

# **State of Washington Property Tax Assessments Statutes**

## **Basis for Property Tax Assessments – Market Value**

All property is valued and assessed at 100% of its true and fair value unless the law specifically provides otherwise (RCW 84.40.030). New construction is assessed at its true and fair value as of July 31 each year regardless of its percentage of completion (RCW 36.21.070, RCW 36.21.080, WAC 458-12-342). True and fair value: The true and fair value of real property (including property upon which there is a coal or other mine, or stone or other quarry) is based upon the following criteria (RCW 84.40.030, WAC 458-07-030): — Any sales of the property being appraised or similar property with respect to sales made within the past five years. Sales involving deed releases or similar seller-developer financing arrangements are not used as sales of similar property; — 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. These factors are dominant in cases involving 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; — In valuing any tract or parcel of real property, the value of the land, exclusive of structures, and the value of structures are determined, but the valuation must not exceed 100% of the true and fair value of the property at time of the appraisal. In valuing agricultural land, growing crops are excluded; and — Appraisal manuals or guides and data from property owners such as sales data and costs and characteristics of improvements may also be considered in valuing property. The trade level concept for inventory and leased equipment is considered. The trade level is the value in the point of the production stream where the property is found (WAC 458-12-310). All property, unless otherwise provided by statute, is valued on the basis of its highest and best use (WAC 458-07-030).

## **Real Property Defined**

Real property means the following (RCW 84.04.090, WAC 458-12-010): — The land itself, and all buildings, structures, improvements, or other fixtures on the land, except improvements upon state or federal government-owned lands; — All rights and privileges belonging to the land, except leases of real property and leasehold interests for a term less than the life of the holder; — All substances in and under the land;



— All standing timber growing on the land, except standing timber owned separately from the ownership of the land; — All property held to be real property under statutory or case tax law; and — A mobile home that is permanently attached to the land unless the land is not owned by the mobile home owner (RCW 82.50.530).

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### **Personal Property Defined**

Personal property means all goods, chattels, stocks, estates, or moneys, and specifically listed property (RCW 84.04.080, WAC 458-12-005). The common law tests of annexation, appropriation/adaption, and intent are used for purposes of determining whether a fixture becomes real property. Intent is determined by examining all the surrounding circumstances at the time of annexation or installation of the item, including consideration of the nature of the item affixed, the manner of annexation, and the purpose for which the annexation is made, and is not to be gathered exclusively from the statements of the annex or, installer, or owner as to his or her actual state of mind (WAC 458-12-010). Items are considered permanently affixed if they are owned by the owner of the real property and either they are securely attached to the real property or the item appears to be permanently situated in one location on real property and is adapted to use in the place it is located. Items are not considered affixed if they are owned separately from the real property, unless an agreement states that the items are part of the real property and will be left with the real property when the occupant vacates the premises (WAC 458-12-010). All of an electric light and power company's operating property, other than its land and buildings, is assessed and taxed as personal property (RCW 84.12.280).

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### **Intangible Property Taxes**

Intangible property is exempt from taxation (RCW 84.36.070, WAC 458-50-150—WAC 458-50-190, WAC 458-12-005, WAC 458-16-115). However, licenses, permits, and franchises granted by a government agency may be considered in determining the value of real and tangible personal property. Intangible personal property is property that has no value in itself, but rather represents value.