
HOUSE BILL 1142

State of Washington

55th Legislature

1997 Regular Session

By Representatives Dunshee, Blalock and O'Brien; by request of Governor Lowry

Read first time 01/15/97. Referred to Committee on Finance.

1 AN ACT Relating to homeowner's property tax deferral; amending RCW
2 84.38.010; adding new sections to chapter 84.38 RCW; and creating a new
3 section.

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

5 **Sec. 1.** RCW 84.38.010 and 1975 1st ex.s. c 291 s 26 are each
6 amended to read as follows:

7 (1) The legislature finds that savings once deemed adequate for
8 retirement living have been rendered inadequate by increased tax rates,
9 increased property values, and the failure of pension systems to
10 adequately reflect such factors. It is therefore deemed necessary that
11 the legislature, in addition to that tax exemption as provided for in
12 RCW 84.36.381 through 84.36.389 as now or hereafter amended, allow
13 retired persons to defer payment of special assessments on their
14 residences, and to defer their real property tax obligations on their
15 residences, an amount of up to eighty percent of their equity in said
16 property. ((This)) The deferral ((program)) provided under RCW
17 84.38.030 is intended to assist retired persons in maintaining their
18 dignity and a reasonable standard of living by residing in their own

1 homes, providing for their own needs, and managing their own affairs
2 without requiring assistance from public welfare programs.

3 (2) The legislature also finds that large and unanticipated
4 increases in taxes on residential property, usually attributable to
5 rapid increases in property values, cause undue and excessive hardships
6 for many homeowners. These increased tax burdens put many of these
7 homeowners at risk of being unable to remain in their residences and
8 maintain their property. Temporary financial hardships, such as
9 unemployment or medical costs, may also cause some homeowners to have
10 insufficient resources to pay property tax bills. The legislature
11 therefore intends to provide these taxpayers with the ability to defer
12 taxes due so that they will be able to remain in their homes while
13 still paying an equitable share of the overall property tax burden.

14 NEW SECTION. Sec. 2. A new section is added to chapter 84.38 RCW
15 to read as follows:

16 A claimant may defer payment of that amount of real property taxes
17 that exceeds five percent of the claimant's adjusted gross income if
18 the following conditions are met:

19 (1) The claimant must meet all requirements for an exemption for
20 the residence under RCW 84.36.381(1), and residence has the same
21 meaning as given in RCW 84.38.020(5);

22 (2) The claimant must have adjusted gross income, together with the
23 adjusted gross income of the claimant's spouse, and the adjusted gross
24 income of each cotenant occupying the residence, of fifty thousand
25 dollars or less, in the calendar year preceding the filing of the
26 declaration. Adjusted gross income has the meaning defined in the
27 federal internal revenue code, as amended before January 1, 1997, or
28 such subsequent date as the director may adopt by rule consistent with
29 the purpose of this section;

30 (3) The claimant who defers payment of real property taxes under
31 this section must also meet the conditions of RCW 84.38.030 (4) and
32 (5); and

33 (4) The total amount deferred by a claimant under this chapter must
34 not exceed eighty percent of the amount of the claimant's equity value
35 in the claimant's residence.

36 NEW SECTION. Sec. 3. A new section is added to chapter 84.38 RCW
37 to read as follows:

1 (1) If the annual amount of real property tax deferred by a
2 claimant under section 2 of this act is less than, or equal to, the
3 amount owed by the claimant that is attributable to the state levy for
4 the support of the common schools under RCW 84.52.065, the amount
5 deferred shall not be paid by the claimant nor collected by the county
6 treasurer in the year deferred, but shall be payable as provided in RCW
7 84.38.130, including RCW 84.38.130 (1) through (4), and upon failure of
8 any condition set forth in section 2 of this act.

9 (2) To the extent that the annual amount of real property tax
10 deferred by a claimant under section 2 of this act exceeds the amount
11 owed by the claimant that is attributable to the state levy for the
12 support of the common schools under RCW 84.52.065, the department shall
13 pay the amount in excess of the state levy, from amounts appropriated
14 for that purpose, in the manner prescribed in RCW 84.38.120.

15 (3) Real property taxes not deferred are due and payable as
16 provided in chapter 84.56 RCW.

17 NEW SECTION. **Sec. 4.** A new section is added to chapter 84.38 RCW
18 to read as follows:

19 The department shall devise the forms and adopt rules consistent
20 with chapter 34.05 RCW and chapter . . . , Laws of 1997 (this act) as
21 are necessary or desirable to permit the effective administration of
22 chapter . . . , Laws of 1997 (this act).

23 NEW SECTION. **Sec. 5.** This act applies to taxes levied in 1997 for
24 collection in 1998 and thereafter.

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