

Property Tax

Background:

According to the National Council of State Legislatures, using 2005 data, Washington ranks 24th in per capita state and local property tax in the nation and 26th on per \$100 of personal income. Our State Constitution requires assessing and valuing all property uniformly and equitably at 100 percent of its true and fair market value. This provision results in business and citizens being treated the same. Prior to 1971, the burden of proof in administrative appeals was a mere preponderance of the evidence instead of the unusually high clear, cogent and convincing standard used today. The majority of states use the more traditional standard of the preponderance of the evidence which means that in order for either party to prevail they must convince the board that it is more likely than not that they are correct in their valuation opinion. To more accurately reflect market conditions; lawmakers passed SB 5368 in the 2009 session to require all counties to revalue real property annually by 2014.

Problem:

In recent years, property taxes in Washington have increased dramatically. The causes are varied. Isolated surges in some real estate markets, infrequent property reevaluations, voter-approved levies and expanding local government budgets. Recently, legislators have felt pressure to limit property taxes for homeowners and have proposed legislation that would change the State Constitution requirement of assessing and valuing all property uniformly and equitably at 100 percent of its true and fair market value – one of the best features of our property tax system. Doing so creates a "split roll," a shift of the property tax burden to commercial and industrial properties. At the same time, lawmakers have ignored opportunities to provide meaningful relief through changes in the appeal process. The current burden of proof standard is preventing citizens and businesses from obtaining legitimate relief from excessive property tax valuations. Assessors are relying upon the presumption of correctness and the taxpayer's high burden of proof standard.

Solution:

AWB believes we can improve our current system to relieve some of the problems experienced throughout the state by:

1. Preserving and affirming the principle of assessing and valuing all property uniformly and equitably at 100 percent of its true and fair market value. Oppose the establishment of a homestead exemption or other proposals similar to California's Proposition 13.
2. Ensuring that the property tax burden is not shifted from one class of taxpayer to another.
3. Providing full tax disclosure by requiring that property tax notices and levy ballot measures include comprehensive information for taxpayers.
4. Easing the unreasonably high "burden of proof" placed on taxpayers that challenge property valuations to the more traditional standard of the "preponderance of the evidence", eliminating the presumption of correctness of an assessor's evaluation and shifting the burden of proof from the taxpayer if they prevail.
5. Establishing options, such as dispute resolution, for taxpayers that appeal their property tax valuations.
6. Gradually reduce the state property tax levy by using surplus, non-emergency fund revenues.