
HOUSE BILL 1683

State of Washington

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By Representatives Pennington, Mielke, McDonald, Boldt, Fortunato, Koster, DeBolt, Carrell, Campbell, Carlson, Mulliken, Van Luven, Lisk, B. Chandler, Pflug, Benson, Hankins, McMorris, Mastin, Dunn, Mitchell, Bush, Schoesler and Wensman

Read first time 02/02/1999. Referred to Committee on Finance.

1 AN ACT Relating to limiting assessed value growth for retired
2 persons; amending RCW 84.36.381; adding a new section to chapter 84.36
3 RCW; adding a new section to chapter 84.55 RCW; and creating a new
4 section.

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

6 **Sec. 1.** RCW 84.36.381 and 1998 c 333 s 1 are each amended to read
7 as follows:

8 A person shall be exempt from any legal obligation to pay all or a
9 portion of the amount of excess and regular real property taxes due and
10 payable in the year following the year in which a claim is filed, and
11 thereafter, in accordance with the following:

12 (1) The property taxes must have been imposed upon a residence
13 which was occupied by the person claiming the exemption as a principal
14 place of residence as of the time of filing: PROVIDED, That any person
15 who sells, transfers, or is displaced from his or her residence may
16 transfer his or her exemption status to a replacement residence, but no
17 claimant shall receive an exemption on more than one residence in any
18 year: PROVIDED FURTHER, That confinement of the person to a hospital
19 or nursing home shall not disqualify the claim of exemption if:

1 (a) The residence is temporarily unoccupied;

2 (b) The residence is occupied by a spouse and/or a person
3 financially dependent on the claimant for support; or

4 (c) The residence is rented for the purpose of paying nursing home
5 or hospital costs;

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

16 (3) The person claiming the exemption must be sixty-one years of
17 age or older on December 31st of the year in which the exemption claim
18 is filed, or must have been, at the time of filing, retired from
19 regular gainful employment by reason of physical disability: PROVIDED,
20 That any surviving spouse of a person who was receiving an exemption at
21 the time of the person's death shall qualify if the surviving spouse is
22 fifty-seven years of age or older and otherwise meets the requirements
23 of this section;

24 (4) The amount that the person shall be exempt from an obligation
25 to pay shall be calculated on the basis of combined disposable income,
26 as defined in RCW 84.36.383. If the person claiming the exemption was
27 retired for two months or more of the assessment year, the combined
28 disposable income of such person shall be calculated by multiplying the
29 average monthly combined disposable income of such person during the
30 months such person was retired by twelve. If the income of the person
31 claiming exemption is reduced for two or more months of the assessment
32 year by reason of the death of the person's spouse, or when other
33 substantial changes occur in disposable income that are likely to
34 continue for an indefinite period of time, the combined disposable
35 income of such person shall be calculated by multiplying the average
36 monthly combined disposable income of such person after such
37 occurrences by twelve. If it is necessary to estimate income to comply
38 with this subsection, the assessor may require confirming documentation
39 of such income prior to May 31 of the year following application;

1 (5)(a) A person who otherwise qualifies under this section and has
2 a combined disposable income of thirty thousand dollars or less shall
3 be exempt from all excess property taxes; and

4 (b)(i) A person who otherwise qualifies under this section and has
5 a combined disposable income of twenty-four thousand dollars or less
6 but greater than eighteen thousand dollars shall be exempt from all
7 regular property taxes on the greater of forty thousand dollars or
8 thirty-five percent of the valuation of his or her residence, but not
9 to exceed sixty thousand dollars of the valuation of his or her
10 residence; or

11 (ii) A person who otherwise qualifies under this section and has a
12 combined disposable income of eighteen thousand dollars or less shall
13 be exempt from all regular property taxes on the greater of fifty
14 thousand dollars or sixty percent of the valuation of his or her
15 residence; and

16 (6) For a person who otherwise qualifies under this section and has
17 a combined disposable income of thirty thousand dollars or less, the
18 valuation of the residence shall be the assessed value of the residence
19 on the later of January 1, 1995, or January 1st of the assessment year
20 the person first qualifies under this section. If the person
21 subsequently fails to qualify under this ~~((section))~~ subsection only
22 for one year because of high income, this same valuation shall be used
23 upon requalification. If the person fails to qualify for more than one
24 year in succession because of high income or fails to qualify for any
25 other reason, the valuation upon requalification under this subsection
26 shall be the assessed value on January 1st of the assessment year in
27 which the person requalifies.

28 (7) For a person who otherwise qualifies under this section and has
29 a combined disposable income of fifty thousand dollars or less but
30 greater than thirty thousand dollars, the valuation of the residence
31 shall be the assessed value of the residence for the previous year,
32 plus two percent. For counties that do not revalue property annually,
33 the valuation of the residence shall be the previous assessed value
34 plus two percent for each year since the previous revaluation of the
35 residence. If the person subsequently fails to qualify under this
36 subsection only for one year because of high income, the valuation of
37 the residence upon requalification shall be calculated as if the person
38 had been qualified the previous year. If the person fails to qualify
39 for more than one year in succession because of high income or fails to

1 qualify for any other reason, the valuation upon requalification shall
2 be the assessed value on January 1st of the assessment year in which
3 the person requalifies.

4 (8) If the person transfers the exemption under this section to a
5 different residence, the valuation of the different residence, for the
6 purposes of subsection (6) or (7) of this section, shall be the
7 assessed value of the different residence on January 1st of the
8 assessment year in which the person transfers the exemption.

9 (9)(a) In no event may the valuation under ~~((this))~~ subsection (6)
10 or (7) of this section be greater than the true and fair value of the
11 residence on January 1st of the assessment year.

12 ~~((This subsection does))~~ (b) Subsections (6) and (7) of this
13 section do not apply to subsequent improvements to the property in the
14 year in which the improvements are made. Subsequent improvements to
15 the property shall be added to the value otherwise determined under
16 this subsection at their true and fair value in the year in which they
17 are made.

18 NEW SECTION. Sec. 2. A new section is added to chapter 84.36 RCW
19 to read as follows:

20 The valuation of a residence determined under RCW 84.36.381(7)
21 shall apply for the levies of all taxing districts, unless the
22 legislative authority of a county adopts an ordinance or resolution
23 providing that valuations under RCW 84.36.381(7) do not apply within
24 the county. If such an ordinance or resolution is adopted, valuations
25 under RCW 84.36.381(7) shall not apply to the levy of any taxing
26 district upon property within the county, except the levy by the state.
27 If the ordinance or resolution is repealed, valuation of a residence
28 determined under RCW 84.36.381(7) shall apply for the levies of all
29 taxing districts upon property within the county.

30 NEW SECTION. Sec. 3. A new section is added to chapter 84.55 RCW
31 to read as follows:

32 The levy for a taxing district in any year shall be reduced as
33 necessary to prevent exemptions under RCW 84.36.381(7) from resulting
34 in a higher tax rate than would have occurred in the absence of the
35 exemptions under RCW 84.36.381(7).

1 NEW SECTION. **Sec. 4.** This act applies to taxes levied for
2 collection in 2000 and thereafter.

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