

---

SENATE BILL 5398

---

State of Washington

57th Legislature

2001 Regular Session

By Senators Brown, Franklin, Fairley, McAuliffe, Kohl-Welles, Costa, Oke, Kline, Eide, Carlson, West, Johnson, Honeyford, Rossi, Haugen, Gardner and Rasmussen; by request of Governor Locke

Read first time 01/22/2001. Referred to Committee on Ways & Means.

1 AN ACT Relating to a property tax exemption from the state levy  
2 for real property occupied by senior citizens and persons retired  
3 by reason of disability; and amending RCW 84.36.381 and 84.36.387.

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  
8 or a portion of the amount of excess and regular real property  
9 taxes due and payable in the year following the year in which a  
10 claim is filed, and 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  
13 principal place of residence as of the time of filing(~~PROVIDED,~~  
14 ~~That~~). Any person who sells, transfers, or is displaced from his  
15 or her residence may transfer his or her exemption status to a  
16 replacement residence, but no claimant shall receive an exemption  
17 on more than one residence in any year(~~PROVIDED FURTHER,~~

1 ~~That~~)). Confinement of the person to a hospital or nursing home  
2 shall not disqualify the claim of exemption if:

3 (a) The residence is temporarily unoccupied;

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

6 (c) The residence is rented for the purpose of paying nursing  
7 home or hospital costs;

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

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

27 (4) The amount that the person shall be exempt from an  
28 obligation to pay shall be calculated on the basis of combined  
29 disposable income, as defined in RCW 84.36.383. If the person  
30 claiming the exemption was retired for two months or more of the  
31 assessment year, the combined disposable income of (~~such~~) the  
32 person shall be calculated by multiplying the average monthly  
33 combined disposable income of (~~such~~) the person during the  
34 months (~~such~~) the person was retired by twelve. If the income of  
35 the person claiming exemption is reduced for two or more months of  
36 the assessment year by reason of the death of the person's spouse,  
37 or when other substantial changes occur in disposable income that  
38 are likely to continue for an indefinite period of time, the

1 combined disposable income of ((such)) the person shall be  
2 calculated by multiplying the average monthly combined disposable  
3 income of ((such)) the person after such occurrences by twelve. If  
4 it is necessary to estimate income to comply with this subsection,  
5 the assessor may require confirming documentation of ((such)) the  
6 income prior to May 31<sup>st</sup> of the year following application;

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

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

17 (ii) A person who otherwise qualifies under this section and  
18 has a combined disposable income of eighteen thousand dollars or  
19 less shall be exempt from all regular property taxes on the  
20 greater of fifty thousand dollars or sixty percent of the  
21 valuation of ((his or her)) the residence; and

22 (6) For a person who otherwise qualifies under this section and  
23 has a combined disposable income of thirty thousand dollars or  
24 less, the valuation of the residence shall be the assessed value  
25 of the residence on the later of January 1, 1995, or January 1<sup>st</sup>  
26 of the assessment year the person first qualifies under this  
27 section. If the person subsequently fails to qualify under this  
28 section only for one year because of high income, this same  
29 valuation shall be used upon requalification. If the person fails  
30 to qualify for more than one year in succession because of high  
31 income or fails to qualify for any other reason, the valuation  
32 upon requalification shall be the assessed value on January 1<sup>st</sup> of  
33 the assessment year in which the person requalifies. If the person  
34 transfers the exemption under this section to a different  
35 residence, the valuation of the different residence shall be the  
36 assessed value of the different residence on January 1<sup>st</sup> of the  
37 assessment year in which the person transfers the exemption.

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

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

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

13 **Sec. 2.** RCW 84.36.387 and 1992 c 206 s 14 are each amended to read  
14 as follows:

15 (1) All claims for exemption under RCW 84.36.381 shall be made  
16 and signed by the person entitled to the exemption, by ~~((his or~~  
17 ~~her))~~ the person's attorney in fact or in the event the residence  
18 of ~~((such))~~ the person is under mortgage or purchase contract  
19 requiring accumulation of reserves out of which the holder of the  
20 mortgage or contract is required to pay real estate taxes, by  
21 ~~((such))~~ the holder or by the owner, either before two witnesses  
22 or the ~~((county))~~ assessor or ~~((his))~~ the assessor's deputy in the  
23 county where the real property is located~~((:—PROVIDED, That))~~. If  
24 a claim for exemption is made by a person living in a cooperative  
25 housing association, corporation, or partnership, ~~((such))~~ the  
26 claim shall be made and signed by the person entitled to the  
27 exemption and by the authorized agent of ~~((such))~~ the cooperative.

28 (2) If the taxpayer is unable to personally submit ~~((his own))~~ a  
29 claim, the claim shall be submitted by a duly authorized agent or  
30 by a guardian or other person charged with the care of the person  
31 or property of ~~((such))~~ the taxpayer.

32 (3) All claims for exemption and renewal applications shall be  
33 accompanied by ~~((such))~~ the documented verification of income as  
34 shall be prescribed by rule adopted by the department of revenue.

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

1 (5) The tax liability of a cooperative housing association,  
2 corporation, or partnership shall be reduced by the amount of tax  
3 exemption to which a claimant residing therein is entitled and  
4 ((such)) the cooperative shall reduce any amount owed by the  
5 claimant to the cooperative by ((such)) the exact amount of tax  
6 exemption or, if no amount be owed, the cooperative shall make  
7 payment to the claimant of ((such)) the exact amount of exemption.

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

--- END ---

