
HOUSE BILL 2135

State of Washington

58th Legislature

2003 Regular Session

By Representatives Morrell, Lantz, O'Brien, Darneille, Flannigan, Bush, Morris, Simpson, McDonald, McCoy, Cody, Skinner, Campbell, Santos and Kenney

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1 AN ACT Relating to property tax exemptions for persons confined in
2 adult family homes and certain boarding homes; amending RCW 84.36.381
3 and 84.36.383; and creating a new section.

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

1 enhanced adult residential care or assisted living services, as defined
2 in RCW 74.39A.009, 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 costs of a
7 nursing home ((or)), hospital ((costs)), adult family home, or boarding
8 home that provides enhanced adult residential care or assisted living
9 services, as defined in RCW 74.39A.009;

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

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

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

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

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

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

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

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

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

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

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

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

10 (1) The term "residence" means a single family dwelling unit
11 whether such unit be separate or part of a multiunit dwelling,
12 including the land on which such dwelling stands not to exceed one
13 acre. The term shall also include a share ownership in a cooperative
14 housing association, corporation, or partnership if the person claiming
15 exemption can establish that his or her share represents the specific
16 unit or portion of such structure in which he or she resides. The term
17 shall also include a single family dwelling situated upon lands the fee
18 of which is vested in the United States or any instrumentality thereof
19 including an Indian tribe or in the state of Washington, and
20 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a
21 residence shall be deemed real property.

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

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

31 (4) "Combined disposable income" means the disposable income of the
32 person claiming the exemption, plus the disposable income of his or her
33 spouse, and the disposable income of each cotenant occupying the
34 residence for the assessment year, less amounts paid by the person
35 claiming the exemption or his or her spouse during the assessment year
36 for:

1 (a) Drugs supplied by prescription of a medical practitioner
2 authorized by the laws of this state or another jurisdiction to issue
3 prescriptions; and

4 (b) The treatment or care of either person received in the home or
5 in a nursing home, adult family home, or boarding home that provides
6 enhanced adult residential care or assisted living services, as defined
7 in RCW 74.39A.009.

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

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

17 (b) Amounts deducted for loss;

18 (c) Amounts deducted for depreciation;

19 (d) Pension and annuity receipts;

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

22 (f) Veterans benefits other than attendant-care and medical-aid
23 payments;

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

25 (h) Dividend receipts; and

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

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

29 NEW SECTION. **Sec. 3.** This act applies to taxes levied for
30 collection in 2004 and thereafter.

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