
HOUSE BILL 3162

State of Washington 56th Legislature 2000 1 Special Session

By Representatives Dunshee, Thomas, Talcott, Woods, Mitchell, Pennington, Boldt, Cairnes, Mielke, Esser, Bush, Alexander, DeBolt, Fortunato, Benson, Schindler, Clements, Skinner, McMorris, Radcliff, Ballasiotes, Edwards, G. Chandler, Carlson, Pflug, B. Chandler, Keiser, Conway, Ruderman, Dunn, Miloscia, Hankins, Mulliken, Huff, Lambert, McDonald, Hurst, Barlean, Scott, Wood, Kastama, Edmonds, Wolfe, Morris, Fisher, Rockefeller, Koster, Sump, Campbell, D. Schmidt and Carrell

Read first time 03/21/2000. Referred to Committee on Finance.

1 AN ACT Relating to increasing property tax relief for senior
2 citizens and disabled persons by providing a tax credit for taxes
3 levied by the state, continuing tax relief while residing in adult
4 family homes and boarding homes, allowing deduction of health care
5 insurance when computing eligibility for tax relief, and allowing
6 deduction of disabled veteran benefits when computing eligibility for
7 tax relief by veterans with service-connected disabilities of at least
8 fifty percent; amending RCW 84.36.381 and 84.36.383; adding a new
9 section to chapter 84.55 RCW; adding a new section to chapter 82.14
10 RCW; and creating a new section.

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

12 **Sec. 1.** RCW 84.36.381 and 1998 c 333 s 1 are each amended to read
13 as follows:

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

18 (1) The property taxes must have been imposed upon a residence
19 which was occupied by the person claiming the exemption as a principal

1 place of residence as of the time of filing(~~(: PROVIDED, That)~~). Any
2 person who sells, transfers, or is displaced from his or her residence
3 may transfer his or her exemption status to a replacement residence,
4 but no claimant shall receive an exemption on more than one residence
5 in any year(~~(: PROVIDED FURTHER, That)~~). Confinement of the person to
6 a hospital, adult family home, boarding home, or nursing home shall not
7 disqualify the claim of exemption if:

8 (a) The residence is temporarily unoccupied;

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

11 (c) The residence is rented for the purpose of paying nursing home,
12 adult family home, boarding home, or hospital costs;

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

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

31 (4) The amount that the person shall be exempt from an obligation
32 to pay shall be calculated on the basis of combined disposable income,
33 as defined in RCW 84.36.383. If the person claiming the exemption was
34 retired for two months or more of the assessment year, the combined
35 disposable income of (~~(such)~~) the person shall be calculated by
36 multiplying the average monthly combined disposable income of (~~(such)~~)
37 the person during the months (~~(such)~~) the person was retired by twelve.
38 If the income of the person claiming exemption is reduced for two or
39 more months of the assessment year by reason of the death of the

1 person's spouse, or when other substantial changes occur in disposable
2 income that are likely to continue for an indefinite period of time,
3 the combined disposable income of ((such)) the person shall be
4 calculated by multiplying the average monthly combined disposable
5 income of ((such)) the person after ((such)) the occurrences by twelve.
6 If it is necessary to estimate income to comply with this subsection,
7 the assessor may require confirming documentation of ((such)) the
8 income prior to May 31st of the year following application;

9 (5)(a) A person who otherwise qualifies under this section and has
10 a combined disposable income of thirty thousand dollars or less shall
11 be exempt from all excess property taxes; and

12 (b)(i) A person who otherwise qualifies under this section and has
13 a combined disposable income of twenty-four thousand dollars or less
14 but greater than eighteen thousand dollars shall be exempt from all
15 regular property taxes on the greater of forty thousand dollars or
16 thirty-five percent of the valuation of ((his or her)) the residence,
17 but not to exceed sixty thousand dollars of the valuation of ((his or
18 her)) the residence; or

