
SUBSTITUTE HOUSE BILL 1102

State of Washington 60th Legislature 2007 Regular Session

By House Committee on Finance (originally sponsored by Representatives Campbell, Green, McCune, Conway, Kirby, Appleton, McCoy, Ormsby, B. Sullivan, Hurst, Linville, O'Brien, P. Sullivan, Sells, Springer, Rolfes, Moeller, Wallace and Morrell)

READ FIRST TIME 02/19/07.

1 AN ACT Relating to property tax exemptions for persons with
2 disabilities related to the performance of military duties; amending
3 RCW 84.36.381 and 84.36.383; and creating a new section.

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

5 **Sec. 1.** RCW 84.36.381 and 2005 c 248 s 2 are each amended to read
6 as follows:

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

11 (1) The property taxes must have been imposed upon a residence
12 which was occupied by the person claiming the exemption as a principal
13 place of residence as of the time of filing: PROVIDED, That any person
14 who sells, transfers, or is displaced from his or her residence may
15 transfer his or her exemption status to a replacement residence, but no
16 claimant shall receive an exemption on more than one residence in any
17 year: PROVIDED FURTHER, That confinement of the person to a hospital,
18 nursing home, boarding home, or adult family home shall not disqualify
19 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 hospital, boarding home, or adult family home 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 (~~(a)~~) sixty-one
17 years of age or older on December 31st of the year in which the
18 exemption claim is filed, or must have been, at the time of filing,
19 retired from regular gainful employment by reason of disability(~~(, or~~
20 ~~(b) a veteran of the armed forces of the United States with one hundred~~
21 ~~percent service connected disability as provided in 42 U.S.C. Sec. 423~~
22 ~~(d)(1)(A) as amended prior to January 1, 2005)). However, any~~
23 surviving spouse of a person who was receiving an exemption at the time
24 of the person's death shall qualify if the surviving spouse is fifty-
25 seven years of age or older and otherwise meets the requirements of
26 this section;

27 (4) The amount that the person shall be exempt from an obligation
28 to pay shall be calculated on the basis of combined disposable income,
29 as defined in RCW 84.36.383. If the person claiming the exemption was
30 retired for two months or more of the assessment year, the combined
31 disposable income of such person shall be calculated by multiplying the
32 average monthly combined disposable income of such person during the
33 months such person was retired by twelve. If the income of the person
34 claiming exemption is reduced for two or more months of the assessment
35 year by reason of the death of the person's spouse, or when other
36 substantial changes occur in disposable income that are likely to
37 continue for an indefinite period of time, the combined disposable
38 income of such person shall be calculated by multiplying the average

1 monthly combined disposable income of such person after such
2 occurrences by twelve. If it is necessary to estimate income to comply
3 with this subsection, the assessor may require confirming documentation
4 of such income prior to May 31 of the year following application;

5 (5)(a) A person who otherwise qualifies under this section and has
6 a combined disposable income of thirty-five thousand dollars or less,
7 or seventy thousand dollars or less for a veteran of the armed forces,
8 shall be exempt from all excess property taxes; and

9 (b)(i) A person who otherwise qualifies under this section and has
10 a combined disposable income of thirty thousand dollars or less but
11 greater than twenty-five thousand dollars shall be exempt from all
12 regular property taxes on the greater of fifty thousand dollars or
13 thirty-five percent of the valuation of his or her residence, but not
14 to exceed seventy thousand dollars of the valuation of his or her
15 residence; or

16 (ii) A person who otherwise qualifies under this section and has a
17 combined disposable income of twenty-five thousand dollars or less, or
18 seventy thousand dollars or less for a veteran of the armed forces,
19 shall be exempt from all regular property taxes on the greater of sixty
20 thousand dollars or sixty percent of the valuation of his or her
21 residence;

22 (6) For a person who otherwise qualifies under this section and has
23 a combined disposable income of thirty-five thousand dollars or less,
24 or seventy thousand dollars or less for a veteran of the armed forces,
25 the valuation of the residence shall be the assessed value of the
26 residence on the later of January 1, 1995, or January 1st of the
27 assessment year the person first qualifies under this section. If the
28 person subsequently fails to qualify under this section only for one
29 year because of high income, this same valuation shall be used upon
30 requalification. If the person fails to qualify for more than one year
31 in succession because of high income or fails to qualify for any other
32 reason, the valuation upon requalification shall be the assessed value
33 on January 1st of the assessment year in which the person requalifies.
34 If the person transfers the exemption under this section to a different
35 residence, the valuation of the different residence shall be the
36 assessed value of the different residence on January 1st of the
37 assessment year in which the person transfers the exemption.

