

2 HB 2457 - S AMD - 218

3 By Senators Goings and McCaslin

4

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~~) sixty
2 years of age or older on December 31st of the year in which the
3 exemption claim is filed, or must have been, at the time of filing,
4 retired from regular gainful employment by reason of physical
5 disability: PROVIDED, That any surviving spouse of a person who was
6 receiving an exemption at the time of the person's death shall qualify
7 if the surviving spouse is fifty-seven years of age or older and
8 otherwise meets the requirements 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~~) twenty-nine thousand
27 dollars or less 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~~) nineteen thousand dollars
30 or less but greater than (~~fifteen~~) sixteen thousand dollars shall be
31 exempt from all regular property taxes on the greater of thirty
32 thousand dollars or thirty percent of the valuation of his or her
33 residence, but not to exceed fifty thousand dollars of the valuation of
34 his or her residence; or

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

1 (6) For a person who otherwise qualifies under this section and has
2 a combined disposable income of (~~twenty-eight~~) twenty-nine thousand
3 dollars or less, the valuation of the residence shall be the (~~true and~~
4 ~~fair~~) assessed value of the residence on the later of January 1, 1995,
5 or January 1st of the assessment year the person first qualifies under
6 this section. If the person subsequently fails to qualify under this
7 section only for one year because of high income, this same valuation
8 shall be used upon requalification. If the person fails to qualify for
9 more than one year in succession because of high income or fails to
10 qualify for any other reason, the valuation upon requalification shall
11 be the (~~true and fair~~) assessed value on January 1st of the
12 assessment year in which the person requalifies. If the person
13 transfers the exemption under this section to a different residence,
14 the valuation of the different residence shall be the (~~true and fair~~)
15 assessed value of the different residence on January 1st of the
16 assessment year in which the 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 NEW SECTION. **Sec. 2.** The change in age set out in RCW
26 84.36.381(3) and the change in income set out in RCW 84.36.381(5) are
27 effective for taxes levied for collection in 1997 and thereafter.

28 **Sec. 3.** RCW 84.40.030 and 1994 c 124 s 20 are each amended to read
29 as follows:

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

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

36 The true and fair value of real property for taxation purposes
37 (including property upon which there is a coal or other mine, or stone

1 or other quarry) shall be based on the most probable and most
2 reasonable use of the real property based upon the following criteria:

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

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

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

35 NEW SECTION. **Sec. 4.** If any provision of this act or its
36 application to any person or circumstance is held invalid, the
37 remainder of the act or the application of the provision to other
38 persons or circumstances is not affected.

1 NEW SECTION. **Sec. 5.** If any part of this act is found to be in
2 conflict with federal requirements that are a prescribed condition to
3 the allocation of federal funds to the state, the conflicting part of
4 this act is inoperative solely to the extent of the conflict and with
5 respect to the agencies directly affected, and this finding does not
6 affect the operation of the remainder of this act in its application to
7 the agencies concerned. The rules under this act shall meet federal
8 requirements that are a necessary condition to the receipt of federal
9 funds by the state.

10 NEW SECTION. **Sec. 6.** (1) Sections 1 and 2 of this act are
11 necessary for the immediate preservation of the public peace, health,
12 or safety, or support of the state government and its existing public
13 institutions, and shall take effect immediately.
14 (2) Section 3 of this act shall take effect July 1, 1997."

15 **HB 2457** - S AMD - 218
16 By Senators Goings and McCaslin

17
18 On page 1, line 2 of the title, after "disability;" strike the
19 remainder of the title and insert "amending RCW 84.36.381 and
20 84.40.030; creating new sections; providing an effective date; and
21 declaring an emergency."

--- END ---