
SENATE BILL 6321

State of Washington

55th Legislature

1998 Regular Session

By Senators Winsley, Fraser, Spanel, West, B. Sheldon, Oke, Rasmussen and Goings

Read first time 01/15/98. Referred to Committee on Ways & Means.

1 AN ACT Relating to property tax exemptions and deferrals for senior
2 citizens and persons retired for reasons of physical disability;
3 amending RCW 84.36.381, 84.36.383, and 84.38.020; and creating a new
4 section.

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

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

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

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

1 (a) The residence is temporarily unoccupied;

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

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

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

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

24 (4) The amount that the person shall be exempt from an obligation
25 to pay shall be calculated on the basis of combined disposable income,
26 as defined in RCW 84.36.383. If the person claiming the exemption was
27 retired for two months or more of the assessment year, the combined
28 disposable income of such person shall be calculated by multiplying the
29 average monthly combined disposable income of such person during the
30 months such person was retired by twelve. If the income of the person
31 claiming exemption is reduced for two or more months of the assessment
32 year by reason of the death of the person's spouse, or when other
33 substantial changes occur in disposable income that are likely to
34 continue for an indefinite period of time, the combined disposable
35 income of such person shall be calculated by multiplying the average
36 monthly combined disposable income of such person after such
37 occurrences by twelve. If it is necessary to estimate income to comply
38 with this subsection, the assessor may require confirming documentation
39 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)~~) twenty thousand dollars or
6 less but greater than (~~(fifteen)~~) seventeen thousand dollars shall be
7 exempt from all regular property taxes on the greater of thirty
8 thousand dollars or thirty percent of the valuation of his or her
9 residence, but not to exceed fifty thousand dollars of the valuation of
10 his or her residence; or

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

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

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

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

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

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

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

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

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

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

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

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

3 (c) Health care insurance of either person, including any deduction
4 for medicare under Title XVIII of the social security act.

5 (5) "Disposable income" means adjusted gross income as defined in
6 the federal internal revenue code, as amended prior to January 1, 1989,
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~~
12 ~~a principal residence under section 1034 of the federal internal~~
13 ~~revenue code, or~~)) gain excluded from income under section 121 of the
14 federal internal revenue code to the extent it is reinvested in a new
15 principal 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 (6) "Cotenant" means a person who resides with the person claiming
27 the exemption and who has an ownership interest in the residence.

28 **Sec. 3.** RCW 84.38.020 and 1997 c 93 s 1 are each amended to read
29 as follows:

30 Unless a different meaning is plainly required by the context, the
31 following words and phrases as hereinafter used in this chapter shall
32 have the following meanings:

33 (1) "Claimant" means a person who either elects or is required
34 under RCW 84.64.050 to defer payment of the special assessments and/or
35 real property taxes accrued on the claimant's residence by filing a
36 declaration to defer as provided by this chapter.

1 When two or more individuals of a household file or seek to file a
2 declaration to defer, they may determine between them as to who the
3 claimant shall be.

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

5 (3) "Equity value" means the amount by which the fair market value
6 of a residence as determined from the records of the county assessor
7 exceeds the total amount of any liens or other obligations against the
8 property.

9 (4) "Local government" means any city, town, county, water-sewer
10 district, public utility district, port district, irrigation district,
11 flood control district, or any other municipal corporation, quasi-
12 municipal corporation, or other political subdivision authorized to
13 levy special assessments.

14 (5) "Real property taxes" means ad valorem property taxes levied on
15 a residence in this state in the preceding calendar year.

16 (6) "Residence" has the meaning given in RCW 84.36.383(~~(, except~~
17 ~~that a residence includes any additional property up to a total of five~~
18 ~~acres that comprises the residential parcel if this larger parcel size~~
19 ~~is required under land use regulations))).~~

20 (7) "Special assessment" means the charge or obligation imposed by
21 a local government upon property specially benefited.

22 NEW SECTION. **Sec. 4.** This act applies to taxes levied for
23 collection in 1999 and thereafter.

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