
HOUSE BILL 2073

State of Washington

53rd Legislature

1993 Regular Session

By Representative Wang

Read first time 02/26/93. Referred to Committee on Revenue.

1 AN ACT Relating to the eligibility of nonprofit homes for the aging
2 for exemption from property taxation; amending RCW 84.36.041; and
3 creating a new section.

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

5 **Sec. 1.** RCW 84.36.041 and 1992 c 213 s 1 are each amended to read
6 as follows:

7 (1) All real and personal property used by a nonprofit home for the
8 aging that is reasonably necessary for the purposes of the home is
9 exempt from taxation if the benefit of the exemption inures to the home
10 and:

11 (a) At least fifty percent of the occupied dwelling units in the
12 home are occupied by eligible residents; or

13 (b) The home is subsidized under a federal department of housing
14 and urban development program. The department of revenue shall provide
15 by rule a definition of homes eligible for exemption under this
16 subsection (b), consistent with the purposes of this section.

17 (2) All real and personal property used by a nonprofit home for the
18 aging that is reasonably necessary for the purposes of the home is
19 exempt from taxation if the benefit of the exemption inures to the home

1 and the construction, rehabilitation, acquisition, or refinancing of
2 the home is financed under a program using bonds exempt from federal
3 income tax if at least seventy-five percent of the total amount
4 financed uses the tax exempt bonds and the financing program requires
5 the home to reserve a percentage of all dwelling units so financed for
6 low-income residents. The initial term of the exemption under this
7 subsection shall equal the term of the tax exempt bond used in
8 connection with the financing program, or the term of the requirement
9 to reserve dwelling units for low-income residents, whichever is
10 shorter. If the financing program involves less than the entire home,
11 only those dwelling units included in the financing program are
12 eligible for total exemption. The department of revenue shall provide
13 by rule the requirements for monitoring compliance with the provisions
14 of this subsection and the requirements for exemption including:

15 (a) The number or percentage of dwelling units required to be
16 occupied by low-income residents, and a definition of low-income;

17 (b) The type and character of the dwelling units, whether
18 independent units or otherwise; and

19 (c) Any particular requirements for continuing care retirement
20 communities.

21 (3) A home for the aging is eligible for a partial exemption on the
22 real property and a total exemption for the home's personal property if
23 the home does not meet the requirements of subsection (1) of this
24 section because fewer than fifty percent of the occupied dwelling units
25 are occupied by eligible residents((-)), as follows:

26 (a) A partial exemption shall be allowed for each dwelling unit in
27 a home occupied by a resident requiring assistance with activities of
28 daily living.

29 (b) A partial exemption shall be allowed for each dwelling unit in
30 a home occupied by an eligible resident.

31 (c) A partial exemption shall be allowed for an area jointly used
32 by a home for the aging and by a nonprofit organization, association,
33 or corporation currently exempt from property taxation under one of the
34 other provisions of this chapter. The shared area must be reasonably
35 necessary for the purposes of the nonprofit organization, association,
36 or corporation exempt from property taxation under one of the other
37 provisions of this chapter, such as kitchen, dining, and laundry areas.

38 (d) The amount of exemption shall be calculated by multiplying the
39 assessed value of the property reasonably necessary for the purposes of

1 the home, less the assessed value of any area exempt under (c) of this
2 subsection, by a fraction. The numerator of the fraction is the number
3 of dwelling units occupied by eligible ((persons multiplied by two))
4 residents and by residents requiring assistance with activities of
5 daily living. The denominator of the fraction is the total number of
6 occupied dwelling units as of January 1st of the year for which
7 exemption is claimed. ((The fraction shall never exceed one.

8 ~~(3))~~ (4) To be exempt under this section, the property must be
9 used exclusively for the purposes for which the exemption is granted,
10 except as provided in RCW 84.36.805.

11 ~~((4))~~ (5) A home for the aging is exempt from taxation only if
12 the organization operating the home is exempt from income tax under
13 section 501(c) of the federal internal revenue code as existing on
14 January 1, 1989, or such subsequent date as the director may provide by
15 rule consistent with the purposes of this section.

16 ~~((5))~~ (6) In order for the home to be eligible for exemption
17 under subsections (1)(a) and (2)(b) of this section, each eligible
18 resident of a home for the aging shall submit ((the form required under
19 RCW 84.36.385)) an income verification form to the county assessor by
20 July 1st of the assessment year in which the application for exemption
21 is made. The income verification form shall be prescribed and
22 furnished by the department of revenue. An eligible resident who has
23 filed a form for a previous year need not file a new form until there
24 is a change in status affecting the person's eligibility.

25 ~~((6))~~ (7) In determining the true and fair value of a home for
26 the aging for purposes of the partial exemption provided by subsection
27 ~~((2))~~ (3) of this section, the assessor shall apply the computation
28 method provided by RCW 84.34.060 and shall consider only the use to
29 which such property is applied during the years for which such partial
30 exemptions are available and shall not consider potential uses of such
31 property.