19 (ii) A person who otherwise qualifies under this section and has a
20 combined disposable income of eighteen thousand dollars or less shall
21 be exempt from all regular property taxes on the greater of fifty
22 thousand dollars or sixty percent of the valuation of ((his or her))
23 the 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, the
26 valuation of the residence shall be the assessed value of the residence
27 on the later of January 1, 1995, or January 1st of the assessment year
28 the person first qualifies under this section. If the person
29 subsequently fails to qualify under this section only for one year
30 because of high income, this same valuation shall be used upon
31 requalification. If the person fails to qualify for more than one year
32 in succession because of high income or fails to qualify for any other
33 reason, the valuation upon requalification shall be the assessed value
34 on January 1st of the assessment year in which the person requalifies.
35 If the person transfers the exemption under this section to a different
36 residence, the valuation of the different residence shall be the
37 assessed value of the different residence on January 1st of the
38 assessment year in which the person transfers the exemption.

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

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

9 All taxpayers who qualify for exemption under this section shall be
10 allowed a credit against the state levy equal to the tax imposed on the
11 assessed value of the owner-occupied residential property for the state
12 levy.

13 **Sec. 2.** RCW 84.36.383 and 1999 c 358 s 18 are each amended to read
14 as follows:

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

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

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

37 (3) "Department" means the state department of revenue.

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

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

10 (b) The treatment or care of either person received in the home or
11 in a nursing home, adult family home, or boarding home; and

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

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

20 (a) Capital gains, other than gain excluded from income under
21 section 121 of the federal internal revenue code to the extent it is
22 reinvested in a new principal residence;

23 (b) Amounts deducted for loss;

24 (c) Amounts deducted for depreciation;

25 (d) Pension and annuity receipts;

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

28 (f) Veterans benefits, other than (i) attendant-care and medical-
29 aid payments or (ii) benefits for disabilities related to the
30 performance of military duties received by veterans of the armed forces
31 of the United States with service-connected disabilities of at least
32 fifty percent;

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

34 (h) Dividend receipts; and

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

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

38 (7) "Adult family home" means a home licensed under chapter 70.128
39 RCW.

1 (8) "Boarding home" means a facility licensed under chapter 18.20
2 RCW.

3 (9) "Hospital" means a facility licensed under chapter 70.41 RCW.

4 (10) "Nursing home" means a facility licensed under chapter 18.51
5 RCW.

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

8 The levy for a taxing district in any year shall be reduced as
9 necessary to prevent increased exemptions resulting from the 2000
10 amendments to RCW 84.36.381 in section 1 of this act and to RCW
11 84.36.383 in section 2 of this act from resulting in a higher tax rate
12 than would have occurred without this amendment.

13 NEW SECTION. Sec. 4. A new section is added to chapter 82.14 RCW
14 to read as follows:

15 (1) The legislative authority of a county may impose an annual
16 sales and use tax in accordance with the terms of this chapter. The
17 rate of tax shall not exceed three percent of the selling price in the
18 case of a sales tax or value of the article used in the case of a use
19 tax. The tax shall take effect on or after January 1st of each year.
20 The tax shall expire when the revenue from the tax is equal to the
21 total amount of revenue reductions for the year for all taxing
22 districts in the county, other than the state, resulting from the 2000
23 amendments to RCW 84.36.381 in section 1 of this act and to RCW
24 84.36.383 in section 2 of this act, but not later than the end of the
25 calendar year.

26 (2) Taxes imposed under this section are in addition to other taxes
27 authorized by law and shall be collected from those persons who are
28 taxable by the state under chapters 82.08 and 82.12 RCW upon the
29 occurrence of any taxable event within the county. Taxes imposed under
30 this section shall be deducted from the amount of tax otherwise
31 required to be collected or paid over to the department under chapter
32 82.08 or 82.12 RCW. The department shall perform the collection of
33 such taxes on behalf of the county at no cost to the county.

34 (3) All revenues collected under this section shall be distributed
35 to taxing districts in the county, other than the state, in proportion
36 to the revenue reductions for the year resulting from the 2000

1 amendments to RCW 84.36.381 in section 1 of this act and to RCW
2 84.36.383 in section 2 of this act.

3 NEW SECTION. **Sec. 5.** Sections 1 and 2 of this act apply to taxes
4 levied for collection in 2001 and thereafter.

--- END ---