
HOUSE BILL 2855

State of Washington

53rd Legislature

1994 Regular Session

By Representatives Grant, Foreman, Dorn, Tate, Morris, Silver, Zellinsky, Cooke, Hansen, Brough, Linville, Forner, R. Johnson, Horn, Roland, Talcott, Quall, Wood, Brumsickle, Casada, Fuhrman, McMorris, Long, B. Thomas, Carlson, L. Thomas, Ballasiotes, Stevens, Kremen, Dyer, Chappell, Jones, Rayburn, Sheldon, Backlund, Campbell, Johanson and Basich

Read first time 01/26/94. Referred to Committee on Revenue.

1 AN ACT Relating to property tax reform; amending RCW 84.55.010,
2 84.55.020, 84.40.045, 84.56.050, 84.52.054, 84.41.030, and 84.41.041;
3 reenacting and amending RCW 84.56.020; adding a new section to chapter
4 84.41 RCW; adding a new chapter to Title 84 RCW; creating new sections;
5 and prescribing penalties.

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

7 **PART I - FINDINGS AND INTENT**

8 NEW SECTION. **Sec. 1.** The legislature finds that:

9 (1) The current system of property taxation in the state of
10 Washington is fundamentally sound because it is based on the principle
11 of valuing and assessing property at one hundred percent of true and
12 fair value;

13 (2) Because the property tax is so visible and is paid in lump
14 sums, intensified reliance on the property tax has contributed directly
15 to "taxpayer revolts" in the state of Washington and many other states
16 and there is increasing public sentiment to further restrict property
17 taxes in this state;

1 (3) Despite attempts to place constitutional and statutory control
2 mechanisms on property tax rates, taxing districts are allowed to
3 collect taxes based on limits that do not necessarily reflect the cost
4 of their services nor the economic factors within the taxing district;

5 (4) The correlation of the actual cost of voter-approved property
6 tax levies to increasing property tax burdens has not been clearly
7 articulated to property taxpayers;

8 (5) Property taxpayers must be assured that assessment practices
9 and billing procedures are fair, equitable, and reasonable; and

10 (6) Property taxes can cause severe hardship to some property
11 owners, especially those on fixed incomes.

12 NEW SECTION. **Sec. 2.** It is the intent of this act to:

13 (1) Affirm the concept of valuing and assessing property at one
14 hundred percent of its true and fair value for the purposes of
15 determining property tax liability;

16 (2) Strengthen the statutory limitation on property tax rates;

17 (3) Provide for clarification of billing schedules;

18 (4) Provide for clear communication of the cost of voter-approved
19 property taxes through more detailed information on ballot propositions
20 and notification pertaining to property tax assessments;

21 (5) Provide for annual revaluation cycles to lessen the impact of
22 property value increases on property tax bills and to promote increased
23 equity among all property taxpayers; and

24 (6) Create a reasonable and progressive property tax deferral
25 program that allows property taxpayers to defer a certain portion of
26 increases in property tax bills when such increases cause undue
27 financial hardship.

28 **PART II - STATUTORY LIMITATIONS STRENGTHENED**

29 **Sec. 3.** RCW 84.55.010 and 1979 ex.s. c 218 s 2 are each amended to
30 read as follows:

31 Except as provided in this chapter, the levy for a taxing district
32 in any year shall be set so that the regular property taxes payable in
33 the following year shall not exceed one hundred six percent of the
34 amount of regular property taxes lawfully levied for such district in
35 the highest of the three most recent years in which such taxes were
36 levied for such district (~~plus an additional dollar amount calculated~~

1 by multiplying the increase in assessed value in that district
2 resulting from new construction, improvements to property, and any
3 increase in the assessed value of state assessed property by the
4 regular property tax levy rate of that district for the preceding
5 year)).

6 **Sec. 4.** RCW 84.55.020 and 1971 ex.s. c 288 s 21 are each amended
7 to read as follows:

8 Notwithstanding the limitation set forth in RCW 84.55.010, the
9 first levy for a taxing district created from consolidation of similar
10 taxing districts shall be set so that the regular property taxes
11 payable in the following year shall not exceed one hundred six percent
12 of the sum of the amount of regular property taxes lawfully levied for
13 each component taxing district in the highest of the three most recent
14 years in which such taxes were levied for such district (~~plus the~~
15 ~~additional dollar amount calculated by multiplying the increase in~~
16 ~~assessed value in each component district resulting from new~~
17 ~~construction and improvements to property by the regular property tax~~
18 ~~rate of each component district for the preceding year)).~~

19 **PART III - CLARIFY BILLING CYCLES**

20 **Sec. 5.** RCW 84.56.020 and 1991 c 245 s 16 and 1991 c 52 s 1 are
21 each reenacted and amended to read as follows:

22 (1) The county treasurer shall be the receiver and collector of all
23 taxes extended upon the tax rolls of the county, whether levied for
24 state, county, school, bridge, road, municipal or other purposes, and
25 also of all fines, forfeitures or penalties received by any person or
26 officer for the use of his or her county.

