
HOUSE BILL 2276

State of Washington 56th Legislature 1999 Regular Session

By Representatives Dunshee, Keiser, Romero, Schual-Berke and Dickerson

Read first time 03/23/1999. Referred to Committee on Finance.

1 AN ACT Relating to a property tax credit for owner-occupied
2 principal residences; amending RCW 84.36.385, 84.36.387, 84.36.389, and
3 84.56.050; reenacting and amending RCW 84.55.005; adding a new section
4 to chapter 84.52 RCW; adding a new section to chapter 84.55 RCW;
5 creating a new section; and providing a contingent effective date.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.52 RCW
8 to read as follows:

9 (1) A credit is allowed against property taxes levied for state
10 purposes upon an owner-occupied principal residence, as defined in RCW
11 84.36.383. The amount of credit for any year equals the base credit
12 amount plus 0.0386 percent of the assessed valuation of the residence.

13 (2)(a) For taxes levied for collection in 2000, the base credit
14 amount is one hundred twenty dollars.

15 (b) For taxes levied for collection in 2001, the base credit amount
16 is one hundred sixty dollars.

17 (c) For taxes levied for collection in 2002, the base credit amount
18 is one hundred eighty-five dollars.

1 (d) For taxes levied for collection in 2003, the base credit amount
2 is two hundred ten dollars.

3 (e) For taxes levied for collection in 2004, the base credit amount
4 is two hundred thirty-five dollars.

5 (f) For taxes levied for collection in 2005, the base credit amount
6 is two hundred sixty dollars.

7 (g) For taxes levied for collection in each year after 2005, the
8 base credit amount is equal to one hundred six percent of the base
9 credit amount for the preceding year.

10 (2) The credit in any tax year shall not exceed the amount of taxes
11 levied on the property for state purposes. A credit under this section
12 is in addition to any other property tax relief that may be provided by
13 law.

14 (3) The following conditions must be met for a credit under this
15 section:

16 (a) The residence must be occupied by the person claiming the
17 credit as a principal place of residence as of January 1st of the year
18 in which taxes are due. A person who sells, transfers, or is displaced
19 from the person's residence may transfer the person's credit status to
20 a replacement residence, but a claimant may not receive a credit on
21 more than one residence in any year. Confinement of the person to a
22 hospital or nursing home does not disqualify the claim of credit if:

23 (i) The residence is temporarily unoccupied;

24 (ii) The residence is occupied by a spouse and/or a person
25 financially dependent on the claimant for support; or

26 (iii) The residence is rented for the purpose of paying nursing
27 home or hospital costs.

28 (b) The person claiming the credit must have owned, at the time of
29 filing, in fee, as a life estate, or by contract purchase, the
30 residence on which the property taxes have been imposed or if the
31 person claiming the credit lives in a cooperative housing association,
32 corporation, or partnership, the person must own a share therein
33 representing the unit or portion of the structure in which the person
34 resides. For purposes of this subsection, a residence owned by a
35 marital community or owned by cotenants is deemed to be owned by each
36 spouse or cotenant, and any lease for life is deemed a life estate.

37 **Sec. 2.** RCW 84.36.385 and 1992 c 206 s 13 are each amended to read
38 as follows:

1 (1) A claim for exemption under RCW 84.36.381 (~~as now or hereafter~~
2 ~~amended,~~) or a credit under section 1 of this act shall be made and
3 filed at any time during the year for exemption or credit from taxes
4 payable the following year and thereafter and solely upon forms as
5 prescribed and furnished by the department of revenue. However, an
6 exemption from tax under RCW 84.36.381 or a credit under section 1 of
7 this act shall continue for no more than four years unless a renewal
8 application is filed as provided in subsection (3) of this section.
9 The county assessor may also require, by written notice, a renewal
10 application following an amendment of the income requirements set forth
11 in RCW 84.36.381. Renewal applications shall be on forms prescribed
12 and furnished by the department of revenue.

13 (2) A person granted an exemption under RCW 84.36.381 or a credit
14 under section 1 of this act shall inform the county assessor of any
15 change in status affecting (~~the person's~~) entitlement to the
16 exemption or credit on forms prescribed and furnished by the department
17 of revenue.

