

2 SHB 1969 - S COMM AMD

3 By Committee on Health & Long-Term Care

4 OUT OF ORDER; NOT ADOPTED 4/15/99

5 Strike everything after the enacting clause and insert the
6 following:

7 "Sec. 1. RCW 84.36.041 and 1998 c 311 s 20 are each amended to
8 read as follows:

9 (1) All real and personal property used by a nonprofit home for the
10 aging that is reasonably necessary for the purposes of the home is
11 exempt from taxation if the benefit of the exemption inures to the home
12 and:

13 (a) At least fifty percent of the occupied dwelling units in the
14 home are occupied by eligible residents; or

15 (b) The home is subsidized under a federal department of housing
16 and urban development program. The department of revenue shall provide
17 by rule a definition of homes eligible for exemption under this
18 subsection (1)(b), consistent with the purposes of this section.

19 (2) All real and personal property used by a nonprofit home for the
20 aging that is reasonably necessary for the purposes of the home is
21 exempt from taxation if the benefit of the exemption inures to the home
22 and the construction, rehabilitation, acquisition, or refinancing of
23 the home is financed under a program using bonds exempt from federal
24 income tax if at least seventy-five percent of the total amount
25 financed uses the tax exempt bonds and the financing program requires
26 the home to reserve a percentage of all dwelling units so financed for
27 low-income residents. The initial term of the exemption under this
28 subsection shall equal the term of the tax exempt bond used in
29 connection with the financing program, or the term of the requirement
30 to reserve dwelling units for low-income residents, whichever is
31 shorter. If the financing program involves less than the entire home,
32 only those dwelling units included in the financing program are
33 eligible for total exemption. The department of revenue shall provide
34 by rule the requirements for monitoring compliance with the provisions
35 of this subsection and the requirements for exemption including:

1 (a) The number or percentage of dwelling units required to be
2 occupied by low-income residents, and a definition of low income;

3 (b) The type and character of the dwelling units, whether
4 independent units or otherwise; and

5 (c) Any particular requirements for continuing care retirement
6 communities.

7 (3) A home for the aging is eligible for a partial exemption on the
8 real property and a total exemption for the home's personal property if
9 the home does not meet the requirements of subsection (1) of this
10 section because fewer than fifty percent of the occupied dwelling units
11 are occupied by eligible residents, as follows:

12 (a) A partial exemption shall be allowed for each dwelling unit in
13 a home occupied by a resident requiring assistance with activities of
14 daily living.

15 (b) A partial exemption shall be allowed for each dwelling unit in
16 a home occupied by an eligible resident.

17 (c) A partial exemption shall be allowed for an area jointly used
18 by a home for the aging and by a nonprofit organization, association,
19 or corporation currently exempt from property taxation under one of the
20 other provisions of this chapter. The shared area must be reasonably
21 necessary for the purposes of the nonprofit organization, association,
22 or corporation exempt from property taxation under one of the other
23 provisions of this chapter, such as kitchen, dining, and laundry areas.

24 (d) The amount of exemption shall be calculated by multiplying the
25 assessed value of the property reasonably necessary for the purposes of
26 the home, less the assessed value of any area exempt under (c) of this
27 subsection, by a fraction. The numerator of the fraction is the number
28 of dwelling units occupied by eligible residents and by residents
29 requiring assistance with activities of daily living. The denominator
30 of the fraction is the total number of occupied dwelling units as of
31 (~~January 1st~~) December 31st of the assessment year for which
32 exemption is claimed.

33 (4) To be exempt under this section, the property must be used
34 exclusively for the purposes for which the exemption is granted, except
35 as provided in RCW 84.36.805.

36 (5) A home for the aging is exempt from taxation only if the
37 organization operating the home is exempt from income tax under section
38 501(c) of the federal internal revenue code as existing on January 1,

1 1989, or such subsequent date as the director may provide by rule
2 consistent with the purposes of this section.

3 (6) In order for the home to be eligible for exemption under
4 subsections (1)(a) and (~~((+2))~~) (3)(b) of this section, each eligible
5 resident of a home for the aging shall submit an income verification
6 form to the county assessor by (~~((July 1st))~~) December 31st of the
7 assessment year (~~((in which the application for exemption is made))~~) for
8 which exemption is claimed. The income verification form shall be
9 prescribed and furnished by the department of revenue. An eligible
10 resident who has filed a form for a previous year need not file a new
11 form until there is a change in status affecting the person's
12 eligibility.