27 (2) All taxes upon real and personal property made payable by the
28 provisions of this title shall be due and payable to the county
29 treasurer ((on or before the thirtieth day of April and shall be
30 delinquent after that date: PROVIDED, That)) in the following manner
31 and during the year in which the tax bill was received:

32 (a) One-half of the taxes shall be due and payable on or before the
33 thirtieth day of April and shall be delinquent after that date.

34 (b) The remaining one-half of the taxes plus any applicable
35 interest and penalties shall be due and payable on or before the
36 thirty-first day of October and shall be delinquent after that date.

1 (c) If, however, the total amount of taxes due on real and personal
2 property by one person is at or below three hundred dollars, that
3 amount must be paid in total on or before the thirtieth day of June and
4 shall be delinquent after that date.

5 (3) Each tax statement shall include a notice that checks for
6 payment of taxes due under this title may be made payable to "Treasurer
7 of County" or other appropriate office, but tax statements
8 shall not include any suggestion that checks may be made payable to the
9 name of the individual holding the office of treasurer nor any other
10 individual((:—PROVIDED FURTHER, That when the total amount of tax or
11 special assessments on personal property or on any lot, block or tract
12 of real property payable by one person is thirty dollars or more, and
13 if one half of such tax be paid on or before the thirtieth day of
14 April, the remainder of such tax shall be due and payable on or before
15 the thirty first day of October following and shall be delinquent after
16 that date:— PROVIDED FURTHER, That when the total amount of tax or
17 special assessments on any lot, block or tract of real property payable
18 by one person is thirty dollars or more, and if one half of such tax be
19 paid after the thirtieth day of April but before the thirty first day
20 of October, together with the applicable interest and penalty on the
21 full amount of such tax, the remainder of such tax shall be due and
22 payable on or before the thirty first day of October following and
23 shall be delinquent after that date)).

24 ((+2)) (4) Delinquent taxes under this section are subject to
25 interest at the rate of twelve percent per annum computed on a monthly
26 basis from the date of delinquency until paid. Interest shall be
27 calculated at the rate in effect at the time of payment of the tax,
28 regardless of when the taxes were first delinquent. In addition,
29 delinquent taxes under this section are subject to penalties as
30 follows:

31 (a) A penalty of three percent shall be assessed on the amount of
32 tax delinquent on the first day of June ((1st)) of the year in which
33 the tax is due.

34 (b) An additional penalty of eight percent shall be assessed on the
35 total amount of tax delinquent on the first day of December ((1st)) of
36 the year in which the tax is due.

37 ((3) Subsection (2) of this section notwithstanding, no interest
38 or penalties may be assessed for the period April 30, 1991, through
39 December 31, 1991, on delinquent 1991 taxes which are imposed on

1 personal residences owned by military personnel who participated in the
2 situation known as "Operation Desert Shield," "Operation Desert Storm,"
3 or any following operation from August 2, 1990, to a date specified by
4 an agency of the federal government as the end of such operations.

5 ~~(4))~~ (5) For purposes of this chapter, "interest" means both
6 interest and penalties.

7 ~~((5))~~ (6) All collections of interest on delinquent taxes shall
8 be credited to the county current expense fund; but the cost of
9 foreclosure and sale of real property, and the fees and costs of
10 distraint and sale of personal property, for delinquent taxes, shall,
11 when collected, be credited to the operation and maintenance fund of
12 the county treasurer prosecuting the foreclosure or distraint or sale;
13 and shall be used by the county treasurer as a revolving fund to defray
14 the cost of further foreclosure, distraint and sale for delinquent
15 taxes without regard to budget limitations.

16 **PART IV - FULL TAX DISCLOSURE PROVISIONS**

17 **Sec. 6.** RCW 84.40.045 and 1977 ex.s. c 181 s 1 are each amended to
18 read as follows:

19 (1) The assessor shall give notice to the taxpayer of any change in
20 the true and fair value of real property for the tract or lot of land
21 and any improvements thereon no later than thirty days after
22 appraisal(~~(:—PROVIDED, That)~~). However, no such notice shall be
23 mailed during the period from January 15 to February 15 of each year(~~(:—~~
24 ~~PROVIDED FURTHER, That)~~). In addition, no notice need be sent with
25 respect to changes in valuation of forest land made pursuant to chapter
26 84.33 RCW.

