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HOUSE BILL 2436

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State of Washington

58th Legislature

2004 Regular Session

By Representatives Morrell, Lantz, Carrell, Bush, Moeller, Kirby, McCoy, Dickerson, O'Brien, Conway, Chase, Sullivan, Cody, Haigh, Rockefeller, Fromhold, Schual-Berke, Hudgins, Talcott, Clibborn, Darneille, Ormsby, G. Simpson, Hunt, Jarrett, Campbell, Wallace, Upthegrove, Woods, Armstrong, Kenney, Dunshee, Nixon, Condotta and Hankins

Read first time 01/14/2004. Referred to Committee on Finance.

1 AN ACT Relating to increasing the combined disposable income  
2 eligibility threshold for the retired persons property tax relief  
3 program; amending RCW 84.36.381 and 84.38.030; and creating a new  
4 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)~~) thirty-five thousand dollars  
5 or less shall be exempt from all excess property taxes; and

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

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

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

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

36 This subsection does not apply to subsequent improvements to the  
37 property in the year in which the improvements are made. Subsequent

1 improvements to the property shall be added to the value otherwise  
2 determined under this subsection at their true and fair value in the  
3 year in which they are made.

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

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

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

13 (2) The claimant must be sixty years of age or older on December  
14 31st of the year in which the deferral claim is filed, or must have  
15 been, at the time of filing, retired from regular gainful employment by  
16 reason of physical disability: PROVIDED, That any surviving spouse of  
17 a person who was receiving a deferral at the time of the person's death  
18 shall qualify if the surviving spouse is fifty-seven years of age or  
19 older and otherwise meets the requirements of this section.

20 (3) The claimant must have a combined disposable income, as defined  
21 in RCW 84.36.383, of (~~(thirty-four))~~ thirty-nine thousand dollars or  
22 less.

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

30 (5) The claimant must have and keep in force fire and casualty  
31 insurance in sufficient amount to protect the interest of the state in  
32 the claimant's equity value: PROVIDED, That if the claimant fails to  
33 keep fire and casualty insurance in force to the extent of the state's  
34 interest in the claimant's equity value, the amount deferred shall not  
35 exceed one hundred percent of the claimant's equity value in the land  
36 or lot only.

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

4           NEW SECTION. **Sec. 3.** This act applies to taxes levied for  
5 collection in 2005 and thereafter.

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