

STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

**Fiscal:** No Fiscal Impact

**Revenue:** Has minimal revenue impact

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**Action Date:** 04/08/15

**Action:** Do Pass.

**Meeting Dates:** 04/08

**Vote:**

Yeas: 5 - Baertschiger Jr, Boquist, Edwards, Hass, Riley

**Prepared By:** Kyle Easton, Economist

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**WHAT THE MEASURE DOES:**

Requires correction of maximum assessed value resulting from assessor changes in property square footage to be proportional to change in real market value of property resulting from the changes in property square footage.

**ISSUES DISCUSSED:**

- Clarification that change in MAV would be at request of property owner, assumption is that owners will only petition in cases where square footage of property as recorded on roll is higher than property's actual square footage.

**EFFECT OF COMMITTEE AMENDMENT:**

No amendment.

**BACKGROUND:**

Under current law, the assessor may reduce maximum assessed value (MAV) if a taxpayer informs the assessor of a discrepancy in the assessed and actual square footage of the taxpayer's property. Current law requires that the reduction in MAV be proportionate to the difference in square footage. Following this calculation could lead to value changes not reflective of actual market conditions causing the assessor to choose not to make the adjustment in MAV.

The proposed changes would still give the assessor discretion in reducing MAV, but the formula used would be reflective of the market value of the square footage change. For example, a 5% reduction in square footage may only be reflective of a 3% reduction in value if that is what market rates would determine it as.