
HOUSE BILL 2034

State of Washington

53rd Legislature

1993 Regular Session

By Representatives Wang, G. Fisher, Ballard, Foreman, Jones, Brown, Quall, J. Kohl and Horn

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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
16 of residence as of January 1st of the year for which the exemption is
17 claimed: PROVIDED, That a person who sells, transfers, or is displaced
18 from his or her residence may transfer his or her exemption status to
19 a replacement residence, but no claimant shall receive an exemption on

1 more than one residence in a year: PROVIDED FURTHER, That confinement
2 of the person to a hospital or nursing home shall not disqualify the
3 claim of exemption if the residence is temporarily unoccupied or if the
4 residence is occupied by a spouse or a person financially dependent on
5 the claimant for support.

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 representing the unit or portion of the structure in which he or she
12 resides. For purposes of this subsection, a residence owned by a
13 marital community or owned by cotenants is deemed to be owned by each
14 spouse or cotenant, and a lease for life shall be deemed a life estate.

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

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

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

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

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

34 (1) The term "residence" shall mean a single family dwelling unit
35 whether such unit be separate or part of a multiunit dwelling,
36 including the land on which such dwelling stands not to exceed one
37 acre. The term shall also include a share ownership in a cooperative
38 housing association, corporation, or partnership if the person claiming

1 exemption can establish that his or her share represents the specific
2 unit or portion of such structure in which he or she resides. The term
3 shall also include a single family dwelling situated upon lands the fee
4 of which is vested in the United States or any instrumentality thereof
5 including an Indian tribe or in the state of Washington, and
6 notwithstanding the provisions of RCW 84.04.080, 84.04.090 or
7 84.40.250, such a residence shall be deemed real property.

8 (2) The term "real property" shall also include a mobile home which
9 has substantially lost its identity as a mobile unit by virtue of its
10 being fixed in location upon land owned or leased by the owner of the
11 mobile home and placed on a foundation (posts or blocks) with fixed
12 pipe, connections with sewer, water, or other utilities: PROVIDED,
13 That a mobile home located on land leased by the owner of the mobile
14 home shall be subject, for tax billing, payment, and collection
15 purposes, only to the personal property provisions of chapter 84.56 RCW
16 and RCW 84.60.040.

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

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

20 (5) "Combined disposable income" means the disposable income of the
21 person claiming the exemption, plus the disposable income of his or her
22 spouse, and the disposable income of each cotenant occupying the
23 residence for the preceding calendar year, less amounts paid by the
24 person claiming the exemption or his or her spouse during the previous
25 year for the treatment or care of either person received in the home or
26 in a nursing home.

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

33 (a) Capital gains, other than nonrecognized gain on the sale of a
34 principal residence under section 1034 of the federal internal revenue
35 code, or gain excluded from income under section 121 of the federal
36 internal revenue code to the extent it is reinvested in a new principal
37 residence;

38 (b) Amounts deducted for loss;

39 (c) Amounts deducted for depreciation;

- 1 (d) Pension and annuity receipts;
2 (e) Military pay and benefits other than attendant-care and
3 medical-aid payments;
4 (f) Veterans benefits other than attendant-care and medical-aid
5 payments;
6 (g) Federal social security act and railroad retirement benefits;
7 (h) Dividend receipts; and
8 (i) Interest received on state and municipal bonds.
9 (7) "Cotenant" means a person who resides with the person claiming
10 the exemption and who has an ownership interest in the residence.

11 **Sec. 3.** RCW 84.36.385 and 1992 c 206 s 13 are each amended to read
12 as follows:

13 (1) A claim for exemption under RCW 84.36.381 (~~(as now or hereafter~~
14 ~~amended,)~~) shall be made and filed at any time during the year for
15 exemption from taxes payable the following year and thereafter and
16 solely upon forms as prescribed and furnished by the department of
17 revenue. However, an exemption from tax under RCW 84.36.381 shall
18 continue for no more than four years unless a renewal application is
19 filed as provided in subsection (~~((+3))~~) (4) of this section. The
20 county assessor may also require, by written notice, a renewal
21 application following an amendment of the income requirements set forth
22 in RCW 84.36.381. Renewal applications shall be on forms prescribed
23 and furnished by the department of revenue.

24 (2) A person granted an exemption under RCW 84.36.381 shall inform
25 the county assessor of any change in status affecting the person's
26 entitlement to the exemption on forms prescribed and furnished by the
27 department of revenue.