27 (2) The notice provided for in this section shall contain the
28 following information and this information shall be separately stated
29 on the notice:

30 (a) A statement of both the ~~((prior))~~ immediately preceding year's
31 and the ((new)) current year's true and fair value ((and)), stating
32 separately land and improvement values;

33 (b) The ratio of the assessed value to the true and fair value on
34 which the assessment of the property is based(~~(, stating separately~~
35 ~~land and improvement values, and))); and~~

1 (c) A brief statement of the procedure for appeal to the board of
2 equalization and the time, date, and place of the meetings of the
3 board.

4 (3) The notice shall be mailed by the assessor to the taxpayer.
5 For the purposes of this section, "taxpayer" means any person charged,
6 or whose property is charged, with property tax.

7 (4) If any taxpayer, as shown by the tax rolls, holds solely a
8 security interest in the real property which is the subject of the
9 notice provided for in this section, pursuant to a mortgage, contract
10 of sale, or deed of trust, such taxpayer shall ~~((, upon written request~~
11 ~~of the assessor,))~~ supply ~~((, within thirty days of receipt of such~~
12 ~~request,))~~ to the assessor for the county in which the parcel is
13 located for inclusion on the tax rolls the name and address of the
14 person making payments for property tax purposes pursuant to the
15 mortgage, contract of sale, or deed of trust, and thereafter such
16 person shall also receive a copy of the notice provided for in this
17 section. Willful failure to comply with ~~((such request within the time~~
18 ~~limitation provided for herein))~~ the requirements of this subsection
19 shall make such taxpayer subject to a civil penalty of five dollars for
20 each parcel of real property ~~((within the scope of the request))~~ in
21 which it holds the security interest, the aggregate of such penalties
22 in any one year not to exceed five thousand dollars. The penalties
23 provided for ~~((herein))~~ in this subsection shall be recoverable in an
24 action by the county prosecutor, and when recovered shall be deposited
25 in the county current expense fund. ~~((The assessor shall make the~~
26 ~~request provided for by this section during the month of January.))~~

27 **Sec. 7.** RCW 84.56.050 and 1991 c 245 s 17 are each amended to read
28 as follows:

29 (1) On receiving the tax rolls the county treasurer shall post all
30 real and personal property taxes from the rolls to the treasurer's tax
31 roll, and shall carry forward to the current tax rolls a memorandum of
32 all delinquent taxes on each and every description of property, and
33 enter the same on the property upon which the taxes are delinquent
34 showing the amounts for each year.

35 (2) The treasurer shall notify each taxpayer in the county, at the
36 expense of the county, of the total amount of ~~((the))~~ real and personal
37 property ~~((, and the current and delinquent amount of tax due on the~~
38 ~~same; and the treasurer shall have printed on the notice the name of~~

1 ~~each tax and the levy made on the same))~~ taxes due and payable. The
2 notice mailed to the taxpayer shall at a minimum contain the following
3 information and this information must be separately stated on the
4 notice:

5 (a) The name and address of the taxpayer;

6 (b) The name, address, and telephone number of the county issuing
7 the notice;

8 (c) The parcel number as noted in the county records;

9 (d) The legal property address and description;

10 (e) The year for which the assessment is being made;

11 (f) The assessed valuation for the identified parcel's land value
12 and improvement value as reported by the county assessor's office;

13 (g) Current billing information containing the name of each taxing
14 jurisdiction levying a tax on the identified parcel, the amount of that
15 jurisdiction's levy rate, and the total amount due for each taxing
16 jurisdiction;

17 (h) The total taxes due as a result of regular property taxes
18 together with an indication of the percentage increase from the
19 previous year's total;

20 (i) The total taxes due as a result of excess levies approved by
21 the voters and any special assessments together with an indication of
22 the percentage increase from the previous year's total;

23 (j) The total taxes due and payable from the taxpayer, including
24 any delinquent taxes and any interest or penalties due; and

25 (k) A notice of the payment due dates and possible delinquency
26 penalties and interest.

27 (3) The county treasurer shall be the sole collector of all
28 delinquent taxes and all other taxes due and collectible on the tax
29 rolls of the county(~~(;—PROVIDED, That)~~).

30 (4) For the purposes of this section, the term "taxpayer" (~~as used~~
31 in this section shall)) means any person charged, or whose property is
32 charged, with property tax(~~(;—and)~~).

