

SENATE BILL 5271

State of Washington

52nd Legislature

1991 Regular Session

By Senators Rinehart, Conner, Sutherland, Williams, Gaspard, Murray, Bauer, Talmadge, Niemi, A. Smith, Pelz, McMullen and Skratek.

Read first time January 25, 1991. Referred to Committee on Ways & Means.

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:

14 (1) The property taxes must have been imposed upon a residence that
15 was occupied by the person claiming the exemption as a principal place

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

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

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

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

29 (b) A person who otherwise qualifies under this section and has a
30 combined disposable income of fifteen thousand dollars or less is

1 exempt from all excess and regular property taxes on the greater of
2 thirty-four thousand dollars or fifty percent of the valuation of his
3 or her residence.

4 **Sec. 2.** RCW 84.36.383 and 1989 c 379 s 6 are each amended to read
5 as follows:

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

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

20 (2) The term "real property" shall also include a mobile home which
21 has substantially lost its identity as a mobile unit by virtue of its
22 being fixed in location upon land owned or leased by the owner of the
23 mobile home and placed on a foundation (posts or blocks) with fixed
24 pipe, connections with sewer, water, or other utilities: PROVIDED,
25 That a mobile home located on land leased by the owner of the mobile
26 home shall be subject, for tax billing, payment, and collection
27 purposes, only to the personal property provisions of chapter 84.56 RCW
28 and RCW 84.60.040.

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

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

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

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

16 (a) Capital gains;

17 (b) Amounts deducted for loss;

18 (c) Amounts deducted for depreciation;

19 (d) Pension and annuity receipts;

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

22 (f) Veterans benefits other than attendant-care and medical-aid
23 payments;

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

25 (h) Dividend receipts; and

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

27 (7) "Cotenant" means a person who resides with the person claiming
28 the exemption and who has an ownership interest in the residence.

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

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

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

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

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

24 The department and each local assessor is hereby directed to
25 publicize the qualifications and manner of making claims under RCW
26 84.36.381 through 84.36.389 and section 1 of this act, through
27 communications media, including such paid advertisements or notices as
28 it deems appropriate. Notice of the qualifications, method of making
29 applications, the penalties for not reporting a change in status, and
30 availability of further information shall be included on or with

1 property tax statements and revaluation notices for all residential
2 property including mobile homes, except rental properties.

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

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

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

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

23 (4) The tax liability of a cooperative housing association,
24 corporation, or partnership shall be reduced by the amount of tax
25 exemption to which a claimant residing therein is entitled and such
26 cooperative shall reduce any amount owed by the claimant to the
27 cooperative by such exact amount of tax exemption or, if no amount be
28 owed, the cooperative shall make payment to the claimant of such exact
29 amount of exemption.

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

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

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

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

19 (3) Any information or facts concerning confidential income data
20 obtained by the assessor or the department, or their agents or
21 employees, under subsection (2) of this section shall be used only to
22 administer RCW 84.36.381 through 84.36.389 and section 1 of this act.
23 Notwithstanding any provision of law to the contrary, absent written
24 consent by the person about whom the information or facts have been
25 obtained, the confidential income data shall not be disclosed by the
26 assessor or the assessor's agents or employees to anyone other than the
27 department or the department's agents or employees nor by the
28 department or the department's agents or employees to anyone other than
29 the assessor or the assessor's agents or employees except in a judicial

1 proceeding pertaining to the taxpayer's entitlement to the tax
2 exemption under RCW 84.36.381 through 84.36.389 and section 1 of this
3 act. Any violation of this subsection is a misdemeanor.

4 NEW SECTION. **Sec. 6.** If the proposed amendment to Article 7
5 of the state Constitution authorizing low-income property tax relief is
6 validly submitted to and is approved and ratified by the voters at a
7 general election held in November 1991, sections 1 through 5 of this
8 act shall take effect immediately upon certification of the election
9 and shall be effective for taxes levied for collection in 1992 and
10 thereafter. The department of revenue and the county assessors shall
11 take all necessary steps to ensure that this act is implemented
12 immediately upon becoming effective. If the proposed amendment is not
13 so approved and ratified, sections 1 through 5 of this act are void in
14 their entirety.