts to be distributed under this section. Once  
21 finalized, no changes may be made to the certification for any  
22 reason.

23 (b) By July 1st of each year, the county assessors must provide  
24 the department with the number of applications for the  
25 antidisplacement property tax exemption that the county assessor  
26 processed during the immediately preceding calendar year. This  
27 information must be provided to the department in a form and manner  
28 required by the department. If a county assessor fails to provide the  
29 information required under this subsection (3) (b) timely, the  
30 department may estimate the number of applications for the  
31 antidisplacement property tax exemption that the county assessor  
32 processed in the immediately preceding year.

33 (4) The department's estimates and certifications required under  
34 this section may not be overturned by a court except upon a showing  
35 of willful misconduct by clear, cogent, and convincing evidence.

36 (5) All distributions to counties from the antidisplacement  
37 property tax exemption administration account constitute increases in  
38 state distributions of revenue to political subdivisions for purposes  
39 of state reimbursement for the costs of new programs and increases in  
40 service levels under RCW 43.135.060.

1        NEW SECTION.    **Sec. 6.**    A new section is added to chapter 84.52  
2    RCW to read as follows:

3        (1) Pursuant to the provisions of Article VII, section . . .  
4    (House Joint Resolution No. 4204), the state levy must be reduced as  
5    necessary to prevent the value exempted under the antidisplacement  
6    property tax exemption in section 2 of this act from resulting in a  
7    higher tax rate than would have occurred in the absence of the  
8    antidisplacement property tax exemption. The reduction required under  
9    this subsection (1) for a tax year may be administered by each county  
10    assessor by applying the antidisplacement property tax exemption  
11    under section 2 of this act, after receiving the state levy amount  
12    for their county for that tax year, to all properties approved for  
13    the antidisplacement property tax exemption for that tax year.

14        (2)(a) Transfers from the Washington tax justice and equity fund  
15    must be made to ensure that any deficit to the general fund resulting  
16    from the application of subsection (1) of this section will be  
17    eliminated.

18        (b) The department must provide such assistance to the  
19    appropriations committee of the house of representatives, or its  
20    successor, the ways and means committee of the senate, or its  
21    successor, the office of financial management, and the state  
22    treasurer as may be required to comply with the transfers required by  
23    this subsection.

24        **Sec. 7.**    RCW 84.48.010 and 2017 c 155 s 1 are each amended to  
25    read as follows:

26        (1) Prior to July 15th, the county legislative authority must  
27    form a board for the equalization of the assessment of the property  
28    of the county. The members of the board must receive a per diem  
29    amount as set by the county legislative authority for each day of  
30    actual attendance of the meeting of the board of equalization to be  
31    paid out of the current expense fund of the county. However, when the  
32    county legislative authority constitutes the board they may only  
33    receive their compensation as members of the county legislative  
34    authority. The board of equalization must meet in open session for  
35    this purpose annually on the 15th day of July or within fourteen days  
36    of certification of the county assessment rolls, whichever is later,  
37    and, having each taken an oath fairly and impartially to perform  
38    their duties as members of such board, they must examine and compare  
39    the returns of the assessment of the property of the county and

1 proceed to equalize the same, so that each tract or lot of real  
2 property and each article or class of personal property must be  
3 entered on the assessment list at its true and fair value, according  
4 to the measure of value used by the county assessor in such  
5 assessment year, which is presumed to be correct under RCW  
6 84.40.0301, and subject to the following rules:

7 (a) They must raise the valuation of each tract or lot or item of  
8 real property which is returned below its true and fair value to such  
9 price or sum as to be the true and fair value thereof, after at least  
10 five days' notice must have been given in writing to the owner or  
11 agent.

12 (b) They must reduce the valuation of each tract or lot or item  
13 which is returned above its true and fair value to such price or sum  
14 as to be the true and fair value thereof.

15 (c) They must raise the valuation of each class of personal  
16 property which is returned below its true and fair value to such  
17 price or sum as to be the true and fair value thereof, and they must  
18 raise the aggregate value of the personal property of each individual  
19 whenever the aggregate value is less than the true valuation of the  
20 taxable personal property possessed by such individual, to such sum  
21 or amount as to be the true value thereof, after at least five days'  
22 notice must have been given in writing to the owner or agent thereof.