33 (5) The person to be officially notified under subsection (2) of
34 this section is (~~that~~) the person whose name appears on the tax rolls
35 (~~herein mentioned:—PROVIDED, FURTHER, That~~) of the county issuing
36 the notice. If no name so appears the person to be officially notified
37 is that person shown by the treasurer's tax rolls or duplicate tax
38 receipts of any preceding year as the payer of the tax last paid on the
39 property in question.

1 (6) The county assessor shall include on the tax rolls the name and
2 address of the person making payments for property tax purposes
3 pursuant to a mortgage, contract of sale, or deed of trust that has
4 been provided by a taxpayer as required in RCW 84.40.045(4). If this
5 information is included on the tax rolls for any parcel, the treasurer
6 shall provide a duplicate of the notice provided for in this section to
7 that person. Any duplicate notice sent to a person other than the
8 taxpayer shall clearly state in bold-face type that the duplicate
9 notice is not a bill and is for informational purposes only.

10 **Sec. 8.** RCW 84.52.054 and 1986 c 133 s 2 are each amended to read
11 as follows:

12 (1) Any ballot proposition submitted to the voters requesting the
13 additional tax provided for in ((subparagraph (a) of the seventeenth
14 amendment to)) Article VII, section 2 (a) and (b) of the state
15 Constitution ((as amended by Amendment 59 and as thereafter amended,))
16 and specifically authorized by RCW 84.52.052((, as now or hereafter
17 amended, and RCW)), 84.52.053 ((and)), 84.52.0531, and 84.52.056, or
18 any other proposition submitted to the voters for regular or excess
19 property tax levies shall ((be set forth in terms of dollars on the
20 ballot of the proposition to be submitted to the voters, together with
21 an estimate of the dollar rate of tax levy that will be required to
22 produce the dollar amount; and)) contain the following information in
23 the official ballot title submitted to the voters:

24 (a) The total dollar amount proposed to be collected during the
25 entire period of the levy;

26 (b) An estimate of the dollar rate of the tax levy that will be
27 required for each one thousand dollars of assessed value to produce the
28 total dollar amount proposed in (a) of this subsection;

29 (c) An estimate of the total tax liability for one hundred thousand
30 dollars of taxable value based on the estimated dollar amount of tax
31 levy in (b) of this subsection for each year of the period for which
32 the tax levy is proposed; and

33 (d) A summary of the proposed uses of the tax levies requested.

34 (2) Any ballot proposition submitted to the voters requesting the
35 additional tax provided for in Article VII, section 2 (a) and (b) of
36 the state Constitution and specifically authorized by RCW 84.52.052,
37 84.52.053, 84.52.0531, and 84.52.056, or any other proposition
38 submitted to the voters for regular or excess property tax levies

1 lasting longer than one year shall contain the following information in
2 the official ballot title submitted to the voters:

3 (a) The total dollar amount proposed to be collected during the
4 entire period of the levy;

5 (b) The total dollar amount proposed to be collected during each
6 year of the period for which the tax levy is proposed. The total
7 dollar amount for each annual levy in the period may be equal or in
8 different amounts;

9 (c) An estimate of the dollar rate of the tax levy that will be
10 required for each one thousand dollars of assessed value to produce the
11 total dollar amounts proposed in (b) of this subsection;

12 (d) An estimate of the total tax liability for one hundred thousand
13 dollars of taxable value based on the estimated dollar amount of tax
14 levy in (b) of this subsection for each year of the period for which
15 the tax levy is proposed; and

16 (e) A summary of the proposed uses of the tax levies requested.

17 (3) The county assessor, in spreading ((this)) any voter-approved
18 tax upon the rolls, shall determine the eventual dollar rate required
19 to produce the amount of dollars so voted upon, regardless of the
20 estimate of dollar rate of tax levy carried in said proposition. ((In
21 the case of a school district proposition for a particular period, the
22 dollar amount and the corresponding estimate of the dollar rate of tax
23 levy shall be set forth for each of the years in that period. The
24 dollar amount for each annual levy in the particular period may be
25 equal or in different amounts.))

26 **PART V - ANNUAL REVALUATIONS**

27 **Sec. 9.** RCW 84.41.030 and 1982 1st ex.s. c 46 s 1 are each amended
28 to read as follows:

29 Each county assessor shall maintain an active and systematic
30 program of revaluation on a continuous basis, and shall establish a
31 revaluation schedule which will result in revaluation of all taxable
32 real property within the county at least once each ~~((four))~~ year~~((s))~~
33 and physical inspection of all taxable real property within the county
34 at least once each six years.

