
HOUSE BILL 2390

State of Washington

55th Legislature

1998 Regular Session

By Representatives DeBolt, Pennington, Alexander, Skinner, Mulliken, Johnson, Backlund, Buck, Carlson, Wensman, Wolfe, Sheahan, Benson, Sullivan, Lambert, Conway, D. Schmidt, Gardner, Linville, Cole, Keiser, Scott, Thompson, Costa, McDonald, McCune, Kessler and O'Brien

Read first time 01/13/98. Referred to Committee on Finance.

1 AN ACT Relating to property tax exemptions for seniors and persons
2 retired by reason of physical disability; and amending RCW 84.36.381
3 and 84.36.383.

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

5 **Sec. 1.** RCW 84.36.381 and 1996 c 146 s 1 are each amended to read
6 as follows:

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

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

19 (a) The residence is temporarily unoccupied;

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

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

5 (2) The person claiming the exemption must have owned, at the time
6 of filing, in fee, as a life estate, or by contract purchase, the
7 residence on which the property taxes have been imposed or if the
8 person claiming the exemption lives in a cooperative housing
9 association, corporation, or partnership, such person must own a share
10 therein representing the unit or portion of the structure in which he
11 or she resides. For purposes of this subsection, a residence owned by
12 a marital community or owned by cotenants shall be deemed to be owned
13 by each spouse or cotenant, and any lease for life shall be deemed a
14 life estate;

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

23 (4) The amount that the person shall be exempt from an obligation
24 to pay shall be calculated on the basis of combined disposable income,
25 as defined in RCW 84.36.383. If the person claiming the exemption was
26 retired for two months or more of the assessment year, the combined
27 disposable income of such person shall be calculated by multiplying the
28 average monthly combined disposable income of such person during the
29 months such person was retired by twelve. If the income of the person
30 claiming exemption is reduced for two or more months of the assessment
31 year by reason of the death of the person's spouse, or when other
32 substantial changes occur in disposable income that are likely to
33 continue for an indefinite period of time, the combined disposable
34 income of such person shall be calculated by multiplying the average
35 monthly combined disposable income of such person after such
36 occurrences by twelve. If it is necessary to estimate income to comply
37 with this subsection, the assessor may require confirming documentation
38 of such income prior to May 31 of the year following application;

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

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

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

15 (6) For a person who otherwise qualifies under this section and has
16 a combined disposable income of (~~twenty-eight~~) thirty thousand
17 dollars or less, the valuation of the residence shall be the assessed
18 value of the residence on the later of January 1, 1995, or January 1st
19 of the assessment year the person first qualifies under this section.
20 If the person subsequently fails to qualify under this section only for
21 one year because of high income, this same valuation shall be used upon
22 requalification. If the person fails to qualify for more than one year
23 in succession because of high income or fails to qualify for any other
24 reason, the valuation upon requalification shall be the assessed value
25 on January 1st of the assessment year in which the person requalifies.
26 If the person transfers the exemption under this section to a different
27 residence, the valuation of the different residence shall be the
28 assessed value of the different residence on January 1st of the
29 assessment year in which the person transfers the exemption.

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

33 This subsection does not apply to subsequent improvements to the
34 property in the year in which the improvements are made. Subsequent
35 improvements to the property shall be added to the value otherwise
36 determined under this subsection at their true and fair value in the
37 year in which they are made; and

38 (7) The department shall periodically review the income thresholds
39 established in this section, including the effects of inflation on the

1 thresholds and report biannually to the legislature. The first report
2 is due on December 1, 1999.

3 **Sec. 2.** RCW 84.36.383 and 1995 1st sp.s. c 8 s 2 are each amended
4 to read as follows:

5 As used in RCW 84.36.381 through 84.36.389, except where the
6 context clearly indicates a different meaning:

7 (1) The term "residence" shall mean a single family dwelling unit
8 whether such unit be separate or part of a multiunit dwelling,
9 including the land on which such dwelling stands (~~not to exceed one~~
10 ~~aere~~). The term shall also include a share ownership in a cooperative
11 housing association, corporation, or partnership if the person claiming
12 exemption can establish that his or her share represents the specific
13 unit or portion of such structure in which he or she resides. The term
14 shall also include a single family dwelling situated upon lands the fee
15 of which is vested in the United States or any instrumentality thereof
16 including an Indian tribe or in the state of Washington, and
17 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a
18 residence shall be deemed real property.

19 (2) The term "real property" shall also include a mobile home which
20 has substantially lost its identity as a mobile unit by virtue of its
21 being fixed in location upon land owned or leased by the owner of the
22 mobile home and placed on a foundation (posts or blocks) with fixed
23 pipe, connections with sewer, water, or other utilities: PROVIDED,
24 That a mobile home located on land leased by the owner of the mobile
25 home shall be subject, for tax billing, payment, and collection
26 purposes, only to the personal property provisions of chapter 84.56 RCW
27 and RCW 84.60.040.

28 (3) "Department" shall mean the state department of revenue.

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

35 (a) Drugs supplied by prescription of a medical practitioner
36 authorized by the laws of this state or another jurisdiction to issue
37 prescriptions; and

1 (b) The treatment or care of either person received in the home or
2 in a nursing home.

3 (5) "Disposable income" means adjusted gross income as defined in
4 the federal internal revenue code, as amended prior to January 1, 1989,
5 or such subsequent date as the director may provide by rule consistent
6 with the purpose of this section, plus all of the following items to
7 the extent they are not included in or have been deducted from adjusted
8 gross income:

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

14 (b) Amounts deducted for loss;

15 (c) Amounts deducted for depreciation;

16 (d) Pension and annuity receipts;

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

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

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

22 (h) Dividend receipts; ((and))

23 (i) Interest received on state and municipal bonds; and

24 (j) Medical insurance payments.

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

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