

2 **HB 1022 - H AMD 049**

3 By Representatives Morris and Brown

4

5 On page 1, beginning on line 6, strike all of section 1 and insert
6 the following:

7 "NEW SECTION. **Sec. 1.** It is the intent of this act to provide
8 property tax relief for homeowners whose property taxes are at
9 excessive levels. Rapid increases in home values often has the effect
10 of increasing property taxes to excessive levels without an
11 accompanying increase in a homeowner's ability to pay. This act limits
12 homeowners property taxes based on their ability to pay. This act
13 provides a means to eliminate tremendous surges in property taxes so
14 that families will be able to keep pace and seniors will not be taxed
15 out of their homes.

16 NEW SECTION. **Sec. 2.** As used in this section and sections 3
17 through 5 of this act, except where the context clearly indicates a
18 different meaning:

19 (1) The term "residence" shall mean a single-family dwelling unit
20 whether such unit be separate or part of a multiunit dwelling,
21 including the land on which such dwelling stands not to exceed one
22 acre. The term shall also include a share ownership in a cooperative
23 housing association, corporation, or partnership if the person claiming
24 exemption can establish that his or her share represents the specific
25 unit or portion of such structure in which he or she resides. The term
26 shall also include a single-family dwelling situated upon lands the fee
27 of which is vested in the United States or any instrumentality thereof
28 including an Indian tribe or in the state of Washington, and
29 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a
30 residence shall be deemed real property.

31 (2) "Department" shall mean the state department of revenue.

32 (3) "Combined disposable income" means the disposable income of the
33 person claiming the exemption, plus the disposable income of his or her
34 spouse, and the disposable income of each cotenant occupying the
35 residence for the assessment year, less amounts paid by the person

1 claiming the exemption or his or her spouse during the assessment year
2 for the treatment or care of either person received in the home or in
3 a nursing home.

4 (4) "Disposable income" means adjusted gross income as defined in
5 the federal internal revenue code, as amended prior to January 1, 1995,
6 or such subsequent date as the director may provide by rule consistent
7 with the purpose of this section, plus all of the following items to
8 the extent they are not included in or have been deducted from adjusted
9 gross income:

10 (a) Capital gains, other than nonrecognized gain on the sale of a
11 principal residence under section 1034 of the federal internal revenue
12 code, or gain excluded from income under section 121 of the federal
13 internal revenue code to the extent it is reinvested in a new principal
14 residence;

15 (b) Amounts deducted for loss;

16 (c) Amounts deducted for depreciation;

17 (d) Pension and annuity receipts;

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

20 (f) Veterans benefits other than attendant-care and medical-aid
21 payments;

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

23 (h) Dividend receipts; and

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

25 (5) "Cotenant" means a person who resides with the person claiming
26 the exemption and who has an ownership interest in the residence.

27 NEW SECTION. **Sec. 3.** (1) A person is eligible to receive a
28 partial reduction of regular and special property taxes if the
29 following conditions are met:

30 (a) The property taxes must have been imposed upon a residence that
31 was owned and occupied by the person claiming the reduction as a
32 principal place of residence as of January 1st of the year for which
33 the reduction is claimed. Confinement of the person to a hospital or
34 nursing home shall not disqualify the claim of reduction if the
35 residence is temporarily unoccupied or if the residence is occupied by
36 a spouse or a person financially dependent on the claimant for support;
37 and

38 (b) After taking the exemption under RCW 84.36.381 if applicable,

1 the regular and special property taxes owed are in excess of six
2 percent of the household's combined disposable income.

3 (2) In determining eligibility under this section, income shall be
4 income for the year prior to which the property taxes are due. Persons
5 applying for a reduction under this section must apply by August 30th
6 of each year to qualify for the reduction.

7 NEW SECTION. **Sec. 4.** (1) The department shall provide to persons
8 eligible under section 3(1) of this act an amount equal to that portion
9 of regular and special property taxes that is in excess of six percent
10 of the household's combined disposal income.

11 (2) The maximum allowable reduction for any household under section
12 3 of this act in 1995 is one thousand five hundred dollars.
13 Thereafter, this reduction base is adjusted annually by the department
14 based on the implicit price deflator for personal consumption
15 expenditures as published by the United States department of commerce.

16 NEW SECTION. **Sec. 5.** The property tax reduction fund is created
17 in the state treasury. Moneys in the fund may be spent only after
18 appropriation. Expenditures from the fund may be used only for
19 allowable reductions under section 3 of this act and costs of
20 administering the program. The state treasurer shall credit money into
21 the property tax reduction fund as necessary to provide property tax
22 reductions and pay for administrative costs.

23 NEW SECTION. **Sec. 6.** The department of revenue may adopt rules to
24 implement chapter ..., Laws of 1995 (this act).

25 **Sec. 7.** RCW 84.52.067 and 1967 ex.s. c 133 s 2 are each amended to
26 read as follows:

27 All property taxes levied by the state for the support of common
28 schools shall be paid into the general fund or the property tax
29 reduction fund of the state treasury, as provided in RCW 84.56.280.

30 NEW SECTION. **Sec. 8.** Sections 2 through 5 of this act are each
31 added to chapter 84.36 RCW."

32 Renumber remaining sections, correct internal references, and
33 correct the title.

1 On page 4, line 25, strike "July" and insert "June"

--- **END** ---