35 **Sec. 10.** RCW 84.41.041 and 1987 c 319 s 4 are each amended to read
36 as follows:

1 Each county assessor shall cause all taxable real property to be
2 revalued each year and physically inspected (~~and valued~~) at least
3 once every six years in accordance with RCW 84.41.030, and in
4 accordance with a plan filed with and approved by the department of
5 revenue. Such revaluation plan shall provide that a reasonable portion
6 of all taxable real property within a county shall be (~~revalued and~~
7 ~~these newly determined~~) physically inspected and newly determined
8 values based on these physical inspections shall be placed on the
9 assessment rolls each year. (~~The department may approve a plan that~~
10 ~~provides that all property in the county be revalued every two years.~~
11 ~~If the revaluation plan provides for physical inspection at least once~~
12 ~~each four years, during the intervals between each physical inspection~~
13 ~~of real property, the valuation of such property may be adjusted to its~~
14 ~~current true and fair value, such adjustments to be based upon~~
15 ~~appropriate statistical data.~~) If the revaluation plan provides for
16 physical inspection less frequently than once each (~~four~~) year(~~s~~),
17 during the intervals between each physical inspection of real property,
18 the valuation of such property shall be adjusted to its current true
19 and fair value, such adjustments to be made once each year and to be
20 based upon appropriate statistical data.

21 The assessor may require property owners to submit pertinent data
22 respecting taxable property in their control including data respecting
23 any sale or purchase of said property within the past five years, the
24 cost and characteristics of any improvement on the property and other
25 facts necessary for appraisal of the property.

26 NEW SECTION. Sec. 11. A new section is added to chapter 84.41 RCW
27 to read as follows:

28 (1) Each county assessor shall file an implementation plan for RCW
29 84.41.041 with the department by July 1, 1995.

30 (2) The department may approve a revaluation plan that provides for
31 phased-in compliance with the annual statistical update requirement
32 provided in RCW 84.41.041. A phased-in compliance plan must provide
33 statistical updates for a reasonable portion of all taxable real
34 property within a county each year, with full compliance with the
35 annual statistical update requirement not later than for taxes levied
36 for collection in 1999.

37 (3) Department approval of requests for phased-in compliance with
38 the annual statistical update requirement shall be determined by the

1 extent to which the requirement creates an undue burden or hardship
2 upon the county requesting the approval. For the purposes of this
3 section, "undue burden or hardship" means that the costs of complying
4 with the annual statistical update requirement by 1995 would be
5 prohibitive or that the county does not at the time of application have
6 the adequate tools or methods of valuation to ensure a smooth
7 transition to annual statistical updates by 1995.

8 **PART VI - DISTRESSED PROPERTY TAXPAYER'S DEFERRAL PROGRAM**

9 NEW SECTION. **Sec. 12.** FINDINGS AND INTENT. With the rapid rise
10 in property values and the corresponding increases in property tax
11 liability, it has become increasingly difficult for many homeowners to
12 pay the increased taxes due on real property and they are being forced
13 to either borrow money to pay the unexpected increases or to sell their
14 residences because of an inability to pay the tax. The legislature
15 intends to allow those homeowners whose property tax liability in any
16 one year has exceeded four percent of their combined disposable income
17 for that year to defer the amount of the real property taxes that
18 exceeds four percent. This deferral program is intended to assist
19 homeowners in maintaining their homes by easing the increases in tax
20 and maintaining their dignity while still paying their appropriate
21 share of the property tax burden.

22 NEW SECTION. **Sec. 13.** DEFINITIONS. Unless the context clearly
23 requires otherwise, the definitions used in this section apply
24 throughout this chapter.

25 (1) "Claimant" means a person who elects to defer payment of real
26 property taxes by filing a claim to defer as provided in this chapter.

27 (2) "Combined disposable income" means the disposable income of the
28 person claiming the exemption, plus the disposable income of his or her
29 spouse, and the disposable income of each cotenant occupying the
30 residence for the preceding calendar year.

31 (3) "Cotenant" means a person who resides with the claimant and who
32 has an ownership interest in the real property.

33 (4) "Disposable income" means adjusted gross income as defined in
34 the federal internal revenue code, as now or hereafter amended, plus
35 all of the following items to the extent they are not included in or
36 have been deducted from adjusted gross income:

1 (a) Capital gains, other than nonrecognized gain on the sale of a
2 principal residence under section 1034 of the federal internal revenue
3 code, or gain excluded from income under section 121 of the federal
4 internal revenue code to the extent it is reinvested in a new principal
5 residence;

6 (b) Amounts deducted for loss;

7 (c) Amounts deducted for depreciation;

8 (d) Pension and annuity receipts;

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

11 (f) Veterans' benefits other than attendant-care and medical-aid
12 payments;

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

14 (h) Dividend receipts; and

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

16 (5) "Equity value" means the amount by which the true and fair
17 market value of residence as determined from the records of the county
18 assessor exceeds the total amount of any liens or other obligations
19 against the real property.