1 In no event may the valuation under this subsection be greater than
2 the true and fair value of the residence on January 1st of the
3 assessment year.

4 This subsection does not apply to subsequent improvements to the
5 property in the year in which the improvements are made. Subsequent
6 improvements to the property shall be added to the value otherwise
7 determined under this subsection at their true and fair value in the
8 year in which they are made.

9 **Sec. 2.** RCW 84.36.383 and 2006 c 62 s 1 are each amended to read
10 as follows:

11 As used in RCW 84.36.381 through 84.36.389, except where the
12 context clearly indicates a different meaning:

13 (1) The term "residence" means a single family dwelling unit
14 whether such unit be separate or part of a multiunit dwelling,
15 including the land on which such dwelling stands not to exceed one
16 acre, except that a residence includes any additional property up to a
17 total of five acres that comprises the residential parcel if this
18 larger parcel size is required under land use regulations. The term
19 shall also include a share ownership in a cooperative housing
20 association, corporation, or partnership if the person claiming
21 exemption can establish that his or her share represents the specific
22 unit or portion of such structure in which he or she resides. The term
23 shall also include a single family dwelling situated upon lands the fee
24 of which is vested in the United States or any instrumentality thereof
25 including an Indian tribe or in the state of Washington, and
26 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a
27 residence shall be deemed real property.

28 (2) The term "real property" shall also include a mobile home which
29 has substantially lost its identity as a mobile unit by virtue of its
30 being fixed in location upon land owned or leased by the owner of the
31 mobile home and placed on a foundation (posts or blocks) with fixed
32 pipe, connections with sewer, water, or other utilities. A mobile home
33 located on land leased by the owner of the mobile home is subject, for
34 tax billing, payment, and collection purposes, only to the personal
35 property provisions of chapter 84.56 RCW and RCW 84.60.040.

36 (3) "Department" means the state department of revenue.

1 (4) "Combined disposable income" means the disposable income of the
2 person claiming the exemption, plus the disposable income of his or her
3 spouse, and the disposable income of each cotenant occupying the
4 residence for the assessment year, less amounts paid by the person
5 claiming the exemption or his or her spouse during the assessment year
6 for:

7 (a) Drugs supplied by prescription of a medical practitioner
8 authorized by the laws of this state or another jurisdiction to issue
9 prescriptions;

10 (b) The treatment or care of either person received in the home or
11 in a nursing home, boarding home, or adult family home; and

12 (c) Health care insurance premiums for medicare under Title XVIII
13 of the social security act.

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

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

23 (b) Amounts deducted for loss;

24 (c) Amounts deducted for depreciation;

25 (d) Pension and annuity receipts;

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

28 (f) Veterans benefits, other than attendant-care ~~((and))~~ payments,
29 medical-aid payments, compensation for service-connected disabilities,
30 and special monthly compensation payments;

31 (g) Federal social security act and railroad retirement benefits;

32 (h) Dividend receipts; and

33 (i) Interest received on state and municipal bonds.

34 (6) "Cotenant" means a person who resides with the person claiming
35 the exemption and who has an ownership interest in the residence.

36 (7) "Disability" has the same meaning as provided in 42 U.S.C. Sec.
37 423(d)(1)(A) as amended prior to January 1, 2004, or such subsequent

1 date as the director may provide by rule consistent with the purpose of
2 this section.

3 (8) "Veteran of the armed forces" means a veteran of the armed
4 forces of the United States with a service-connected total disability
5 rating under 38 C.F.R. 4.1 et seq., as those sections existed on
6 January 1, 2007, or such subsequent date as the director may provide by
7 rule consistent with the purpose of this section. For the purposes of
8 this subsection (8), the definition of "disability" in subsection (7)
9 of this section does not apply, and its meaning shall be consistent
10 with its use in 38 C.F.R. 4.1 et seq.

11 NEW SECTION. **Sec. 3.** This act applies to taxes levied for
12 collection in 2008 and thereafter.

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