

2 **HB 2089 - H AMD 720 718 4/13/95 ADOPTED**

3 By Representative Morris and others

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5 On page 22, beginning on line 25, strike all of section 19 and
6 insert the following:

7 "NEW SECTION. **Sec. 19.** It is the intent of sections 20 through 25
8 of this act to provide property tax relief for homeowners whose
9 property taxes are at excessive levels. Rapid increases in home values
10 often have the effect of increasing property taxes to excessive levels
11 without an accompanying increase in a homeowner's ability to pay.
12 Sections 20 through 25 of this act limit homeowners property taxes
13 based on their ability to pay. Sections 20 through 25 of this act
14 provide a means to eliminate tremendous surges in property taxes so
15 that families will be able to keep pace and seniors will not be taxed
16 out of their homes.

17 NEW SECTION. **Sec. 20.** As used in this section and sections 21
18 through 23 of this act, except where the context clearly indicates a
19 different meaning:

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

32 (2) "Department" means the state department of revenue.

33 (3) "Combined disposable income" means the disposable income of the
34 person claiming the exemption, plus the disposable income of his or her
35 spouse, and the disposable income of each cotenant occupying the

1 residence for the assessment year, less amounts paid by the person
2 claiming the exemption or his or her spouse during the assessment year
3 for the treatment or care of either person received in the home or in
4 a nursing home.

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

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

16 (b) Amounts deducted for loss;

17 (c) Amounts deducted for depreciation;

18 (d) Pension and annuity receipts;

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

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

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

24 (h) Dividend receipts; and

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

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

28 NEW SECTION. **Sec. 21.** (1) A person is eligible to receive a
29 partial reduction of regular and special property taxes if the
30 following conditions are met:

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

1 (b) After taking the exemption under RCW 84.36.381 if applicable,
2 the regular and special property taxes owed are in excess of five
3 percent of the household's combined disposable income.

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

8 NEW SECTION. Sec. 22. (1) The department shall provide to persons
9 eligible under section 21(1) of this act an amount equal to that
10 portion of regular and special property taxes that is in excess of five
11 percent of the household's combined disposable income.

12 (2) The maximum allowable reduction for any household under section
13 21 of this act in 1995 is one thousand dollars. Thereafter, this
14 reduction base is adjusted annually by the department based on the
15 implicit price deflator for personal consumption expenditures as
16 published by the United States department of commerce.

17 NEW SECTION. Sec. 23. The property tax reduction fund is created
18 in the state treasury. Moneys in the fund may be spent only after
19 appropriation. Expenditures from the fund may be used only for
20 allowable reductions under section 21 of this act and costs of
21 administering the program. The state treasurer shall credit money into
22 the property tax reduction fund as necessary to provide property tax
23 reductions and pay for administrative costs.

24 NEW SECTION. Sec. 24. The department of revenue may adopt rules
25 to implement sections 19 through 26 of this act.

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

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

31 NEW SECTION. Sec. 26. Sections 20 through 23 of this act are each
32 added to chapter 84.36 RCW.

1 NEW SECTION. **Sec. 27.** Sections 19 through 25 of this act are
2 necessary for the immediate preservation of the public peace, health,
3 or safety, or support of the state government and its existing public
4 institutions, and shall take effect immediately."

5 Renumber the remaining sections consecutively, correct internal
6 references accordingly, and correct the title.

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