23 (d) They must reduce the valuation of each class of personal  
24 property enumerated on the detail and assessment list of the current  
25 year, which is returned above its true and fair value, to such price  
26 or sum as to be the true and fair value thereof; and they must reduce  
27 the aggregate valuation of the personal property of such individual  
28 who has been assessed at too large a sum to such sum or amount as was  
29 the true and fair value of the personal property.

30 (e) The board may review all claims for either real or personal  
31 property tax exemption, including the antidisplacement property tax  
32 exemption under section 2 of this act, as determined by the county  
33 assessor, and must consider any taxpayer appeals from the decision of  
34 the assessor thereon to determine (i) if the taxpayer is entitled to  
35 an exemption, and (ii) if so, the amount thereof.

36 (2) The board must notify the taxpayer and assessor of the  
37 board's decision within forty-five days of any hearing on the  
38 taxpayer's appeal of the assessor's valuation of real or personal  
39 property.

1 (3) The clerk of the board must keep an accurate journal or  
2 record of the proceedings and orders of the board showing the facts  
3 and evidence upon which their action is based, and the record must be  
4 published the same as other proceedings of county legislative  
5 authority, and must make a true record of the changes of the  
6 descriptions and assessed values ordered by the county board of  
7 equalization. The assessor must correct the real and personal  
8 assessment rolls in accordance with the changes made by the county  
9 board of equalization.

10 (4) The county board of equalization must meet on the 15th day of  
11 July or within fourteen days of certification of the county  
12 assessment rolls, whichever is later, and may continue in session and  
13 adjourn from time to time during a period not to exceed four weeks,  
14 but must remain in session not less than three days. However, the  
15 county board of equalization with the approval of the county  
16 legislative authority may convene at any time when petitions filed  
17 exceed twenty-five, or ten percent of the number of appeals filed in  
18 the preceding year, whichever is greater.

19 (5) No taxes, except special taxes, may be extended upon the tax  
20 rolls until the property valuations are equalized by the department  
21 of revenue for the purpose of raising the state revenue.

22 (6) County legislative authorities as such have at no time any  
23 authority to change the valuation of the property of any person or to  
24 release or commute in whole or in part the taxes due on the property  
25 of any person.

26 **Sec. 8.** RCW 84.48.110 and 2017 3rd sp.s. c 13 s 306 are each  
27 amended to read as follows:

28 After certifying the record of the proceedings of the department  
29 in accordance with RCW 84.48.080, the department shall transmit to  
30 each county assessor a copy of the record of the proceedings of the  
31 department, specifying the amount to be levied and collected for  
32 state purposes for such year, and in addition thereto it shall  
33 certify to each county assessor the amount due to each state fund and  
34 unpaid from such county for the fifth preceding year, not including  
35 amounts exempted under section 2 of this act, and such delinquent  
36 state taxes shall be added to the amount levied for the current year.  
37 The department shall close the account of each county for the fifth  
38 preceding year and charge the amount of such delinquency to the tax  
39 levies of the current year. These delinquent taxes are not subject to



1 chapter 84.55 RCW. All taxes collected on and after the first day of  
2 July last preceding such certificate, on account of delinquent state  
3 taxes for the fifth preceding year shall belong to the county and by  
4 the county treasurer be credited to the current expense fund of the  
5 county in which collected.

6 **Sec. 9.** RCW 84.69.020 and 2017 3rd sp.s. c 13 s 310 are each  
7 amended to read as follows:

8 On the order of the county treasurer, ad valorem taxes paid  
9 before or after delinquency must be refunded if they were:

