
HOUSE BILL 1904

State of Washington

57th Legislature

2001 Regular Session

By Representatives Ruderman, Santos, Jackley, Dunshee, Simpson, Kessler, Darneille, Edwards, Conway, Rockefeller, Linville, Keiser, Tokuda, Kirby and Hurst

Read first time 02/08/2001. Referred to Committee on Finance.

1 AN ACT Relating to property tax relief; amending RCW 84.52.080,
2 84.56.050, 84.36.383, 84.36.385, 84.36.387, and 84.36.389; adding a new
3 section to chapter 84.52 RCW; creating a new section; prescribing
4 penalties; and providing a contingent effective date.

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

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

8 (1) There is allowed a credit against the state regular real
9 property tax equal to the tax imposed on the first one hundred thousand
10 dollars of assessed valuation of owner-occupied residential property,
11 multiplied by the indicated ratio fixed by the state department of
12 revenue. The credit in any tax year shall not exceed the amount of
13 state property tax imposed on the property.

14 (2) The credit in this section is in addition to any other property
15 tax relief that may be provided by law.

16 (3) The following conditions apply to the credit under this
17 section:

18 (a) The residence must be occupied by the person claiming the
19 credit as a principal place of residence as of January 1st of the year

1 in which taxes are due. A person who sells, transfers, or is displaced
2 from the person's residence may transfer the person's credit status to
3 a replacement residence, but a claimant may not receive a credit on
4 more than one residence in any year. Confinement of the person to a
5 hospital or nursing home does not disqualify the claim of credit if:

6 (i) The residence is temporarily unoccupied;

7 (ii) The residence is occupied by either or both a spouse or a
8 person financially dependent on the claimant for support; or

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

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

20 (4) RCW 84.36.383, 84.36.385, 84.36.387, and 84.36.389 apply to
21 this section.

22 **Sec. 2.** RCW 84.52.080 and 1989 c 378 s 16 are each amended to read
23 as follows:

24 (1) The county assessor shall extend the taxes upon the tax rolls
25 in the form herein prescribed. The rate percent necessary to raise the
26 amounts of taxes levied for state and county purposes, and for purposes
27 of taxing districts coextensive with the county, shall be computed upon
28 the assessed value of the property of the county; the rate percent
29 necessary to raise the amount of taxes levied for any taxing district
30 within the county shall be computed upon the assessed value of the
31 property of the district; all taxes assessed against any property shall
32 be added together and extended on the rolls in a column headed
33 consolidated or total tax. In extending any tax, whenever it amounts
34 to a fractional part of a cent greater than five mills it shall be made
35 one cent, and whenever it amounts to five mills or less than five mills
36 it shall be dropped. The amount of all taxes shall be entered in the
37 proper columns, as shown by entering the rate percent necessary to

1 raise the consolidated or total tax and the total tax assessed against
2 the property.

3 (2) After entering the amounts under subsection (1) of this
4 section, the county assessor shall compute the amount of credit
5 authorized under section 1 of this act for each parcel of property.
6 The credit allowed for any property shall be extended on the rolls in
7 a column headed tax credit. The county treasurer shall subtract the
8 amount of the credit from the total tax and enter this amount in a
9 column headed tax payable.

10 (3) For the purpose of computing the rate necessary to raise the
11 amount of any excess levy in a taxing district which has classified or
12 designated forest land under chapter 84.33 RCW, other than the state,
13 the county assessor shall add the district's timber assessed value, as
14 defined in RCW 84.33.035, to the assessed value of the property:
15 PROVIDED, That for school districts maintenance and operations levies
16 only one-half of the district's timber assessed value or eighty percent
17 of the timber roll of such district in calendar year 1983 as determined
18 under chapter 84.33 RCW, whichever is greater, shall be added.

19 ~~((+3))~~ (4) Upon the completion of such tax extension, it shall be
20 the duty of the county assessor to make in each assessment book, tax
21 roll or list a certificate in the following form:

22 I,, assessor of county, state of
23 Washington, do hereby certify that the foregoing is a correct list of
24 taxes levied on the real and personal property in the county of
25 for the year (~~one thousand nine hundred and~~)
26 Witness my hand this day of, (~~19~~)

27, County Assessor

28 ~~((+4))~~ (5) The county assessor shall deliver said tax rolls to the
29 county treasurer, on or before the fifteenth day of January, taking
30 receipt therefor, and at the same time the county assessor shall
31 provide the county auditor with an abstract of the tax rolls showing
32 the total amount of taxes collectible in each of the taxing districts.

33 **Sec. 3.** 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 state
9 tax credit authorized in section 1 of this act shall be credited
10 against any state tax payable on the property. The county treasurer
11 shall be the sole collector of all delinquent taxes and all other taxes
12 due and collectible on the tax rolls of the county(~~(;—PROVIDED,~~
13 ~~That))~~).

