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**ENGROSSED HOUSE BILL 1298**

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**State of Washington**

**52nd Legislature**

**1991 Regular Session**

**By** Representatives Wang, Holland, Nelson, Phillips, Fraser, Brumsickle, Rust, Ballard, Leonard, Horn, Haugen, May, Heavey, Ferguson, Jacobsen, O'Brien, Morris, Winsley, Appelwick, H. Sommers, Dorn, Belcher, Van Luven, Morton, Locke, Brekke, Pruitt, Spanel, Wineberry, Kremen, Cooper, Betrozoff, Jones, Franklin, Dellwo, H. Myers, Ogden, Bray, Cole, Roland, Basich, Scott and Anderson.

Read first time January 25, 1991. Referred to Committee on Revenue.

1       AN ACT Relating to implementing a constitutional amendment  
2 providing property tax exemptions for low-income homeowners; amending  
3 RCW 84.36.383, 84.36.385, 84.36.387, and 84.36.389; adding a new  
4 section to chapter 84.36 RCW; and providing a contingent effective  
5 date.

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

7       NEW SECTION. **Sec. 1.** A new section is added to chapter 84.36 RCW  
8 to read as follows:

9       A person who is not entitled for an exemption under RCW 84.36.381  
10 shall be exempt from any legal obligation to pay all or a portion of  
11 the amount of excess and regular real property taxes due and payable in  
12 the year following the year in which a claim is filed, in accordance  
13 with the following:

1           (1) The property taxes must have been imposed upon a residence that  
2 was occupied by the person claiming the exemption as a principal place  
3 of residence as of January 1st of the year for which the exemption is  
4 claimed: PROVIDED, That a person who sells, transfers, or is displaced  
5 from his or her residence may transfer his or her exemption status to  
6 a replacement residence, but no claimant shall receive an exemption on  
7 more than one residence in a year: PROVIDED FURTHER, That confinement  
8 of the person to a hospital or nursing home shall not disqualify the  
9 claim of exemption if the residence is temporarily unoccupied or if the  
10 residence is occupied by a spouse or a person financially dependent on  
11 the claimant for support.

12           (2) The person claiming the exemption must have owned, at the time  
13 of filing, in fee, as a life estate, or by contract purchase, the  
14 residence on which the property taxes have been imposed or if the  
15 person claiming the exemption lives in a cooperative housing  
16 association, corporation, or partnership, such person must own a share  
17 representing the unit or portion of the structure in which he or she  
18 resides. For purposes of this subsection, a residence owned by a  
19 marital community or owned by cotenants is deemed to be owned by each  
20 spouse or cotenant, and a lease for life shall be deemed a life estate.

21           (3) The amount that the person is exempt from an obligation to pay  
22 shall be calculated on the basis of combined disposable income, as  
23 defined in RCW 84.36.383.

24           (4)(a) A person who otherwise qualifies under this section and has  
25 a combined disposable income of eighteen thousand dollars or less but  
26 greater than fifteen thousand dollars is exempt from all excess and  
27 regular property taxes on the greater of thirty thousand dollars or  
28 thirty percent of the valuation of his or her residence, but not to  
29 exceed fifty thousand dollars of the valuation of his or her residence;  
30 or

1 (b) A person who otherwise qualifies under this section and has a  
2 combined disposable income of fifteen thousand dollars or less is  
3 exempt from all excess and regular property taxes on the greater of  
4 thirty-four thousand dollars or fifty percent of the valuation of his  
5 or her residence.

6 **Sec. 2.** RCW 84.36.383 and 1991 c 213 s 4 are each amended to read  
7 as follows:

8 As used in RCW 84.36.381 through 84.36.389 and section 1 of this  
9 act, except where the context clearly indicates a different meaning:

10 (1) The term "residence" shall mean a single family dwelling unit  
11 whether such unit be separate or part of a multiunit dwelling,  
12 including the land on which such dwelling stands not to exceed one  
13 acre. The term shall also include a share ownership in a cooperative  
14 housing association, corporation, or partnership if the person claiming  
15 exemption can establish that his or her share represents the specific  
16 unit or portion of such structure in which he or she resides. The term  
17 shall also include a single family dwelling situated upon lands the fee  
18 of which is vested in the United States or any instrumentality thereof  
19 including an Indian tribe or in the state of Washington, and  
20 notwithstanding the provisions of RCW 84.04.080(~~(7)~~) or 84.04.090 (~~(or~~  
21 ~~84.40.250)~~), such a residence shall be deemed real property.

