
SENATE BILL 6868

State of Washington 56th Legislature 2000 1st Special Session

By Senators T. Sheldon, McCaslin and Hochstatter

Read first time 03/22/2000. Referred to Committee on Ways & Means.

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

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

4 NEW SECTION. **Sec. 1.** The intent of this act is to provide
5 property tax relief by setting base years for property tax valuation
6 computation, limiting property tax valuation increases to two percent
7 per year over the base year until ownership of the property changes,
8 and limiting the tax assessed on owner-occupied property claimed as a
9 principal place of residence.

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

12 Unless the context clearly requires otherwise, the definitions in
13 this section apply throughout this section and sections 3 and 4 of this
14 act.

15 (1) "Base value" means (a) the assessed value of real property for
16 taxes levied for collection in 1998; or (b) the assessed value of real
17 property for the first year taxes are levied after a change of
18 ownership.

1 (2) "Adjusted value" means the lesser of the following:

2 (a) The assessed value of real property, as determined under
3 chapter 84.40 RCW; or

4 (b) The base value of the real property increased on January 1st of
5 each year by a maximum of two percent, compounded annually, plus the
6 portion of the assessed value attributable to any construction or
7 alteration not included in the most recent assessment, other than
8 improvements exempt under RCW 84.36.400 for the assessment year.

9 (3)(a) "Change of ownership" means a transfer of a present interest
10 in real property, including a transfer of the beneficial use of real
11 property.

12 (b) "Change of ownership" includes, except as provided in (c) of
13 this subsection:

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

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

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

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

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

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

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

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

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

37 (iii) The creation, assignment, termination, or reconveyance of a
38 security interest in real property, or the substitution of a trustee
39 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) An owner-occupied principal residence is exempt from regular
28 property taxes on the value of the property exceeding one-half percent
29 of the property's adjusted value, as determined under section 2 of this
30 act.

31 (2) The following specific conditions, as appropriate, must be
32 satisfied by an owner-occupant claiming exemption for an owner-occupied
33 principal residence under this section:

34 (a) The residence must have been used by the person claiming
35 exemption under this section as a principal place of residence in the
36 tax year in which the exemption is to apply;

37 (b) The claimant must notify the assessor in writing of the
38 claimant's request for exemption under this section for a claim of

1 exemption to be considered valid. The exemption is effective for taxes
2 levied the following year; and

3 (c) The person claiming exemption must have owned the property in
4 fee, as a life estate, or by contract a share in a cooperative housing
5 association, corporation, or partnership. A share in the ownership of
6 the property in fee, as a life estate, or by contract in a cooperative
7 housing association, corporation, or partnership representing a marital
8 community or owned by cotenants shall be deemed to be owned by each
9 spouse or cotenant, and any lease for life shall be deemed a life
10 estate.

11 (3) Confinement of the claimant to a hospital or nursing home does
12 not disqualify the claim of exemption if:

13 (a) The residence is temporarily unoccupied;

14 (b) The residence is occupied by a person who is a spouse or a
15 person financially dependent on the claimant for support; or

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

18 (4) A person who is displaced from a principal residence may
19 transfer a claimed exemption status to a similar replacement residence.

20 (5) A claimed exemption continues annually until a change of
21 ownership of the affected property, or until rescinded by the claimant.

22 (6) A claimant may not receive more than one active owner-occupant
23 exemption at any time. A new claim for an exemption invalidates any
24 prior exemption.

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

27 (1) The assessed value of real property equals its adjusted value.

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

29 NEW SECTION. **Sec. 5.** This act applies to taxes levied for
30 collection in 2001 and thereafter.

31 NEW SECTION. **Sec. 6.** Funds accumulated due to implementation of
32 chapter 2, Laws of 1994 may be used to offset the effects of
33 implementation of this act.

--- END ---