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

21 **Sec. 4.** RCW 84.36.383 and 1999 c 358 s 18 are each amended to read
22 as follows:

23 As used in RCW 84.36.381 through 84.36.389 and section 1 of this
24 act, except where the context clearly indicates a different meaning:

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

37 (2) The term "real property" shall also include a mobile home which
38 has substantially lost its identity as a mobile unit by virtue of its

1 being fixed in location upon land owned or leased by the owner of the
2 mobile home and placed on a foundation (posts or blocks) with fixed
3 pipe, connections with sewer, water, or other utilities. A mobile home
4 located on land leased by the owner of the mobile home is subject, for
5 tax billing, payment, and collection purposes, only to the personal
6 property provisions of chapter 84.56 RCW and RCW 84.60.040.

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

8 (4) "Combined disposable income" means the disposable income of the
9 person claiming the exemption, plus the disposable income of his or her
10 spouse, and the disposable income of each cotenant occupying the
11 residence for the assessment year, less amounts paid by the person
12 claiming the exemption or his or her spouse during the assessment year
13 for:

14 (a) Drugs supplied by prescription of a medical practitioner
15 authorized by the laws of this state or another jurisdiction to issue
16 prescriptions; and

17 (b) The treatment or care of either person received in the home or
18 in a nursing home.

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

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

28 (b) Amounts deducted for loss;

29 (c) Amounts deducted for depreciation;

30 (d) Pension and annuity receipts;

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

33 (f) Veterans benefits other than attendant-care and medical-aid
34 payments;

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

36 (h) Dividend receipts; and

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

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

1 **Sec. 5.** RCW 84.36.385 and 1992 c 206 s 13 are each amended to read
2 as follows:

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

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

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

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

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

38 (6) The department and each local assessor is hereby directed to
39 publicize the qualifications and manner of making claims under RCW

1 84.36.381 through 84.36.389 and section 1 of this act, through
2 communications media, including such paid advertisements or notices as
3 it deems appropriate. Notice of the qualifications, method of making
4 applications, the penalties for not reporting a change in status, and
5 availability of further information shall be included on or with
6 property tax statements and revaluation notices for all residential
7 property including mobile homes, except rental properties.

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

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

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

27 (3) All claims for exemption and renewal applications under RCW
28 84.36.381 shall be accompanied by such documented verification of
29 income as shall be prescribed by rule adopted by the department of
30 revenue.

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

33 (5) The tax liability of a cooperative housing association,
34 corporation, or partnership shall be reduced by the amount of tax
35 exemption or credit to which a claimant residing therein is entitled
36 and such cooperative shall reduce any amount owed by the claimant to
37 the cooperative by such exact amount of tax exemption or credit or, if

1 no amount be owed, the cooperative shall make payment to the claimant
2 of such exact amount of exemption or credit.

3 (6) A remainderman or other person who would have otherwise paid
4 the tax on real property that is the subject of an exemption granted
5 under RCW 84.36.381 or a credit granted under section 1 of this act for
6 an estate for life shall reduce the amount which would have been
7 payable by the life tenant to the remainderman or other person to the
8 extent of the exemption or credit. If no amount is owed or separately
9 stated as an obligation between these persons, the remainderman or
10 other person shall make payment to the life tenant in the exact amount
11 of the exemption or credit.

12 **Sec. 7.** RCW 84.36.389 and 1979 ex.s. c 214 s 4 are each amended to
13 read as follows:

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

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

23 (3) Any information or facts concerning confidential income data
24 obtained by the assessor or the department, or their agents or
25 employees, under subsection (2) of this section shall be used only to
26 administer RCW 84.36.381 through 84.36.389. Notwithstanding any
27 provision of law to the contrary, absent written consent by the person
28 about whom the information or facts have been obtained, the
29 confidential income data shall not be disclosed by the assessor or the
30 assessor's agents or employees to anyone other than the department or
31 the department's agents or employees nor by the department or the
32 department's agents or employees to anyone other than the assessor or
33 the assessor's agents or employees except in a judicial proceeding
34 pertaining to the taxpayer's entitlement to the tax exemption under RCW
35 84.36.381 through 84.36.389 or credit under section 1 of this act. Any
36 violation of this subsection is a misdemeanor.

1 NEW SECTION. **Sec. 8.** This act applies to taxes levied for
2 collection in 2002 and thereafter.

3 NEW SECTION. **Sec. 9.** This act takes effect when the proposed
4 amendment to Article VII of the state Constitution providing tax
5 credits for owner-occupied residential housing (HJR) (H-1451/01)
6 is validly submitted to and approved by the voters at a general
7 election held in November 2001. If the proposed amendment is not
8 approved, this act is null and void in its entirety.

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