22 (2) The term "real property" shall also include a mobile home which  
23 has substantially lost its identity as a mobile unit by virtue of its  
24 being fixed in location upon land owned or leased by the owner of the  
25 mobile home and placed on a foundation (posts or blocks) with fixed  
26 pipe, connections with sewer, water, or other utilities: PROVIDED,  
27 That a mobile home located on land leased by the owner of the mobile  
28 home shall be subject, for tax billing, payment, and collection

1 purposes, only to the personal property provisions of chapter 84.56 RCW  
2 and RCW 84.60.040.

3 (3) The term "preceding calendar year" shall mean the calendar year  
4 preceding the year in which the claim for exemption is to be made.

5 (4) "Department" shall mean the state department of revenue.

6 (5) "Combined disposable income" means the disposable income of the  
7 person claiming the exemption, plus the disposable income of his or her  
8 spouse, and the disposable income of each cotenant occupying the  
9 residence for the preceding calendar year, less amounts paid by the  
10 person claiming the exemption or his or her spouse during the previous  
11 year for the treatment or care of either person received in the home or  
12 in a nursing home.

13 (6) "Disposable income" means adjusted gross income as defined in  
14 the federal internal revenue code, as amended prior to January 1, 1989,  
15 or such subsequent date as the director may provide by rule consistent  
16 with the purpose of this section, plus all of the following items to  
17 the extent they are not included in or have been deducted from adjusted  
18 gross income:

19 (a) Capital gains, other than nonrecognized gain on the sale of a  
20 principal residence under section 1034 of the federal internal revenue  
21 code, or gain excluded from income under section 121 of the federal  
22 internal revenue code to the extent it is reinvested in a new principal  
23 residence;

24 (b) Amounts deducted for loss;

25 (c) Amounts deducted for depreciation;

26 (d) Pension and annuity receipts;

27 (e) Military pay and benefits other than attendant-care and  
28 medical-aid payments;

29 (f) Veterans benefits other than attendant-care and medical-aid  
30 payments;

- 1 (g) Federal social security act and railroad retirement benefits;  
2 (h) Dividend receipts; and  
3 (i) Interest received on state and municipal bonds.  
4 (7) "Cotenant" means a person who resides with the person claiming  
5 the exemption and who has an ownership interest in the residence.

6 **Sec. 3.** RCW 84.36.385 and 1988 c 222 s 10 are each amended to read  
7 as follows:

8 A claim for exemption under RCW 84.36.381 (~~as now or hereafter~~  
9 ~~amended,~~) shall be made and filed at any time during the year for  
10 exemption from taxes payable the following year and thereafter and  
11 solely upon forms as prescribed and furnished by the department of  
12 revenue.

13 A person granted an exemption under RCW 84.36.381 shall inform the  
14 county assessor of any change in status affecting the person's  
15 entitlement to the exemption on forms prescribed and furnished by the  
16 department of revenue.

17 A claim for exemption under section 1 of this act shall be made  
18 annually and filed at any time during the year for exemption from taxes  
19 payable the following year. The claim must be made upon forms as  
20 prescribed and furnished by the department of revenue.

21 If the assessor finds that the applicant does not meet the  
22 qualifications as set forth in RCW 84.36.381(~~, as now or hereafter~~  
23 ~~amended,~~) or section 1 of this act the claim or exemption shall be  
24 denied but such denial shall be subject to appeal under the provisions  
25 of RCW 84.48.010(5). If the applicant had received exemption in prior  
26 years based on erroneous information, the taxes shall be collected  
27 subject to penalties as provided in RCW 84.40.130 for a period of not  
28 to exceed three years.

1       The department and each local assessor is hereby directed to  
2 publicize the qualifications and manner of making claims under RCW  
3 84.36.381 through 84.36.389 and section 1 of this act, through  
4 communications media, including such paid advertisements or notices as  
5 it deems appropriate. Notice of the qualifications, method of making  
6 applications, the penalties for not reporting a change in status, and  
7 availability of further information shall be included on or with  
8 property tax statements and revaluation notices for all residential  
9 property including mobile homes, except rental properties.