13 (7) In determining the (~~((assessed))~~) true and fair value of a home
14 for the aging for purposes of the partial exemption provided by
15 subsection (3) of this section, the assessor shall apply the
16 computation method provided by RCW 84.34.060 and shall consider only
17 the use to which such property is applied during the years for which
18 such partial exemptions are available and shall not consider potential
19 uses of such property.

20 (8) As used in this section:

21 (a) "Eligible resident" means a person who:

22 (i) Occupied the dwelling unit as a principal place of residence
23 (~~((as of January 1st))~~) on December 31st of the assessment year for which
24 the exemption is claimed. Confinement of the person to a hospital or
25 nursing home does not disqualify the claim of exemption if the dwelling
26 unit is temporarily unoccupied or if the dwelling unit is occupied by
27 a spouse, a person financially dependent on the claimant for support,
28 or both; and

29 (ii) Is sixty-one years of age or older on December 31st of the
30 year in which the exemption claim is filed, or is, at the time of
31 filing, retired from regular gainful employment by reason of physical
32 disability. Any surviving spouse of a person who was receiving an
33 exemption at the time of the person's death shall qualify if the
34 surviving spouse is fifty-seven years of age or older and otherwise
35 meets the requirements of this subsection; and

36 (iii) Has a combined disposable income of no more than the greater
37 of twenty-two thousand dollars or eighty percent of the median income
38 adjusted for family size as most recently determined by the federal
39 department of housing and urban development for the county in which the

1 person resides. For the purposes of determining eligibility under this
2 section, a "cotentant" means a person who resides with an eligible
3 resident and who shares personal financial resources with the eligible
4 resident.

5 (b) "Combined disposable income" means the disposable income of the
6 person submitting the income verification form, plus the disposable
7 income of his or her spouse, and the disposable income of each cotenant
8 occupying the dwelling unit for the preceding calendar year, less
9 amounts paid by the person submitting the income verification form or
10 his or her spouse or cotenant during the previous year for the
11 treatment or care of either person received in the dwelling unit or in
12 a nursing home. If the person submitting the income verification form
13 was retired for two months or more of the preceding year, the combined
14 disposable income of such person shall be calculated by multiplying the
15 average monthly combined disposable income of such person during the
16 months such person was retired by twelve. If the income of the person
17 submitting the income verification form is reduced for two or more
18 months of the preceding year by reason of the death of the person's
19 spouse, the combined disposable income of such person shall be
20 calculated by multiplying the average monthly combined disposable
21 income of such person after the death of the spouse by twelve.

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

28 (i) Capital gains, other than (~~nonrecognized gain on the sale of~~
29 ~~a principal residence under section 1034 of the federal internal~~
30 ~~revenue code, or~~) gain excluded from income under section 121 of the
31 federal internal revenue code to the extent it is reinvested in a new
32 principal residence;

33 (ii) Amounts deducted for loss;

34 (iii) Amounts deducted for depreciation;

35 (iv) Pension and annuity receipts;

36 (v) Military pay and benefits other than attendant-care and
37 medical-aid payments;

38 (vi) Veterans benefits other than attendant-care and medical-aid
39 payments;

1 (vii) Federal social security act and railroad retirement benefits;
2 (viii) Dividend receipts; and
3 (ix) Interest received on state and municipal bonds.

4 (d) "Resident requiring assistance with activities of daily living"
5 means a person who requires significant assistance with the activities
6 of daily living and who would be at risk of nursing home placement
7 without this assistance.

8 (e) "Home for the aging" means a residential housing facility that
9 (i) provides a housing arrangement chosen voluntarily by the resident,
10 the resident's guardian or conservator, or another responsible person;
11 (ii) has only residents who are at least sixty-one years of age or who
12 have needs for care generally compatible with persons who are at least
13 sixty-one years of age; and (iii) provides varying levels of care and
14 supervision, as agreed to at the time of admission or as determined
15 necessary at subsequent times of reappraisal.

16 (9) A for-profit home for the aging that converts to nonprofit
17 status after June 11, 1992, and would otherwise be eligible for tax
18 exemption under this section may not receive the tax exemption until
19 five years have elapsed since the conversion. The exemption shall then
20 be ratably granted over the next five years.

21 NEW SECTION. **Sec. 2.** This act is necessary for the immediate
22 preservation of the public peace, health, or safety, or support of the
23 state government and its existing public institutions, and takes effect
24 immediately."

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27 NOT ADOPTED 4/15/99

28 On page 1, line 2 of the title, after "aging;" strike the remainder
29 of the title and insert "amending RCW 84.36.041; and declaring an
30 emergency."

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