20 (6) "Excess property taxes" and "excess property tax levies" mean
21 a tax levy by or for a taxing district that is not subject to the
22 aggregate limitation set forth in RCW 84.52.043 and 84.52.050.

23 (7) "Real property" has the same meaning as provided in RCW
24 84.04.090. In addition, "real property" includes a mobile home that
25 has substantially lost its identity as a mobile unit by virtue of its
26 being fixed in location upon land owned by the owner of the mobile home
27 and placed on a foundation, posts or blocks, with fixed pipe,
28 connections with sewer, water, or other utilities.

29 (8) "Real property taxes" means the total regular and excess
30 property tax levies on property within this state as authorized by law.

31 (9) "Regular property taxes" and "regular property tax levies" have
32 the same meaning as provided in RCW 84.04.140.

33 (10) "Residence" means a single-family dwelling unit whether the
34 unit is separate or part of a multi-unit dwelling, including the land
35 on which the dwelling stands not to exceed one acre. "Residence" also
36 includes a share ownership in a cooperative housing association,
37 corporation, or partnership if the person claiming exemption can
38 establish that his or her share represents the specific unit or portion
39 of the structure in which he or she resides. "Residence" also includes

1 a single-family dwelling situated upon lands the fee of which is vested
2 in the United States or an instrumentality of the United States
3 including an Indian tribe or in the state of Washington, and
4 notwithstanding RCW 84.04.080 or 84.04.090, such a residence is deemed
5 real property.

6 NEW SECTION. **Sec. 14.** DEFERRAL AUTHORIZED. A claimant may apply
7 to defer payment of that amount of real property taxes imposed that
8 exceeds four percent of the claimant's combined disposable income up to
9 a maximum dollar amount equal to fifty percent of the claimant's equity
10 value in the property for which the deferral is requested.

11 NEW SECTION. **Sec. 15.** CONDITIONS OF DEFERRAL. The following
12 conditions must be met in order to be eligible for the deferral program
13 established in this chapter:

14 (1) The real property taxes must have been imposed upon a residence
15 that was occupied by the claimant as a principal place of residence as
16 of the first day of January of the year for which the deferral is
17 claimed;

18 (2) The claimant must have owned, at the time of filing, in fee, as
19 a life estate, or by contract purchase, the residence on which the
20 property taxes have been imposed or if the claimant lives in a
21 cooperative housing association, corporation, or partnership, the
22 person must own a share in the cooperative representing the unit or
23 portion of the structure in which he or she resides. For purposes of
24 this subsection, a residence owned by a marital community or owned by
25 cotenants is deemed to be owned by each spouse or cotenant, and a lease
26 for life is deemed a life estate;

27 (3) The claimant must submit acceptable proof of his or her total
28 combined disposable income for the year for which the deferral is
29 claimed;

30 (4) The claimant must show adequate proof that there is in force
31 fire and casualty insurance on the residence for which the deferral is
32 claimed in an amount sufficient to protect the interest of the state in
33 the claimant's equity value. If the claimant fails to or cannot
34 maintain adequate fire and casualty insurance as required to protect
35 the state's interest in the claimant's equity value, the amount
36 deferred may not exceed eighty percent of the claimant's equity value
37 in the land or lot only; and

1 (5) The claimant may not be receiving or applying for another
2 exemption or deferral provided under this title.

3 NEW SECTION. **Sec. 16.** CLAIM TO DEFER REAL PROPERTY TAXES--
4 NOTICE--FILING--CONTENTS--APPEAL. (1) The department and each local
5 assessor shall publicize the eligibility requirements and manner of
6 submitting a claim for a deferral under this chapter as the department
7 or assessor deems appropriate. At a minimum, the department or the
8 assessor shall provide notice of the availability of this deferral
9 program, the method for making a deferral claim, the penalties for
10 false claims or not reporting changes in status, and the availability
11 of more detailed information on or with the property tax notices and
12 revaluation notices for all residential real property.

13 (2) A written claim for the deferral of real property taxes as
14 provided by this chapter:

15 (a) Must be made and filed annually by the claimant with the county
16 assessor on forms adopted by the department and supplied by the county
17 assessor;

18 (b) May not be granted for more than one tax year under any
19 circumstances; and

20 (c) Must be filed no later than thirty days before the real
21 property tax assessment is due. However, for good cause shown, the
22 department may waive this requirement.

