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HOUSE BILL 1549

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State of Washington                      58th Legislature                      2003 Regular Session

By Representatives Santos, Ruderman, Simpson, Schual-Berke and Rockefeller

Read first time 01/29/2003. Referred to Committee on Finance.

1            AN ACT Relating to senior citizen property taxes; amending RCW  
2 84.36.381, 84.36.383, 84.38.030, and 84.64.050; adding a new section to  
3 chapter 84.36 RCW; adding a new section to chapter 84.55 RCW; and  
4 creating a new section.

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

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

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

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

1 (a) The residence is temporarily unoccupied;

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

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

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

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

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

1 with this subsection, the assessor may require confirming documentation  
2 of such income prior to May 31 of the year following application;

3 (5)(a) A person who otherwise qualifies under this section and has  
4 a combined disposable income (~~(of thirty thousand dollars or)~~) equal to  
5 or less than income threshold 3 shall be exempt from all excess  
6 property taxes; and

7 (b)(i) A person who otherwise qualifies under this section and has  
8 a combined disposable income (~~(of twenty four thousand dollars)~~) equal  
9 to or less than income threshold 2, but greater than (~~(eighteen~~  
10 ~~thousand dollars)~~) income threshold 1 shall be exempt from all regular  
11 property taxes on the greater of forty thousand dollars or thirty-five  
12 percent of the valuation of his or her residence, but not to exceed  
13 sixty thousand dollars of the valuation of his or her residence; or

14 (ii) A person who otherwise qualifies under this section and has a  
15 combined disposable income (~~(of eighteen thousand dollars)~~) equal to or  
16 less than income threshold 1 shall be exempt from all regular property  
17 taxes on the greater of fifty thousand dollars or sixty percent of the  
18 valuation of his or her residence; (~~(and)~~)

19 (6) For a person who otherwise qualifies under this section and has  
20 a combined disposable income (~~(of thirty thousand dollars)~~) equal to or  
21 less than income threshold 3, the valuation of the residence shall be  
22 the assessed value of the residence on the later of January 1, 1995, or  
23 January 1st of the assessment year the person first qualifies under  
24 this section. If the person subsequently fails to qualify under this  
25 (~~(section)~~) subsection only for one year because of high income, this  
26 same valuation shall be used upon requalification. If the person fails  
27 to qualify for more than one year in succession because of high income  
28 or fails to qualify for any other reason, the valuation upon  
29 requalification under this subsection shall be the assessed value on  
30 January 1st of the assessment year in which the person  
31 requalifies(~~(-)~~);

32 (7) For a person who otherwise qualifies under this section and has  
33 a combined disposable income of fifty thousand dollars or less but  
34 greater than income threshold 3, the valuation of the residence shall  
35 be the assessed value of the residence for the previous year, plus two  
36 percent. For counties that do not revalue property annually, the  
37 valuation of the residence shall be the previous assessed value plus  
38 two percent for each year since the previous revaluation of the

1 residence. If the person subsequently fails to qualify under this  
2 subsection only for one year because of high income, the valuation of  
3 the residence upon requalification shall be calculated as if the person  
4 had been qualified the previous year. If the person fails to qualify  
5 for more than one year in succession because of high income or fails to  
6 qualify for any other reason, the valuation upon requalification shall  
7 be the assessed value on January 1st of the assessment year in which  
8 the person requalifies;

9 (8) If the person transfers the exemption under this section to a  
10 different residence, the valuation of the different residence, for the  
11 purposes of subsection (6) or (7) of this section, shall be the  
12 assessed value of the different residence on January 1st of the  
13 assessment year in which the person transfers the exemption(~~(-)~~); and

14 (9)(a) In no event may the valuation under (~~this~~) subsection (6)  
15 or (7) of this section be greater than the true and fair value of the  
16 residence on January 1st of the assessment year(~~(-)~~);

17 (~~This subsection does~~) (b) Subsections (6) and (7) of this  
18 section do not apply to subsequent improvements to the property in the  
19 year in which the improvements are made. Subsequent improvements to  
20 the property shall be added to the value otherwise determined under  
21 this subsection at their true and fair value in the year in which they  
22 are made.

