

2 HB 2457 - S COMM AMD

3 By Committee on Government Operations

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5 Strike everything after the enacting clause and insert the  
6 following:

7 "Sec. 1. RCW 84.36.381 and 1995 1st sp.s. c 8 s 1 are each amended  
8 to read as follows:

9 A person shall be exempt from any legal obligation to pay all or a  
10 portion of the amount of excess and regular real property taxes due and  
11 payable in the year following the year in which a claim is filed, and  
12 thereafter, in accordance with the following:

13 (1) The property taxes must have been imposed upon a residence  
14 which was occupied by the person claiming the exemption as a principal  
15 place of residence as of the time of filing: PROVIDED, That any person  
16 who sells, transfers, or is displaced from his or her residence may  
17 transfer his or her exemption status to a replacement residence, but no  
18 claimant shall receive an exemption on more than one residence in any  
19 year: PROVIDED FURTHER, That confinement of the person to a hospital  
20 or nursing home shall not disqualify the claim of exemption if:

21 (a) The residence is temporarily unoccupied;

22 (b) The residence is occupied by a spouse and/or a person  
23 financially dependent on the claimant for support; or

24 (c) The residence is rented for the purpose of paying nursing home  
25 or hospital costs;

26 (2) The person claiming the exemption must have owned, at the time  
27 of filing, in fee, as a life estate, or by contract purchase, the  
28 residence on which the property taxes have been imposed or if the  
29 person claiming the exemption lives in a cooperative housing  
30 association, corporation, or partnership, such person must own a share  
31 therein representing the unit or portion of the structure in which he  
32 or she resides. For purposes of this subsection, a residence owned by  
33 a marital community or owned by cotenants shall be deemed to be owned  
34 by each spouse or cotenant, and any lease for life shall be deemed a  
35 life estate;

1 (3) The person claiming the exemption must be sixty-one years of  
2 age or older on December 31st of the year in which the exemption claim  
3 is filed, or must have been, at the time of filing, retired from  
4 regular gainful employment by reason of physical disability: PROVIDED,  
5 That any surviving spouse of a person who was receiving an exemption at  
6 the time of the person's death shall qualify if the surviving spouse is  
7 fifty-seven years of age or older and otherwise meets the requirements  
8 of this section;

9 (4) The amount that the person shall be exempt from an obligation  
10 to pay shall be calculated on the basis of combined disposable income,  
11 as defined in RCW 84.36.383. If the person claiming the exemption was  
12 retired for two months or more of the assessment year, the combined  
13 disposable income of such person shall be calculated by multiplying the  
14 average monthly combined disposable income of such person during the  
15 months such person was retired by twelve. If the income of the person  
16 claiming exemption is reduced for two or more months of the assessment  
17 year by reason of the death of the person's spouse, or when other  
18 substantial changes occur in disposable income that are likely to  
19 continue for an indefinite period of time, the combined disposable  
20 income of such person shall be calculated by multiplying the average  
21 monthly combined disposable income of such person after such  
22 occurrences by twelve. If it is necessary to estimate income to comply  
23 with this subsection, the assessor may require confirming documentation  
24 of such income prior to May 31 of the year following application;

25 (5)(a) A person who otherwise qualifies under this section and has  
26 a combined disposable income of twenty-eight thousand dollars or less  
27 shall be exempt from all excess property taxes; and

28 (b)(i) A person who otherwise qualifies under this section and has  
29 a combined disposable income of eighteen thousand dollars or less but  
30 greater than fifteen thousand dollars shall be exempt from all regular  
31 property taxes on the greater of thirty thousand dollars or thirty  
32 percent of the valuation of his or her residence, but not to exceed  
33 fifty thousand dollars of the valuation of his or her residence; or

34 (ii) A person who otherwise qualifies under this section and has a  
35 combined disposable income of fifteen thousand dollars or less shall be  
36 exempt from all regular property taxes on the greater of thirty-four  
37 thousand dollars or fifty percent of the valuation of his or her  
38 residence; and

1 (6) For a person who otherwise qualifies under this section and has  
2 a combined disposable income of twenty-eight thousand dollars or less,  
3 the valuation of the residence shall be the (~~true and fair~~) assessed  
4 value of the residence on the later of January 1, 1995, or January 1st  
5 of the assessment year the person first qualifies under this section.  
6 If the person subsequently fails to qualify under this section only for  
7 one year because of high income, this same valuation shall be used upon  
8 requalification. If the person fails to qualify for more than one year  
9 in succession because of high income or fails to qualify for any other  
10 reason, the valuation upon requalification shall be the (~~true and~~  
11 ~~fair~~) assessed value on January 1st of the assessment year in which  
12 the person requalifies. If the person transfers the exemption under  
13 this section to a different residence, the valuation of the different  
14 residence shall be the (~~true and fair~~) assessed value of the  
15 different residence on January 1st of the assessment year in which the  
16 person transfers the exemption.