23 (3) The written claim for deferral of real property taxes must at
24 a minimum contain the following information:

25 (a) The legal description of the residence for which the deferral
26 is claimed;

27 (b) A list of all members of the claimant's household;

28 (c) The claimant's equity value in the residence at the time the
29 claim is made;

30 (d) Facts establishing the eligibility for deferral under this
31 chapter; and

32 (e) Other relevant information required by rule adopted by the
33 department.

34 (4) A claim and renewal for deferral under this chapter must be
35 made and signed by the claimant or by the claimant's attorney in fact,
36 subject to the penalties as provided in chapter 9.72 RCW for false
37 swearing. If the residence of the person is under mortgage, contract
38 of sale, or deed of trust requiring accumulation of reserves out of

1 which the holder of the mortgage, contract of sale, or deed of trust is
2 required to pay real property taxes, the holder of the mortgage,
3 contract of sale, or deed of trust must cosign the claim for deferral
4 before a notary public or the county assessor or his or her deputy in
5 the county where the residence is located. If a claim for exemption is
6 made by a person living in a cooperative housing association,
7 corporation, or partnership, the claim must be made and signed by the
8 claimant and by the authorized agent of the cooperative.

9 (5) If the claimant is unable to submit his or her own claim for
10 deferral, the claim must be submitted by a duly authorized agent or by
11 a guardian or other person charged with the care of the person or
12 property of the claimant.

13 (6) A claim for deferral and a renewal application must be
14 accompanied by documented verification of income as prescribed by this
15 chapter and other documentation required by rule adopted by the
16 department.

17 (7) A person signing a false claim with the intent to defraud or
18 evade the payment of tax is guilty of the offense of perjury.

19 (8) The real property taxes of a cooperative housing association,
20 corporation, or partnership must be reduced by the amount of tax
21 deferral to which a claimant residing therein is entitled and the
22 cooperative shall reduce any amount owed by the claimant to the
23 cooperative by the exact amount of tax deferral.

24 (9) In January of each year, the county assessor shall send to each
25 claimant who has been granted deferral of real property taxes for the
26 previous year renewal forms and notice to renew.

27 (10) The county assessor shall determine if each claimant must be
28 granted a deferral for each year claimed, but the claimant may appeal
29 this determination to the county board of equalization, whose decision
30 is final as to the deferral of that year.

31 NEW SECTION. **Sec. 17.** CEASING TO RESIDE PERMANENTLY ON PROPERTY
32 SUBJECT TO DEFERRAL DECLARATION. If the claimant declaring his or her
33 intention to defer real property taxes under this chapter ceases to
34 reside permanently on the property for which the claim to defer is made
35 between the date of filing the claim and December 15th of that year,
36 the deferral otherwise allowable under this chapter may not be allowed
37 on the tax roll. However, this section does not apply if the claimant

1 dies, leaving a spouse or cotenant surviving, who is also eligible for
2 the deferral provided in this chapter.

3 NEW SECTION. **Sec. 18.** LIEN OF STATE, MORTGAGE, CONTRACT OF SALE,
4 OR DEED OF TRUST--PRIORITY--AMOUNT--INTEREST. (1) If a portion of a
5 claimant's real property taxes is deferred under this chapter, the
6 amount deferred and required to be paid under section 21 of this act
7 becomes a lien in favor of the state upon the property for which the
8 deferral is granted and has priority as provided in chapters 35.50 and
9 84.60 RCW. However, the interest of a mortgage, contract of sale, or
10 deed of trust holder who is required to cosign a claim for deferral
11 under section 16 of this act has priority to the deferred lien.

12 (2) The lien of the state may accumulate up to fifty percent of the
13 amount of the claimant's equity value in the property for which the
14 deferral is granted and must bear interest at the rate of twelve
15 percent per year from the time the claim for deferral is granted until
16 the obligation is paid.

17 (3) For a mobile home that is considered real property as provided
18 in this title, the department of licensing shall show the state's lien
19 on the certificate of ownership for the mobile home.

20 (4) For other real property, the department shall file a notice of
21 the deferral and the state's lien with the county recorder or auditor.