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

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

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

1 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a  
2 residence shall be deemed real property.

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

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

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

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

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

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

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

32 (b) Amounts deducted for loss;

33 (c) Amounts deducted for depreciation;

34 (d) Pension and annuity receipts;

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

37 (f) Veterans benefits other than attendant-care and medical-aid  
38 payments;

- (g) Federal social security act and railroad retirement benefits;
- (h) Dividend receipts; and
- (i) Interest received on state and municipal bonds.

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

(7) If a person received property tax relief under RCW 84.36.381 for property taxes levied for collection in 2000 or 2001 then:

(a) "Income threshold 1" means the greater of eighteen thousand dollars or thirty-three percent of county median family income;

(b) "Income threshold 2" means the greater of twenty-four thousand dollars or forty-four percent of county median family income;

(c) "Income threshold 3" means the greater of thirty thousand dollars or fifty-five percent of county median family income.

(8) If a person did not receive property tax relief under RCW 84.36.381 for property taxes levied for collection in 2000 or 2001 then:

(a) "Income threshold 1" means thirty-three percent of county median family income;

(b) "Income threshold 2" means forty-four percent of county median family income;

(c) "Income threshold 3" means fifty-five percent of county median family income;

(9) "County median family income" means the county median family income that is used for determination of eligibility for housing assistance payment programs under section 8 of the United States housing act of 1937, as in effect on January 1st of the year in which tax relief is received.

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

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

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

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

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

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

17 (5) The claimant must have and keep in force fire and casualty  
18 insurance in sufficient amount to protect the interest of the state in  
19 the claimant's equity value: PROVIDED, That if the claimant fails to  
20 keep fire and casualty insurance in force to the extent of the state's  
21 interest in the claimant's equity value, the amount deferred shall not  
22 exceed one hundred percent of the claimant's equity value in the land  
23 or lot only.

24 (6) In the case of special assessment deferral, the claimant must  
25 have opted for payment of such special assessments on the installment  
26 method if such method was available.

27 (7) A deferral under this chapter must have been granted for the  
28 claimant's residence for taxes levied for collection in 2001. Eligible  
29 deferrals may be renewed as provided in this chapter, but new deferrals  
30 may not be granted for taxes levied for collection after 2001.

31 **Sec. 4.** RCW 84.64.050 and 1999 c 18 s 7 are each amended to read  
32 as follows:

33 After the expiration of three years from the date of delinquency,  
34 when any property remains on the tax rolls for which no certificate of  
35 delinquency has been issued, the county treasurer shall proceed to  
36 issue certificates of delinquency on the property to the county for all  
37 years' taxes, interest, and costs: PROVIDED, That the county

1 treasurer, with the consent of the county legislative authority, may  
2 elect to issue a certificate for fewer than all years' taxes, interest,  
3 and costs to a minimum of the taxes, interest, and costs for the  
4 earliest year.

5 Certificates of delinquency shall be prima facie evidence that:

6 (1) The property described was subject to taxation at the time the  
7 same was assessed;

8 (2) The property was assessed as required by law;

9 (3) The taxes or assessments were not paid at any time before the  
10 issuance of the certificate;

11 (4) Such certificate shall have the same force and effect as a lis  
12 pendens required under chapter 4.28 RCW.

13 The county treasurer may include in the certificate of delinquency  
14 any assessments which are due on the property and are the  
15 responsibility of the county treasurer to collect. For purposes of  
16 this chapter, "taxes, interest, and costs" include any assessments  
17 which are so included by the county treasurer, and "interest" means  
18 interest and penalties unless the context requires otherwise.

