
HOUSE BILL 2665

State of Washington

58th Legislature

2004 Regular Session

By Representatives Moeller, Jarrett, Ruderman, Santos, Chase, Upthegrove, Darneille, Cody, Clibborn, Lovick, Murray, McDermott, Hunt, Simpson, G., Kenney, McIntire, Romero, Edwards, Kagi and Schual-Berke

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1 AN ACT Relating to eligibility of domestic partners under the
2 senior citizen property tax exemption program; amending RCW 84.36.381,
3 84.36.383, and 84.36.387; creating a new section; and providing an
4 effective date.

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 or domestic partner of a person who was
21 receiving an exemption at the time of the person's death shall qualify
22 if the surviving spouse or domestic partner is fifty-seven years of age
23 or older and otherwise meets the requirements 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 less shall
5 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 thousand dollars or less
8 but greater than eighteen thousand dollars shall be exempt from all
9 regular property taxes on the greater of forty thousand dollars or
10 thirty-five percent of the valuation of his or her residence, but not
11 to exceed sixty thousand dollars of the valuation of his or her
12 residence; or

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

18 (6) For a person who otherwise qualifies under this section and has
19 a combined disposable income of thirty thousand dollars or less, the
20 valuation of the residence shall be the assessed value of the residence
21 on the later of January 1, 1995, or January 1st of the assessment year
22 the person first qualifies under this section. If the person
23 subsequently fails to qualify under this section only for one year
24 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 84.36.383 and 1999 c 358 s 18 are each amended to read
5 as follows:

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

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

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

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

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

35 (a) Drugs supplied by prescription of a medical practitioner
36 authorized by the laws of this state or another jurisdiction to issue
37 prescriptions; and

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

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

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

12 (b) Amounts deducted for loss;

13 (c) Amounts deducted for depreciation;

14 (d) Pension and annuity receipts;

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

17 (f) Veterans benefits other than attendant-care and medical-aid
18 payments;

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

20 (h) Dividend receipts; and

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

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

24 **Sec. 3.** RCW 84.36.387 and 2003 c 53 s 408 are each amended to read
25 as follows:

26 (1) All claims for exemption shall be made and signed by the person
27 entitled to the exemption, by his or her attorney in fact or in the
28 event the residence of such person is under mortgage or purchase
29 contract requiring accumulation of reserves out of which the holder of
30 the mortgage or contract is required to pay real estate taxes, by such
31 holder or by the owner, either before two witnesses or the county
32 assessor or his or her deputy in the county where the real property is
33 located: PROVIDED, That if a claim for exemption is made by a person
34 living in a cooperative housing association, corporation, or
35 partnership, such claim shall be made and signed by the person entitled
36 to the exemption and by the authorized agent of such cooperative.

1 (2) If the taxpayer is unable to submit his or her own claim, the
2 claim shall be submitted by a duly authorized agent or by a guardian or
3 other person charged with the care of the person or property of such
4 taxpayer.

5 (3) All claims for exemption and renewal applications shall be
6 accompanied by such documented verification of income as shall be
7 prescribed by rule adopted by the department of revenue.

8 (4)(a) For the purposes of the exemption, if the taxpayer
9 participates in a domestic partnership, he or she shall provide an
10 affidavit in a form prescribed by the department in which the taxpayer
11 attests that:

12 (i) The taxpayer is participating in a domestic partnership;

13 (ii) The taxpayer and the domestic partner:

14 (A) Share the same regular and permanent residence;

15 (B) Have a close personal relationship;

16 (C) Have agreed to be jointly responsible for basic living expenses
17 incurred during the domestic partnership;

18 (D) Are not married to anyone;

19 (E) Are each eighteen years of age or older;

20 (F) Are not related to each other by blood closer than would bar
21 marriage in this state;

22 (G) Were mentally competent to consent to contract when their
23 domestic partnership began; and

24 (H) Are each other's sole domestic partner and are responsible for
25 each other's common welfare; and

26 (iii) Any prior domestic partnership in which the taxpayer or his
27 or her domestic partner participated with a third party was terminated
28 not less than ninety days prior to the date of the affidavit, or by the
29 death of that third party, whichever was earlier.

30 (b) The department may require by rule that the affidavit include
31 other information deemed necessary to establishing a domestic
32 partnership.

33 (5) Any person signing a false claim with the intent to defraud or
34 evade the payment of any tax is guilty of perjury under chapter 9A.72
35 RCW.

36 ~~((+5+))~~ (6) The tax liability of a cooperative housing association,
37 corporation, or partnership shall be reduced by the amount of tax
38 exemption to which a claimant residing therein is entitled and such

1 cooperative shall reduce any amount owed by the claimant to the
2 cooperative by such exact amount of tax exemption or, if no amount be
3 owed, the cooperative shall make payment to the claimant of such exact
4 amount of exemption.

5 ~~((6))~~ (7) A remainderman or other person who would have otherwise
6 paid the tax on real property that is the subject of an exemption
7 granted under RCW 84.36.381 for an estate for life shall reduce the
8 amount which would have been payable by the life tenant to the
9 remainderman or other person to the extent of the exemption. If no
10 amount is owed or separately stated as an obligation between these
11 persons, the remainderman or other person shall make payment to the
12 life tenant in the exact amount of the exemption.

13 NEW SECTION. **Sec. 4.** This act takes effect July 1, 2004.

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

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