



2024 Board of Equalization Training

DESTROYED PROPERTY

What is Destroyed Property

- Destroyed Property is any real or personal property improvement that has lost value due to the impact of a natural disaster or involuntary destruction.
- A reduction in assessed value for destroyed property may only be considered if the property is physically damaged, at a specific point in time, and the damage reduces the true and fair market value of the property.



Destroyed Property

The assessed value of property may be reduced if:

- ❖ By Dec. 31st, property is destroyed in whole or in part; or
- ❖ The property has been reduced in value by more than 20% and is in an area declared a disaster by the Governor or the CLA

RCW 84.70.010



Destroyed Property

Refund or Abatement of Taxes:

- ❖ Taxes may be abated or refunded during the tax year in which the destruction occurs unless the property was damaged or destroyed voluntarily.
- ❖ The amount of relief is determined by the value of the destroyed property and the date of destruction.

Examples of Destroyed Property

- Fires, including wildfires
- Flood
- Wind Damage
- Mud Slides

The economic
impact of
COVID-19 was
not considered
destroyed
property

Criteria for qualification was not met:

Property was not physically damaged at a specific point in time.

The Emergency Proclamation by the Governor in 2020 was not a declaration of a natural disaster and the long-term shutdowns over a period of time did not constitute destruction of property due to an “event”.

Who Decides What Qualifies as Destroyed Property

- The Assessor makes the decision as to what qualifies for a destroyed property claim. DOR provides guidance to assessors when there is a question as to what qualifies.
- The Assessor's decision as to what qualifies is NOT appealable to the Board of Equalization.
- **ONLY** the new valuation for properties that qualify for a claim can be appealed.

Calculation of Destroyed Property Claim

Example:

The amount of tax to be refunded or reduced is based on the amount of value lost and the number of days remaining in the year after the destruction has occurred. For example, a property that was valued at \$200,000 was damaged by fire on June 28, 2023, and is now worth only \$150,000. Assume a property tax rate of \$14.50 per \$1,000 of assessed value. The reduction of 2024 tax would be calculated as follows:

Calculation of Destroyed Property Claim

| | |
|---|--|
| Assessed Value Prior to Fire: | \$200,000 |
| Assessed Value After Damage Has Occurred: | \$150,000 |
| Value Lost: | \$50,000 |
| | |
| Lost Value X Property Tax Rate: $\$14.50 / \1000 of AV or $\$14.50 \times \$50,000$ | \$725 |
| Multiplied by portion of year remaining after damage has occurred: 186 days left in year / 365 or 50.96% | 50.96% |
| | |
| Amount of Reduction or Refund: | $(50.96\% \times \$725) =$ \$369.46 |
| | |

New Construction

- If the destroyed property is replaced prior to July 31st, the Assessor will place the additional value on the assessment roll for the current year as new construction.
- This new construction value is appealable to the Board of Equalization.

HOW ARE THE ASSESSOR'S NOTIFIED OF DESTROYED PROPERTY?



THE TAXPAYER MAY CONTACT THE ASSESSOR'S OFFICE.



THE FIRE DEPARTMENT WILL SOMETIMES NOTIFY THE ASSESSOR.



LOCAL NEWS AND SOCIAL MEDIA.



AN APPRAISER MAY FIND OUT DURING THAT PROPERTIES NEXT INSPECTION CYCLE.

How does the 2021 legislative change (ESB 5454) to RCW 84.70.010 affect destroyed property claims?



Under this statute, taxpayers may apply for a three-year exemption for physical improvement value added to single family dwellings as a result of property destroyed by a qualifying natural disaster.



The reduction in value must exceed 20% of the assessed value and must have occurred on or after August 31, 2020.



The amount of the exemption cannot exceed the amount of the destroyed property.



Applications must be submitted to the county assessor prior to starting construction on new improvements. No applications can be approved after June 30, 2026.



Contact your local county assessor for more information and an application form.

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