19 The treasurer shall file the certificates when completed with the  
20 clerk of the court at no cost to the treasurer, and the treasurer shall  
21 thereupon, with legal assistance from the county prosecuting attorney,  
22 proceed to foreclose in the name of the county, the tax liens embraced  
23 in such certificates. Notice and summons must be served or notice  
24 given in a manner reasonably calculated to inform the owner or owners,  
25 and any person having a recorded interest in or lien of record upon the  
26 property, of the foreclosure action to appear within thirty days after  
27 service of such notice and defend such action or pay the amount due.  
28 Either (a) personal service upon the owner or owners and any person  
29 having a recorded interest in or lien of record upon the property, or  
30 (b) publication once in a newspaper of general circulation, which is  
31 circulated in the area of the property and mailing of notice by  
32 certified mail to the owner or owners and any person having a recorded  
33 interest in or lien of record upon the property, or, if a mailing  
34 address is unavailable, personal service upon the occupant of the  
35 property, if any, is sufficient. If such notice is returned as  
36 unclaimed, the treasurer shall send notice by regular first class mail.  
37 The notice shall include the legal description on the tax rolls, the  
38 year or years for which assessed, the amount of tax and interest due,



1 and the name of owner, or reputed owner, if known, and the notice must  
2 include the local street address, if any, for informational purposes  
3 only. The certificates of delinquency issued to the county may be  
4 issued in one general certificate in book form including all property,  
5 and the proceedings to foreclose the liens against the property may be  
6 brought in one action and all persons interested in any of the property  
7 involved in the proceedings may be made codefendants in the action, and  
8 if unknown may be therein named as unknown owners, and the publication  
9 of such notice shall be sufficient service thereof on all persons  
10 interested in the property described therein, except as provided above.  
11 The person or persons whose name or names appear on the treasurer's  
12 rolls as the owner or owners of the property shall be considered and  
13 treated as the owner or owners of the property for the purpose of this  
14 section, and if upon the treasurer's rolls it appears that the owner or  
15 owners of the property are unknown, then the property shall be  
16 proceeded against, as belonging to an unknown owner or owners, as the  
17 case may be, and all persons owning or claiming to own, or having or  
18 claiming to have an interest therein, are hereby required to take  
19 notice of the proceedings and of any and all steps thereunder:  
20 PROVIDED, That prior to the sale of the property, the treasurer shall  
21 order or conduct a title search of the property to be sold to determine  
22 the legal description of the property to be sold and the record title  
23 holder, and if the record title holder or holders differ from the  
24 person or persons whose name or names appear on the treasurer's rolls  
25 as the owner or owners, the record title holder or holders shall be  
26 considered and treated as the owner or owners of the property for the  
27 purpose of this section, and shall be entitled to the notice provided  
28 for in this section. Such title search shall be included in the costs  
29 of foreclosure.

30 ~~((The county treasurer shall not sell property which is eligible  
31 for deferral of taxes under chapter 84.38 RCW but shall require the  
32 owner of the property to file a declaration to defer taxes under  
33 chapter 84.38 RCW.))~~

34 NEW SECTION. **Sec. 5.** A new section is added to chapter 84.36 RCW  
35 to read as follows:

36 The valuation of a residence determined under RCW 84.36.381(7)  
37 shall apply for the levies of all taxing districts, unless the

1 legislative authority of a county adopts an ordinance or resolution  
2 providing that valuations under RCW 84.36.381(7) do not apply within  
3 the county. If such an ordinance or resolution is adopted, valuations  
4 under RCW 84.36.381(7) shall not apply to the levy of any taxing  
5 district upon property within the county, except the levy by the state.  
6 If the ordinance or resolution is repealed, valuation of a residence  
7 determined under RCW 84.36.381(7) shall apply for the levies of all  
8 taxing districts upon property within the county.

9 NEW SECTION. **Sec. 6.** A new section is added to chapter 84.55 RCW  
10 to read as follows:

11 The levy for a taxing district in any year shall be reduced as  
12 necessary to prevent exemptions under RCW 84.36.381(7) from resulting  
13 in a higher tax rate than would have occurred in the absence of the  
14 exemptions under RCW 84.36.381(7).

15 NEW SECTION. **Sec. 7.** Section 1 of this act applies to taxes  
16 levied for collection in 2004 and thereafter.

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