17 In no event may the valuation under this subsection be greater than  
18 the true and fair value of the residence on January 1st of the  
19 assessment year.

20 This subsection does not apply to subsequent improvements to the  
21 property in the year in which the improvements are made. Subsequent  
22 improvements to the property shall be added to the value otherwise  
23 determined under this subsection at their true and fair value in the  
24 year in which they are made.

25 **Sec. 2.** RCW 84.40.030 and 1994 c 124 s 20 are each amended to read  
26 as follows:

27 All property shall be valued at one hundred percent of its true and  
28 fair value in money and assessed on the same basis unless specifically  
29 provided otherwise by law.

30 Taxable leasehold estates shall be valued at such price as they  
31 would bring at a fair, voluntary sale for cash without any deductions  
32 for any indebtedness owed including rentals to be paid.

33 The true and fair value of real property for taxation purposes  
34 (including property upon which there is a coal or other mine, or stone  
35 or other quarry) shall be based on the most probable and most  
36 reasonable use of the real property based upon the following criteria:

37 (1) Any sales of the property being appraised or similar properties  
38 with respect to sales made within the past five years. The appraisal

1 shall be consistent with the comprehensive land use plan, development  
2 regulations under chapter 36.70A RCW, zoning, and any other  
3 governmental policies or practices in effect at the time of appraisal  
4 that affect the use of property, as well as physical and environmental  
5 influences. The appraisal shall also take into account: (a) In the  
6 use of sales by real estate contract as similar sales, the extent, if  
7 any, to which the stated selling price has been increased by reason of  
8 the down payment, interest rate, or other financing terms; and (b) the  
9 extent to which the sale of a similar property actually represents the  
10 general effective market demand for property of such type, in the  
11 geographical area in which such property is located. Sales involving  
12 deed releases or similar seller-developer financing arrangements shall  
13 not be used as sales of similar property.

14 (2) In addition to sales as defined in subsection (1),  
15 consideration may be given to cost, cost less depreciation,  
16 reconstruction cost less depreciation, or capitalization of income that  
17 would be derived from prudent use of the property. In the case of  
18 property of a complex nature, or being used under terms of a franchise  
19 from a public agency, or operating as a public utility, or property not  
20 having a record of sale within five years and not having a significant  
21 number of sales of similar property in the general area, the provisions  
22 of this subsection (2) shall be the dominant factors in valuation.  
23 When provisions of this subsection (2) are relied upon for establishing  
24 values the property owner shall be advised upon request of the factors  
25 used in arriving at such value.

26 (3) In valuing any tract or parcel of real property, the value of  
27 the land, exclusive of structures thereon shall be determined; also the  
28 value of structures thereon, but the valuation shall not exceed the  
29 value of the total property as it exists. In valuing agricultural  
30 land, growing crops shall be excluded.

31 NEW SECTION. **Sec. 3.** If any provision of this act or its  
32 application to any person or circumstance is held invalid, the  
33 remainder of the act or the application of the provision to other  
34 persons or circumstances is not affected.

35 NEW SECTION. **Sec. 4.** If any part of this act is found to be in  
36 conflict with federal requirements that are a prescribed condition to  
37 the allocation of federal funds to the state, the conflicting part of

1 this act is inoperative solely to the extent of the conflict and with  
2 respect to the agencies directly affected, and this finding does not  
3 affect the operation of the remainder of this act in its application to  
4 the agencies concerned. The rules under this act shall meet federal  
5 requirements that are a necessary condition to the receipt of federal  
6 funds by the state.

7 NEW SECTION. **Sec. 5.** (1) Section 1 of this act is necessary for  
8 the immediate preservation of the public peace, health, or safety, or  
9 support of the state government and its existing public institutions,  
10 and shall take effect immediately.

11 (2) Section 2 of this act shall take effect July 1, 1997."

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15 On page 1, line 2 of the title, after "disability;" strike the  
16 remainder of the title and insert "amending RCW 84.36.381 and  
17 84.40.030; creating a new section; providing an effective date; and  
18 declaring an emergency."

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