18 (3) Each person exempt from taxes under RCW 84.36.381 in 1993 and
19 thereafter, shall file with the county assessor a renewal application
20 not later than December 31 of the year the assessor notifies such
21 person of the requirement to file the renewal application.

22 (4) Beginning in 1992 and in each of the three succeeding years,
23 the county assessor shall notify approximately one-fourth of those
24 persons exempt from taxes under RCW 84.36.381 in the current year who
25 have not filed a renewal application within the previous four years, of
26 the requirement to file a renewal application.

27 (5) If the assessor finds that the applicant does not meet the
28 qualifications as set forth in RCW 84.36.381(~~, as now or hereafter~~
29 ~~amended~~) or section 1 of this act, the claim or exemption shall be
30 denied but such denial shall be subject to appeal under the provisions
31 of RCW 84.48.010(5). If the applicant had received exemption or credit
32 in prior years based on erroneous information, the taxes shall be
33 collected subject to penalties as provided in RCW 84.40.130 for a
34 period of not to exceed three years.

35 (6) The department and each local assessor is hereby directed to
36 publicize the qualifications and manner of making claims under RCW
37 84.36.381 through 84.36.389 and section 1 of this act, through
38 communications media, including such paid advertisements or notices as
39 it deems appropriate. Notice of the qualifications, method of making

1 applications, the penalties for not reporting a change in status, and
2 availability of further information shall be included on or with
3 property tax statements and revaluation notices for all residential
4 property including mobile homes, except rental properties.

5 **Sec. 3.** RCW 84.36.387 and 1992 c 206 s 14 are each amended to read
6 as follows:

7 (1) All claims for exemption under RCW 84.36.381 or a credit under
8 section 1 of this act shall be made and signed by the person entitled
9 to the exemption or credit, by his or her attorney in fact or in the
10 event the residence of such person is under mortgage or purchase
11 contract requiring accumulation of reserves out of which the holder of
12 the mortgage or contract is required to pay real estate taxes, by such
13 holder or by the owner, either before two witnesses or the county
14 assessor or ((his)) the assessor's deputy in the county where the real
15 property is located: PROVIDED, That if a claim for exemption or credit
16 is made by a person living in a cooperative housing association,
17 corporation, or partnership, such claim shall be made and signed by the
18 person entitled to the exemption or credit and by the authorized agent
19 of such cooperative.

20 (2) If the taxpayer is unable to submit his or her own claim, the
21 claim shall be submitted by a duly authorized agent or by a guardian or
22 other person charged with the care of the person or property of such
23 taxpayer.

24 (3) All claims for exemption and renewal applications under RCW
25 84.36.381 shall be accompanied by such documented verification of
26 income as shall be prescribed by rule adopted by the department of
27 revenue.

28 (4) Any person signing a false claim with the intent to defraud or
29 evade the payment of any tax shall be guilty of the offense of perjury.

30 (5) The tax liability of a cooperative housing association,
31 corporation, or partnership shall be reduced by the amount of tax
32 exemption or credit to which a claimant residing therein is entitled
33 and such cooperative shall reduce any amount owed by the claimant to
34 the cooperative by such exact amount of tax exemption or credit or, if
35 no amount be owed, the cooperative shall make payment to the claimant
36 of such exact amount of exemption or credit.

37 (6) A remainderman or other person who would have otherwise paid
38 the tax on real property that is the subject of an exemption granted

1 under RCW 84.36.381 or a credit granted under section 1 of this act for
2 an estate for life shall reduce the amount which would have been
3 payable by the life tenant to the remainderman or other person to the
4 extent of the exemption or credit. If no amount is owed or separately
5 stated as an obligation between these persons, the remainderman or
6 other person shall make payment to the life tenant in the exact amount
7 of the exemption or credit.

8 **Sec. 4.** RCW 84.36.389 and 1979 ex.s. c 214 s 4 are each amended to
9 read as follows:

10 (1) The director of the department of revenue shall adopt such
11 rules (~~(and regulations)~~) and prescribe such forms as may be necessary
12 and appropriate for implementation and administration of this chapter
13 subject to chapter 34.05 RCW, the administrative procedure act.

14 (2) The department may conduct such audits of the administration of
15 RCW 84.36.381 through 84.36.389 and section 1 of this act and the
16 claims for exemption or credit filed thereunder as it considers
17 necessary. The powers of the department under chapter 84.08 RCW apply
18 to these audits.

