

SB 5034 - H COMM AMD
By Committee on Finance

ADOPTED 03/11/2004

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 84.36.381 and 1998 c 333 s 1 are each amended to read
4 as follows:

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

9 (1) The property taxes must have been imposed upon a residence
10 which was occupied by the person claiming the exemption as a principal
11 place of residence as of the time of filing: PROVIDED, That any person
12 who sells, transfers, or is displaced from his or her residence may
13 transfer his or her exemption status to a replacement residence, but no
14 claimant shall receive an exemption on more than one residence in any
15 year: PROVIDED FURTHER, That confinement of the person to a hospital
16 (~~(or)~~), nursing home, boarding home, or adult family home shall not
17 disqualify the claim of exemption if:

18 (a) The residence is temporarily unoccupied;

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

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

23 (2) The person claiming the exemption must have owned, at the time
24 of filing, in fee, as a life estate, or by contract purchase, the
25 residence on which the property taxes have been imposed or if the
26 person claiming the exemption lives in a cooperative housing
27 association, corporation, or partnership, such person must own a share
28 therein representing the unit or portion of the structure in which he
29 or she resides. For purposes of this subsection, a residence owned by
30 a marital community or owned by cotenants shall be deemed to be owned

1 by each spouse or cotenant, and any lease for life shall be deemed a
2 life estate;

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

11 (4) The amount that the person shall be exempt from an obligation
12 to pay shall be calculated on the basis of combined disposable income,
13 as defined in RCW 84.36.383. If the person claiming the exemption was
14 retired for two months or more of the assessment year, the combined
15 disposable income of such person shall be calculated by multiplying the
16 average monthly combined disposable income of such person during the
17 months such person was retired by twelve. If the income of the person
18 claiming exemption is reduced for two or more months of the assessment
19 year by reason of the death of the person's spouse, or when other
20 substantial changes occur in disposable income that are likely to
21 continue for an indefinite period of time, the combined disposable
22 income of such person shall be calculated by multiplying the average
23 monthly combined disposable income of such person after such
24 occurrences by twelve. If it is necessary to estimate income to comply
25 with this subsection, the assessor may require confirming documentation
26 of such income prior to May 31 of the year following application;

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

30 (b)(i) A person who otherwise qualifies under this section and has
31 a combined disposable income of (~~twenty-four~~) thirty thousand dollars
32 or less but greater than (~~eighteen~~) twenty-five thousand dollars
33 shall be exempt from all regular property taxes on the greater of
34 (~~forty~~) fifty thousand dollars or thirty-five percent of the
35 valuation of his or her residence, but not to exceed (~~sixty~~) seventy
36 thousand dollars of the valuation of his or her residence; or

37 (ii) A person who otherwise qualifies under this section and has a
38 combined disposable income of (~~eighteen~~) twenty-five thousand dollars

1 or less shall be exempt from all regular property taxes on the greater
2 of ((~~fifty~~)) sixty thousand dollars or sixty percent of the valuation
3 of his or her residence; ((~~and~~))

4 (6) For a person who otherwise qualifies under this section and has
5 a combined disposable income of thirty-five thousand dollars or less,
6 the valuation of the residence shall be the assessed value of the
7 residence on the later of January 1, 1995, or January 1st of the
8 assessment year the person first qualifies under this section. If the
9 person subsequently fails to qualify under this section only for one
10 year because of high income, this same valuation shall be used upon
11 requalification. If the person fails to qualify for more than one year
12 in succession because of high income or fails to qualify for any other
13 reason, the valuation upon requalification shall be the assessed value
14 on January 1st of the assessment year in which the person requalifies.
15 If the person transfers the exemption under this section to a different
16 residence, the valuation of the different residence shall be the
17 assessed value of the different residence on January 1st of the
18 assessment year in which the person transfers the exemption.

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

22 This subsection does not apply to subsequent improvements to the
23 property in the year in which the improvements are made. Subsequent
24 improvements to the property shall be added to the value otherwise
25 determined under this subsection at their true and fair value in the
26 year in which they are made.

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

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

31 (1) The term "residence" means a single family dwelling unit
32 whether such unit be separate or part of a multiunit dwelling,
33 including the land on which such dwelling stands not to exceed one
34 acre. The term shall also include a share ownership in a cooperative
35 housing association, corporation, or partnership if the person claiming
36 exemption can establish that his or her share represents the specific
37 unit or portion of such structure in which he or she resides. The term
38 shall also include a single family dwelling situated upon lands the fee

1 of which is vested in the United States or any instrumentality thereof
2 including an Indian tribe or in the state of Washington, and
3 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a
4 residence shall be deemed real property.

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

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

14 (4) "Combined disposable income" means the disposable income of the
15 person claiming the exemption, plus the disposable income of his or her
16 spouse, and the disposable income of each cotenant occupying the
17 residence for the assessment year, less amounts paid by the person
18 claiming the exemption or his or her spouse during the assessment year
19 for:

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

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

25 (c) Health care insurance premiums for medicare under Title XVIII
26 of the social security act.

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

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

36 (b) Amounts deducted for loss;

37 (c) Amounts deducted for depreciation;

38 (d) Pension and annuity receipts;

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

3 (f) Veterans benefits other than attendant-care and medical-aid
4 payments;

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

6 (h) Dividend receipts; and

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

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

10 (7) "Disability" has the same meaning as provided in 42 U.S.C. Sec.
11 423(d)(1)(A) as amended prior to January 1, 2004, or such subsequent
12 date as the director may provide by rule consistent with the purpose of
13 this section.

14 **Sec. 3.** RCW 84.38.030 and 1995 c 329 s 2 are each amended to read
15 as follows:

16 A claimant may defer payment of special assessments and/or real
17 property taxes on up to eighty percent of the amount of the claimant's
18 equity value in the claimant's residence if the following conditions
19 are met:

20 (1) The claimant must meet all requirements for an exemption for
21 the residence under RCW 84.36.381, other than the age and income limits
22 under RCW 84.36.381 and the parcel size limit under RCW 84.36.383.

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

30 (3) The claimant must have a combined disposable income, as defined
31 in RCW 84.36.383, of (~~thirty-four~~) forty thousand dollars or less.

32 (4) The claimant must have owned, at the time of filing, the
33 residence on which the special assessment and/or real property taxes
34 have been imposed. For purposes of this subsection, a residence owned
35 by a marital community or owned by cotenants shall be deemed to be
36 owned by each spouse or cotenant. A claimant who has only a share
37 ownership in cooperative housing, a life estate, a lease for life, or
38 a revocable trust does not satisfy the ownership requirement.

1 (5) The claimant must have and keep in force fire and casualty
2 insurance in sufficient amount to protect the interest of the state in
3 the claimant's equity value: PROVIDED, That if the claimant fails to
4 keep fire and casualty insurance in force to the extent of the state's
5 interest in the claimant's equity value, the amount deferred shall not
6 exceed one hundred percent of the claimant's equity value in the land
7 or lot only.

8 (6) In the case of special assessment deferral, the claimant must
9 have opted for payment of such special assessments on the installment
10 method if such method was available."

EFFECT: Allows property tax relief recipient to retain their
property tax relief while in a boarding home or adult family home.
Allows a deduction from income for the costs of care in a boarding home
or adult family home. Allows a deduction from income for only medicare
premiums. Defines disability as the inability to engage in substantial
gainful activity by reason of physical or mental impairment.

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