
SUBSTITUTE HOUSE BILL 2284

State of Washington

56th Legislature

1999 Regular Session

By House Committee on Finance (originally sponsored by Representatives Rockefeller, DeBolt, Skinner, Conway, Lantz, Kastama, Alexander, Haigh and Kessler)

Read first time 04/09/1999. Referred to Committee on .

1 AN ACT Relating to property tax exemptions for senior citizens and
2 persons retired for reasons of 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 1998 c 333 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 thirty thousand dollars or less, or who
3 is a veteran of the armed forces of the United States with a one
4 hundred percent service-connected disability and has a combined
5 disposable income of thirty-five thousand dollars or less, shall be
6 exempt from all excess property taxes; and

7 (b)(i) A person who otherwise qualifies under this section and has
8 a combined disposable income of twenty-four thousand dollars or less
9 but greater than eighteen thousand dollars, or who is a veteran of the
10 armed forces of the United States with a one hundred percent service-
11 connected disability and has a combined disposable income of twenty-
12 nine thousand dollars or less but greater than twenty-three thousand
13 dollars, shall be exempt from all regular property taxes on the greater
14 of forty thousand dollars or thirty-five percent of the valuation of
15 his or her residence, but not to exceed sixty thousand dollars of the
16 valuation of his or her residence; or

17 (ii) A person who otherwise qualifies under this section and has a
18 combined disposable income of eighteen thousand dollars or less, or who
19 is a veteran of the armed forces of the United States with a one
20 hundred percent service-connected disability and has a combined
21 disposable income of twenty-three thousand dollars or less, shall be
22 exempt from all regular property taxes on the greater of fifty thousand
23 dollars or sixty percent of the valuation of his or her residence; and

24 (6) For a person who otherwise qualifies under this section and has
25 a combined disposable income of thirty thousand dollars or less, or who
26 is a veteran of the armed forces of the United States with a one
27 hundred percent service-connected disability and has a combined
28 disposable income of thirty-five thousand dollars or less, the
29 valuation of the residence shall be the assessed value of the residence
30 on the later of January 1, 1995, or January 1st of the assessment year
31 the person first qualifies under this section. If the person
32 subsequently fails to qualify under this section only for one year
33 because of high income, this same valuation shall be used upon
34 requalification. If the person fails to qualify for more than one year
35 in succession because of high income or fails to qualify for any other
36 reason, the valuation upon requalification shall be the assessed value
37 on January 1st of the assessment year in which the person requalifies.
38 If the person transfers the exemption under this section to a different
39 residence, the valuation of the different residence shall be the

1 assessed value of the different residence on January 1st of the
2 assessment year in which the person transfers the exemption.

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

6 This subsection does not apply to subsequent improvements to the
7 property in the year in which the improvements are made. Subsequent
8 improvements to the property shall be added to the value otherwise
9 determined under this subsection at their true and fair value in the
10 year in which they are made.

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

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

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

30 (2) The term "real property" shall also include a mobile home which
31 has substantially lost its identity as a mobile unit by virtue of its
32 being fixed in location upon land owned or leased by the owner of the
33 mobile home and placed on a foundation (posts or blocks) with fixed
34 pipe, connections with sewer, water, or other utilities: PROVIDED,
35 That a mobile home located on land leased by the owner of the mobile
36 home shall be subject, for tax billing, payment, and collection
37 purposes, only to the personal property provisions of chapter 84.56 RCW
38 and RCW 84.60.040.

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

2 (4) "Combined disposable income" means the disposable income of the
3 person claiming the exemption, plus the disposable income of his or her
4 spouse, and the disposable income of each cotenant occupying the
5 residence for the assessment year, less amounts paid by the person
6 claiming the exemption or his or her spouse during the assessment year
7 for:

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

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

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

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

21 (a) Capital gains, other than ~~((nonrecognized gain on the sale of~~
22 ~~a principal residence under section 1034 of the federal internal~~
23 ~~revenue code, or))~~ gain excluded from income under section 121 of the
24 federal internal revenue code to the extent it is reinvested in a new
25 principal residence;

26 (b) Amounts deducted for loss;

27 (c) Amounts deducted for depreciation;

28 (d) Pension and annuity receipts;

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

31 (f) Veterans benefits other than attendant-care and medical-aid
32 payments and benefits for disabilities related to the performance of
33 military duties;

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

35 (h) Dividend receipts; and

36 (i) Interest received on state and municipal bonds.

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

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