- 10 (1) Paid more than once;
- 11 (2) Paid as a result of manifest error in description;
- 12 (3) Paid as a result of a clerical error in extending the tax  
13 rolls;
- 14 (4) Paid as a result of other clerical errors in listing  
15 property;
- 16 (5) Paid with respect to improvements which did not exist on  
17 assessment date;
- 18 (6) Paid under levies or statutes adjudicated to be illegal or  
19 unconstitutional;
- 20 (7) Paid as a result of mistake, inadvertence, or lack of  
21 knowledge by any person exempted from paying real property taxes or a  
22 portion thereof pursuant to section 2 of this act or RCW 84.36.381  
23 through 84.36.389, as now or hereafter amended;
- 24 (8) Paid as a result of mistake, inadvertence, or lack of  
25 knowledge by either a public official or employee or by any person  
26 with respect to real property in which the person paying the same has  
27 no legal interest;
- 28 (9) Paid on the basis of an assessed valuation which was appealed  
29 to the county board of equalization and ordered reduced by the board;
- 30 (10) Paid on the basis of an assessed valuation which was  
31 appealed to the state board of tax appeals and ordered reduced by the  
32 board: PROVIDED, That the amount refunded under subsections (9) and  
33 (10) of this section shall only be for the difference between the tax  
34 paid on the basis of the appealed valuation and the tax payable on  
35 the valuation adjusted in accordance with the board's order;
- 36 (11) Paid as a state property tax levied upon property, the  
37 assessed value of which has been established by the state board of  
38 tax appeals for the year of such levy: PROVIDED, HOWEVER, That the  
39 amount refunded shall only be for the difference between the state

1 property tax paid and the amount of state property tax which would,  
2 when added to all other property taxes within the one percent  
3 limitation of Article VII, section 2 of the state Constitution equal  
4 one percent of the assessed value established by the board;

5 (12) Paid on the basis of an assessed valuation which was  
6 adjudicated to be unlawful or excessive: PROVIDED, That the amount  
7 refunded shall be for the difference between the amount of tax which  
8 was paid on the basis of the valuation adjudged unlawful or excessive  
9 and the amount of tax payable on the basis of the assessed valuation  
10 determined as a result of the proceeding;

11 (13) Paid on property acquired under RCW 84.60.050, and canceled  
12 under RCW 84.60.050(2);

13 (14) Paid on the basis of an assessed valuation that was reduced  
14 under RCW 84.48.065;

15 (15) Paid on the basis of an assessed valuation that was reduced  
16 under RCW 84.40.039; or

17 (16) Abated under RCW 84.70.010.

18 No refunds under the provisions of this section shall be made  
19 because of any error in determining the valuation of property, except  
20 as authorized in subsections (9), (10), (11), and (12) of this  
21 section nor may any refunds be made if a bona fide purchaser has  
22 acquired rights that would preclude the assessment and collection of  
23 the refunded tax from the property that should properly have been  
24 charged with the tax. Any refunds made on delinquent taxes must  
25 include the proportionate amount of interest and penalties paid.  
26 However, no refunds as a result of an incorrect payment authorized  
27 under subsection (8) of this section made by a third party payee  
28 shall be granted. The county treasurer may deduct from moneys  
29 collected for the benefit of the state's levies, refunds of the  
30 state's levies including interest on the levies as provided by this  
31 section and chapter 84.68 RCW.

32 The county treasurer of each county must make all refunds  
33 determined to be authorized by this section, and by the first Monday  
34 in February of each year, report to the county legislative authority  
35 a list of all refunds made under this section during the previous  
36 year. The list is to include the name of the person receiving the  
37 refund, the amount of the refund, and the reason for the refund.

38 NEW SECTION. **Sec. 10.** Sections 1 through 9 of this act take  
39 effect August 1, 2022, if the proposed amendment to Article VII of

1 the state Constitution (House Joint Resolution No. . . . .  
2 (H-0756/21)), providing for the residential real property tax  
3 exemption, is validly submitted to and is approved and ratified by  
4 the voters at the next general election. If the proposed amendment is  
5 not approved and ratified, sections 1 through 9 of this act are void  
6 in their entirety.

7 NEW SECTION. **Sec. 11.** This act does not affect any existing  
8 right acquired or liability or obligation incurred under the sections  
9 amended or repealed or under any rule or order adopted under those  
10 sections, nor does it affect any proceeding instituted under those  
11 sections.

12 NEW SECTION. **Sec. 12.** This act applies to taxes levied for  
13 collection in 2024 and thereafter.

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