22 NEW SECTION. **Sec. 19.** DUTIES OF THE COUNTY ASSESSOR. The county
23 assessor shall:

24 (1) Immediately transmit one copy of a claim to defer real property
25 taxes under this chapter to the department. The department may audit
26 a claim and shall notify the assessor as soon as possible of a claim in
27 which a factor appears to disqualify the claimant for the deferral
28 sought;

29 (2) Compute the real property tax rates for the property located
30 within the county as if a deferral provided by this chapter did not
31 exist; and

32 (3) As soon as possible notify the department and the county
33 treasurer of the amount of real property taxes deferred for that year.

34 NEW SECTION. **Sec. 20.** PAYMENTS TO COUNTIES. After receipt of the
35 notification from the county assessor of the amount of real property
36 taxes deferred under this chapter, the department shall pay, from

1 amounts appropriated for that purpose, to the county treasurers an
2 amount equivalent to the total amount so deferred on real property
3 located within the county.

4 NEW SECTION. **Sec. 21.** WHEN DEFERRED REAL PROPERTY TAXES BECOME
5 PAYABLE. A real property tax deferred under this chapter becomes due
6 and payable together with interest as provided in section 18 of this
7 act:

8 (1) Upon the sale of the property that has a deferred real property
9 tax lien upon it;

10 (2) Upon the death of the claimant with an outstanding deferred
11 real property tax lien. However, a surviving spouse or cotenant who
12 remains eligible for a deferral under this chapter may elect to incur
13 the real property tax lien which is then payable by that spouse or
14 cotenant as provided in this section;

15 (3) Upon the condemnation of property with a deferred real property
16 tax lien upon it by a public or private body exercising eminent domain
17 power, except as otherwise provided in RCW 84.60.070;

18 (4) At the time the claimant ceases to reside permanently in the
19 residence for which the deferral has been granted; or

20 (5) Upon the failure of a condition set forth in section 15 of this
21 act.

22 NEW SECTION. **Sec. 22.** COLLECTION OF DEFERRED REAL PROPERTY TAXES.

23 (1) The county treasurer shall collect all the amounts deferred
24 together with interest under this chapter, in the manner provided for
25 in chapter 84.56 RCW. For purposes of collection of deferred real
26 property taxes, chapters 84.56, 84.60, and 84.64 RCW apply.

27 (2) When a deferred real property tax, together with interest, is
28 collected the moneys must be credited to a special account in the
29 county treasury. The county treasurer shall remit the amount of
30 deferred real property tax together with interest to the department
31 within thirty days from the date of collection.

32 (3) The department shall deposit the deferred real property taxes
33 in the state general fund.

34 NEW SECTION. **Sec. 23.** ELECTION TO CONTINUE DEFERRAL BY SURVIVING
35 SPOUSE OR COTENANT. (1) A surviving spouse of the claimant may elect
36 to continue the property in its deferred tax status if the property is

1 the residence of the spouse or cotenant of the claimant and the spouse
2 or cotenant meets the requirements of this chapter.

3 (2) The election under this section to continue the property in its
4 deferred status by the spouse or cotenant of the claimant must be filed
5 in the same manner as an original claim for deferral is filed under
6 this chapter, not later than ninety days from the date of the
7 claimant's death. Thereupon, the property with respect to which the
8 deferral of real property taxes is claimed continues to be treated as
9 deferred property. When the property has been continued in its
10 deferred status by the filing of the spouse or cotenant of the claimant
11 of an election under this section, the spouse or cotenant of the
12 claimant may continue the property in its deferred status in subsequent
13 years by filing a claim under this chapter so long as the spouse or
14 cotenant meets the qualifications set out in this section.

15 NEW SECTION. **Sec. 24.** PAYMENT OF PART OR ALL OF DEFERRED TAXES
16 AUTHORIZED. A claimant may at any time pay a part or all of the
17 deferred real property taxes, but the payment does not affect the
18 deferred tax status of the property.

19 NEW SECTION. **Sec. 25.** COLLECTION OF PERSONAL PROPERTY TAXES NOT
20 AFFECTED. This chapter is not intended to or may not be construed to
21 prevent the collection, by foreclosure, of personal property taxes that
22 become a lien against tax-deferred property.

23 NEW SECTION. **Sec. 26.** FORMS AND RULES. The department shall
24 devise the forms and adopt rules consistent with chapter 34.05 RCW and
25 this chapter as are necessary or desirable to permit its effective
26 administration.

27 NEW SECTION. **Sec. 27.** Sections 12 through 26 of this act shall
28 constitute a new chapter in Title 84 RCW.

29 NEW SECTION. **Sec. 28.** PART HEADINGS AND CAPTIONS. Part headings
30 and captions as used in this act constitute no part of the law.

31 NEW SECTION. **Sec. 29.** If any provision of this act or its
32 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other
2 persons or circumstances is not affected.

--- END ---