28 (3) A claim for exemption under section 1 of this act shall be made
29 annually and filed at any time during the year for exemption from taxes
30 payable the following year. The claim must be made upon forms as
31 prescribed and furnished by the department of revenue.

32 (4) Each person exempt from taxes under RCW 84.36.381 in 1993 and
33 thereafter, shall file with the county assessor a renewal application
34 not later than December 31 of the year the assessor notifies such
35 person of the requirement to file the renewal application.

36 (~~((+4))~~) (5) Beginning in 1992 and in each of the three succeeding
37 years, the county assessor shall notify approximately one-fourth of
38 those persons exempt from taxes under RCW 84.36.381 in the current year

1 who have not filed a renewal application within the previous four
2 years, of the requirement to file a renewal application.

3 ~~((+5))~~ (6) If the assessor finds that the applicant does not meet
4 the qualifications as set forth in RCW 84.36.381(~~(, as now or hereafter~~
5 ~~amended,)~~) or section 1 of this act the claim or exemption shall be
6 denied but such denial shall be subject to appeal under the provisions
7 of RCW 84.48.010(5). If the applicant had received exemption in prior
8 years based on erroneous information, the taxes shall be collected
9 subject to penalties as provided in RCW 84.40.130 for a period of not
10 to exceed three years.

11 ~~((+6))~~ (7) The department and each local assessor is hereby
12 directed to publicize the qualifications and manner of making claims
13 under RCW 84.36.381 through 84.36.389 and section 1 of this act,
14 through communications media, including such paid advertisements or
15 notices as it deems appropriate. Notice of the qualifications, method
16 of making applications, the penalties for not reporting a change in
17 status, and availability of further information shall be included on or
18 with property tax statements and revaluation notices for all
19 residential property including mobile homes, except rental properties.

20 **Sec. 4.** RCW 84.36.387 and 1992 c 206 s 14 are each amended to read
21 as follows:

22 (1) All claims for exemption under RCW 84.36.381 or section 1 of
23 this act shall be made and signed by the person entitled to the
24 exemption, by his or her attorney in fact or in the event the residence
25 of such person is under mortgage or purchase contract requiring
26 accumulation of reserves out of which the holder of the mortgage or
27 contract is required to pay real estate taxes, by such holder or by the
28 owner, either before two witnesses or the county assessor or his or her
29 deputy in the county where the real property is located: PROVIDED,
30 That if a claim for exemption is made by a person living in a
31 cooperative housing association, corporation, or partnership, such
32 claim shall be made and signed by the person entitled to the exemption
33 and by the authorized agent of such cooperative.

34 (2) If the taxpayer is unable to submit his or her own claim, the
35 claim shall be submitted by a duly authorized agent or by a guardian or
36 other person charged with the care of the person or property of such
37 taxpayer.

1 (3) All claims for exemption and renewal applications shall be
2 accompanied by such documented verification of income as shall be
3 prescribed by rule adopted by the department of revenue.

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

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

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

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

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

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

31 (3) Any information or facts concerning confidential income data
32 obtained by the assessor or the department, or their agents or
33 employees, under subsection (2) of this section shall be used only to
34 administer RCW 84.36.381 through 84.36.389 and section 1 of this act.
35 Notwithstanding any provision of law to the contrary, absent written
36 consent by the person about whom the information or facts have been
37 obtained, the confidential income data shall not be disclosed by the
38 assessor or the assessor's agents or employees to anyone other than the

1 department or the department's agents or employees nor by the
2 department or the department's agents or employees to anyone other than
3 the assessor or the assessor's agents or employees except in a judicial
4 proceeding pertaining to the taxpayer's entitlement to the tax
5 exemption under RCW 84.36.381 through 84.36.389 and section 1 of this
6 act. Any violation of this subsection is a misdemeanor.

7 NEW SECTION. **Sec. 6.** If the proposed amendment to Article 7 of
8 the state Constitution authorizing low-income property tax relief is
9 validly submitted to and is approved and ratified by the voters at a
10 general election held in November 1993, sections 1 through 5 of this
11 act shall take effect immediately upon certification of the election
12 and shall be effective for taxes levied for collection in 1994 and
13 thereafter. The department of revenue and the county assessors shall
14 take all necessary steps to ensure that this act is implemented
15 immediately upon becoming effective. If the proposed amendment is not
16 so approved and ratified, sections 1 through 5 of this act are void in
17 their entirety.

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