32 ~~((7))~~ (8) A home for the aging that was exempt or partially
33 exempt for taxes levied in 1993 for collection in ((1990 and)) 1994 is
34 partially exempt for taxes levied in 1994 for collection in 1995, has
35 an increase in taxable value for taxes levied in 1994 for collection in
36 1995 due to the change prescribed by chapter . . . , Laws of 1993 (this
37 act) with respect to the numerator of the fraction used to determine
38 the amount of a partial exemption, and is not fully exempt under this
39 section is entitled to partial exemptions as follows:

1 (a) For taxes levied in 1994 for collection in (~~(1991 and 1992,~~
2 ~~two-thirds of the assessed value that would otherwise be subject to tax~~
3 ~~under this section is exempt from taxation)) 1995, the home shall pay
4 taxes based upon the taxable value in 1993 plus one-third of the
5 increase in the taxable value from 1993 to the nonexempt value
6 calculated under subsection (3)(d) of this section for 1994.~~

7 (b) For taxes levied in 1995 for collection in (~~(1993))~~ 1996,
8 (~~(one-third of the assessed value that would otherwise be subject to~~
9 ~~tax under this section is exempt from taxation)) the home shall pay
10 taxes based upon the taxable value for 1994 as calculated in (a) of
11 this subsection plus one-half of the increase in the taxable value from
12 1994 to the nonexempt value calculated under subsection (3)(d) of this
13 section for 1995. For taxes levied in 1996 for collection in 1997 and
14 for taxes levied thereafter, this subsection (8) does not apply, and
15 the home shall pay taxes without reference to this subsection (8).~~

16 (c) For purposes of this subsection (8), "taxable value" means the
17 value of the home upon which the tax rate is applied in order to
18 determine the amount of taxes due.

19 (~~(8)~~) (9) As used in this section:

20 (a) "Eligible resident" means a person who (~~(would be eligible for~~
21 ~~an exemption of property taxes under RCW 84.36.381 (1) through (4) if~~
22 ~~the person owned a single-family dwelling and)):~~

23 (i) Occupied the dwelling unit as a principal place of residence as
24 of January 1st of the year for which the exemption is claimed.
25 Confinement of the person to a hospital or nursing home does not
26 disqualify the claim of exemption if the dwelling unit is temporarily
27 unoccupied or if the dwelling unit is occupied by a spouse, a person
28 financially dependent on the claimant for support, or both; and

29 (ii) Is sixty-one years of age or older on December 31st of the
30 year in which the exemption claim is filed, or is, at the time of
31 filing, retired from regular gainful employment by reason of physical
32 disability. Any surviving spouse of a person who was receiving an
33 exemption at the time of the person's death shall qualify if the
34 surviving spouse is fifty-seven years of age or older and otherwise
35 meets the requirements of this subsection; and

36 (iii) Has a combined disposable income(~~(, as defined in RCW~~
37 84.36.383,)) of no more than the greater of twenty-two thousand dollars
38 (~~or less~~)) or eighty percent of the median income adjusted for family
39 size as most recently determined by the federal department of housing

1 and urban development for the county in which the person resides. For
2 the purposes of determining eligibility under this section, a
3 "cotentant" ((as used in RCW 84.36.383)) means a person who resides with
4 an eligible resident and who shares personal financial resources with
5 the eligible resident.

6 (b) "Combined disposable income" means the disposable income of the
7 person submitting the income verification form, plus the disposable
8 income of his or her spouse, and the disposable income of each cotenant
9 occupying the dwelling unit for the preceding calendar year, less
10 amounts paid by the person submitting the income verification form or
11 his or her spouse or cotenant during the previous year for the
12 treatment or care of either person received in the dwelling unit or in
13 a nursing home. If the person submitting the income verification form
14 was retired for two months or more of the preceding year, the combined
15 disposable income of such person shall be calculated by multiplying the
16 average monthly combined disposable income of such person during the
17 months such person was retired by twelve. If the income of the person
18 submitting the income verification form is reduced for two or more
19 months of the preceding year by reason of the death of the person's
20 spouse, the combined disposable income of such person shall be
21 calculated by multiplying the average monthly combined disposable
22 income of such person after the death of the spouse by twelve.

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

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

34 (ii) Amounts deducted for loss;

35 (iii) Amounts deducted for depreciation;

36 (iv) Pension and annuity receipts;

37 (v) Military pay and benefits other than attendant-care and
38 medical-aid payments;

1 (vi) Veterans benefits other than attendant-care and medical-aid
2 payments;

3 (vii) Federal social security act and railroad retirement benefits;

4 (viii) Dividend receipts; and

5 (ix) Interest received on state and municipal bonds.

6 (d) "Resident requiring assistance with activities of daily living"
7 means a person who requires significant assistance with the activities
8 of daily living and who would be at risk of nursing home placement
9 without this assistance.

10 (e) "Home for the aging" means a residential housing facility that
11 (i) provides a housing arrangement chosen voluntarily by the resident,
12 the resident's guardian or conservator, or another responsible person;
13 (ii) has only residents who are at least ((sixty-two)) sixty-one years
14 of age or who have needs for care generally compatible with persons who
15 are at least ((sixty-two)) sixty-one years of age; and (iii) provides
16 varying levels of care and supervision, as agreed to at the time of
17 admission or as determined necessary at subsequent times of
18 reappraisal.

19 ~~((+9))~~ (10) A for-profit home for the aging that converts to
20 nonprofit status after June 11, 1992, and would otherwise be eligible
21 for tax exemption under this section may not receive the tax exemption
22 until five years have elapsed since the conversion. The exemption
23 shall then be ratably granted over the next five years.

24 NEW SECTION. Sec. 2. This act shall be effective for taxes levied
25 in 1994 for collection in 1995 and for taxes levied thereafter.

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