
SENATE BILL 6659

State of Washington

55th Legislature

1998 Regular Session

By Senators Benton and Oke

Read first time 01/26/98. Referred to Committee on Ways & Means.

1 AN ACT Relating to property taxes; adding new sections to chapter
2 84.36 RCW; adding a new section to chapter 84.40 RCW; and creating new
3 sections.

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

5 NEW SECTION. **Sec. 1.** The intent of this act is to provide
6 property tax relief by setting base years for property tax valuation
7 computation, and limiting the tax assessed on real property.

8 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.36 RCW
9 to read as follows:

10 The definitions in this section apply throughout this section and
11 sections 3 and 4 of this act unless the context clearly requires
12 otherwise.

13 (1)(a) "Adjusted value" means the assessed true and fair value of
14 property, as determined under RCW 84.40.030.

15 (b) This subsection does not apply to special levies or levies
16 approved under RCW 84.55.050.

17 (2) "Base value" means the following, as appropriate:

1 (a) The assessed value for 1995 determined under RCW 84.40.030 of
2 property acquired in or before 1995;

3 (b) The assessed value determined under RCW 84.40.030 of the
4 property for the year in which the property is acquired; or

5 (c) The assessed true and fair value as determined under RCW
6 84.40.030 for all property that has changed or transferred ownership
7 since the last assessment.

8 (3)(a) "Change of ownership" and "transfer of ownership" are
9 equivalent, and mean a transfer of a present interest in real property,
10 including a transfer of the beneficial use of real property.

11 (b) "Change of ownership" and "transfer of ownership" include,
12 except as provided in (c) of this subsection:

13 (i) Contracting to convey the title to or ownership of real
14 property upon the fulfillment of one or more stated conditions if the
15 right to possession of the property is transferred currently;

16 (ii) The creation, transfer, or termination of a joint tenancy
17 interest;

18 (iii) The creation, transfer, or termination of a tenancy-in-common
19 interest;

20 (iv) The vesting of a right of possession or enjoyment of a
21 remainder or reversionary interest that occurs upon the termination of
22 a life estate or other similar precedent property interest;

23 (v) An interest that vests in persons other than the trustor if a
24 revocable trust becomes irrevocable; and

25 (vi) The transfer of stock of a cooperative housing corporation,
26 vested with legal title to real property, that conveys to the
27 transferee the exclusive right to occupancy and possession of the
28 property or a portion of the property.

29 (c) "Change of ownership" does not include:

30 (i) A transfer between co-owners that results in a change in the
31 method of holding title to the real property transferred without
32 changing the proportional interests of the co-owners in the real
33 property, such as a partition of a tenancy in common;

34 (ii) A transfer for the purpose of merely perfecting title to the
35 real property;

36 (iii) The creation, assignment, termination, or reconveyance of a
37 security interest in real property, or the substitution of a trustee
38 under a security instrument;

1 (iv) A transfer of real property by the trustor, or by the
2 trustor's spouse, or by both, into a trust for so long as the
3 transferor is the sole present beneficiary of the trust, or the trust
4 is revocable, or any transfer of real property by a trustee of such
5 trust back to the trustor;

6 (v) A transfer of real property by an instrument whose terms
7 reserve to the transferor an estate for years or an estate for life.
8 However, the termination of such an estate for years or life estate
9 shall constitute a change of ownership;

10 (vi) A transfer of real property between or among the same parties
11 for the purpose of correcting or reforming a deed to express the true
12 intention of the parties, if the original relationship between the
13 grantor and grantee is not changed; or

14 (vii) An interspousal transfer of real property, including, but not
15 limited to:

16 (A) Transfers to a trustee for the beneficial use of a spouse, or
17 the surviving spouse of a deceased transferor, or by a trustee of the
18 trust to the spouse of the trustor;

19 (B) Transfers that take effect upon the death of a spouse;

20 (C) Transfers to a spouse or former spouse in connection with a
21 property settlement agreement or decree of dissolution of marriage or
22 legal separation; and

23 (D) The creation, transfer, or termination, solely between spouses,
24 of any co-owner's interest.

25 NEW SECTION. **Sec. 3.** A new section is added to chapter 84.36 RCW
26 to read as follows:

27 (1)(a) In addition to the limitations under this title, a specific
28 property tax exemption is created whereby:

29 (i) The tax payable on property used as an owner-occupied principal
30 place of residence may not exceed one-half of one percent of the
31 property's adjusted value, as determined either under section 2 of this
32 act or under applicable law, or both; and

33 (ii) A taxing district may not increase the actual monetary
34 property tax assessed against property used as an owner-occupied
35 principal place of residence.

36 (b) This subsection does not apply to special levies or levies
37 approved under RCW 84.55.050.

1 (2) Confinement of the claimant to a hospital or nursing home does
2 not disqualify the claim of exemption if:

3 (a) The residence is temporarily unoccupied;

4 (b) The residence is occupied by a person who is either or both a
5 spouse or a person financially dependent on the claimant for support;
6 or

7 (c) The residence is rented for the specific purpose of paying
8 nursing home or hospital costs.

9 (3) A person who is displaced from a principal residence may
10 transfer a claimed exemption status to a similar replacement residence.

11 (4) A claimed exemption shall continue annually until change of
12 ownership of the affected property, or until rescinded by the claimant.

13 (5) A claimant may not receive more than one active owner-occupant
14 exemption at any time. A new claim for such an exemption invalidates
15 any prior such exemption.

16 NEW SECTION. **Sec. 4.** A new section is added to chapter 84.40 RCW
17 to read as follows:

18 (1) All property tax assessments shall be computed using the
19 adjusted value of a property.

20 (2) The definitions in section 2 of this act apply to this section.

21 NEW SECTION. **Sec. 5.** This act applies to taxes levied for
22 collection in 1999 and thereafter.

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