

---

HOUSE BILL 2195

---

State of Washington

65th Legislature

2017 Regular Session

By Representatives Koster, Maycumber, Haler, Taylor, MacEwen, Volz, Smith, Holy, Hargrove, Shea, Kretz, Schmick, and Barkis

1 AN ACT Relating to requiring revaluation of property in response  
2 to water rulings; adding a new section to chapter 84.40 RCW; creating  
3 a new section; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** The legislature declares that court  
6 rulings that impact a property owner's ability to withdraw water from  
7 property have diminished rural property values and caused shifts of  
8 the property tax burden to urban taxpayers. Two recent examples are  
9 the Washington state supreme court rulings on minimum instream flow  
10 levels for the Skagit river (*Swinomish Indian Tribal Community v.*  
11 *Dep't of Ecology*, 2013) and the ruling concerning how a county  
12 demonstrates it is protecting surface and groundwater resources in  
13 the rural element of its county comprehensive plans under the growth  
14 management act (*Whatcom County v. W. Wash. Growth Mgmt. Hr'gs Bd.*,  
15 2016 known as *Hirst*). Rulings like these generate significant  
16 uncertainty and frustration for rural residents, and disrupt the  
17 rural economy and construction trades. The legislature finds that  
18 when court rulings diminish property values on rural or undeveloped  
19 land, the result is a tax shift to all other parcels. The legislature  
20 intends to expedite certainty in land transactions and the rural  
21 economy by addressing the tax shift caused by water rulings.

1 Therefore, the legislature will require that all parcels be revalued  
2 promptly following a court ruling that impacts a person's ability to  
3 withdraw water from property, and that the administrative cost of  
4 that reassessment of property be paid by the state.

5 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.40  
6 RCW to read as follows:

7 (1) If, on or before December 31st in any calendar year, water  
8 supply to any real property placed upon the assessment roll of that  
9 year is impacted by a water ruling, the property must be reassessed  
10 to reflect the true and fair value of the property after the water  
11 ruling.

12 (2) The assessor must make such a reduction within one year after  
13 the water ruling; however, the taxpayer may apply for the reduction  
14 on forms prepared by the department and provided by the assessor. The  
15 assessor must notify the taxpayer of the amount of the reduction.

16 (3) The taxpayer may appeal the amount of reduction to the county  
17 board of equalization in accordance with the provisions of RCW  
18 84.40.038.

19 (4) For the purposes of this section, "water ruling" means any  
20 federal or state appellate court ruling that impacts, directly or  
21 indirectly, water supply to any parcel or parcels or the process or  
22 procedures for proving the adequacy of water supply to a parcel as  
23 well as any court ruling that requires a change in county ordinance,  
24 comprehensive plan, development regulation, or procedures or policies  
25 concerning approval of building permits under RCW 19.27.097 or  
26 approval of subdivisions under RCW 58.17.110.

27 (5) If any reassessment has been conducted under this section,  
28 the county assessor must prepare a report that includes, but is not  
29 limited to, the number of parcels with reduced value and the number  
30 of parcels to which a tax burden was shifted, and the extent of the  
31 tax shift. The report is due to the department by March 1st for the  
32 previous calendar year. The county must bill the state for the costs  
33 of the reassessment and preparation of the report, and the state has  
34 the obligation to appropriate sufficient money to cover the cost in  
35 compliance with RCW 43.135.060.

36 NEW SECTION. **Sec. 3.** This act is necessary for the immediate  
37 preservation of the public peace, health, or safety, or support of

1 the state government and its existing public institutions, and takes  
2 effect immediately.

--- END ---