19 (3) Any information or facts concerning confidential income data
20 obtained by the assessor or the department, or their agents or
21 employees, under subsection (2) of this section shall be used only to
22 administer RCW 84.36.381 through 84.36.389. Notwithstanding any
23 provision of law to the contrary, absent written consent by the person
24 about whom the information or facts have been obtained, the
25 confidential income data shall not be disclosed by the assessor or the
26 assessor's agents or employees to anyone other than the department or
27 the department's agents or employees nor by the department or the
28 department's agents or employees to anyone other than the assessor or
29 the assessor's agents or employees except in a judicial proceeding
30 pertaining to the taxpayer's entitlement to the tax exemption under RCW
31 84.36.381 through 84.36.389. Any violation of this subsection is a
32 misdemeanor.

33 **Sec. 5.** RCW 84.56.050 and 1991 c 245 s 17 are each amended to read
34 as follows:

35 (1) On receiving the tax rolls the treasurer shall post all real
36 and personal property taxes from the rolls to the treasurer's tax roll,
37 and shall carry forward to the current tax rolls a memorandum of all

1 delinquent taxes on each and every description of property, and enter
2 the same on the property upon which the taxes are delinquent showing
3 the amounts for each year. The treasurer shall notify each taxpayer in
4 the county, at the expense of the county, of the amount of the real and
5 personal property(~~(,)~~) and the current and delinquent amount of tax due
6 on the same(~~(; and)~~). The treasurer shall have printed on the notice
7 the name of each tax ((and)), the levy made on the same, the amount of
8 any credit under section 1 of this act, and the tax payable. The
9 county treasurer shall be the sole collector of all delinquent taxes
10 and all other taxes due and collectible on the tax rolls of the
11 county(~~(; PROVIDED, That)~~).

12 (2) The term "taxpayer" as used in this section shall mean any
13 person charged, or whose property is charged, with property tax; and
14 the person to be notified is that person whose name appears on the tax
15 roll herein mentioned(~~(; PROVIDED, FURTHER, That)~~). If no name so
16 appears the person to be notified is that person shown by the
17 treasurer's tax rolls or duplicate tax receipts of any preceding year
18 as the payer of the tax last paid on the property in question.

19 **Sec. 6.** RCW 84.55.005 and 1997 c 393 s 20 and 1997 c 3 s 201
20 (Referendum Bill No. 47) are each reenacted and amended to read as
21 follows:

22 As used in this chapter:

23 (1) "Inflation" means the percentage change in the implicit price
24 deflator for personal consumption expenditures for the United States as
25 published for the most recent twelve-month period by the bureau of
26 economic analysis of the federal department of commerce in September of
27 the year before the taxes are payable;

28 (2) "Limit factor" means:

29 (a) For the state, one hundred six percent;

30 (b) For taxing districts with a population of less than ten
31 thousand in the calendar year prior to the assessment year, one hundred
32 six percent;

33 (~~(b)~~) (c) For taxing districts for which a limit factor is
34 authorized under RCW 84.55.0101, the lesser of the limit factor
35 authorized under that section or one hundred six percent;

36 (~~(e)~~) (d) For all other districts, the lesser of one hundred six
37 percent or one hundred percent plus inflation; and

1 (3) "Regular property taxes" has the meaning given it in RCW
2 84.04.140.

3 NEW SECTION. **Sec. 7.** A new section is added to chapter 84.55 RCW
4 to read as follows:

5 State levies for collection after 1999 shall be set at the amount
6 that would be allowed otherwise under this chapter if the state levies
7 for collection in 1998 and 1999 had been set without any reduction
8 under RCW 84.55.0121 and using limit factors of one hundred six
9 percent.

10 NEW SECTION. **Sec. 8.** Section 1 of this act applies to taxes
11 levied for collection in 2000 and thereafter.

12 NEW SECTION. **Sec. 9.** This act takes effect if the proposed
13 amendment adding a new section to Article VII of the state Constitution
14 providing tax credits for owner-occupied residential housing (H-
15 1548/99) is validly submitted to and is approved and ratified by the
16 voters at a general election held in November 1999. If the proposed
17 amendment is not approved and ratified, this act is null and void in
18 its entirety.

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