10       **Sec. 4.** RCW 84.36.387 and 1980 c 185 s 6 are each amended to read  
11 as follows:

12       (1) All claims for exemption under RCW 84.36.381 or section 1 of  
13 this act shall be made and signed by the person entitled to the  
14 exemption, by his or her attorney in fact or in the event the residence  
15 of such person is under mortgage or purchase contract requiring  
16 accumulation of reserves out of which the holder of the mortgage or  
17 contract is required to pay real estate taxes, by such holder or by the  
18 owner, either before two witnesses or the county assessor or his deputy  
19 in the county where the real property is located: PROVIDED, That if a  
20 claim for exemption is made by a person living in a cooperative housing  
21 association, corporation, or partnership, such claim shall be made and  
22 signed by the person entitled to the exemption and by the authorized  
23 agent of such cooperative.

24       (2) If the taxpayer is unable to submit his own claim, the claim  
25 shall be submitted by a duly authorized agent or by a guardian or other  
26 person charged with the care of the person or property of such  
27 taxpayer.

28       (3) Any person signing a false claim with the intent to defraud or  
29 evade the payment of any tax shall be guilty of the offense of perjury.

1 (4) The tax liability of a cooperative housing association,  
2 corporation, or partnership shall be reduced by the amount of tax  
3 exemption to which a claimant residing therein is entitled and such  
4 cooperative shall reduce any amount owed by the claimant to the  
5 cooperative by such exact amount of tax exemption or, if no amount be  
6 owed, the cooperative shall make payment to the claimant of such exact  
7 amount of exemption.

8 (5) A remainderman or other person who would have otherwise paid  
9 the tax on real property that is the subject of an exemption granted  
10 under RCW 84.36.381 or section 1 of this act for an estate for life  
11 shall reduce the amount which would have been payable by the life  
12 tenant to the remainderman or other person to the extent of the  
13 exemption. If no amount is owed or separately stated as an obligation  
14 between these persons, the remainderman or other person shall make  
15 payment to the life tenant in the exact amount of the exemption.

16 **Sec. 5.** RCW 84.36.389 and 1979 ex.s. c 214 s 4 are each amended to  
17 read as follows:

18 (1) The director of the department of revenue shall adopt such  
19 rules (~~and regulations~~) and prescribe such forms as may be necessary  
20 and appropriate for implementation and administration of this chapter  
21 subject to chapter 34.05 RCW, the administrative procedure act.

22 (2) The department may conduct such audits of the administration of  
23 RCW 84.36.381 through 84.36.389 and section 1 of this act and the  
24 claims for exemption filed thereunder as it considers necessary. The  
25 powers of the department under chapter 84.08 RCW apply to these audits.

26 (3) Any information or facts concerning confidential income data  
27 obtained by the assessor or the department, or their agents or  
28 employees, under subsection (2) of this section shall be used only to  
29 administer RCW 84.36.381 through 84.36.389 and section 1 of this act.

1 Notwithstanding any provision of law to the contrary, absent written  
2 consent by the person about whom the information or facts have been  
3 obtained, the confidential income data shall not be disclosed by the  
4 assessor or the assessor's agents or employees to anyone other than the  
5 department or the department's agents or employees nor by the  
6 department or the department's agents or employees to anyone other than  
7 the assessor or the assessor's agents or employees except in a judicial  
8 proceeding pertaining to the taxpayer's entitlement to the tax  
9 exemption under RCW 84.36.381 through 84.36.389 and section 1 of this  
10 act. Any violation of this subsection is a misdemeanor.

11 NEW SECTION. **Sec. 6.** If the proposed amendment to Article 7  
12 of the state Constitution authorizing low-income property tax relief is  
13 validly submitted to and is approved and ratified by the voters at a  
14 general election held in November 1992, sections 1 through 5 of this  
15 act shall take effect immediately upon certification of the election  
16 and shall be effective for taxes levied for collection in 1993 and  
17 thereafter. The department of revenue and the county assessors shall  
18 take all necessary steps to ensure that this act is implemented  
19 immediately upon becoming effective. If the proposed amendment is not  
20 so approved and ratified, sections 1 through 5 of this act are void in  
21 their entirety.