
SENATE BILL 5034

State of Washington

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By Senators Zarelli, Winsley, McCaslin, T. Sheldon, Hale, Benton, West, Esser, Sheahan, Oke and Kohl-Welles

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1 AN ACT Relating to property tax relief for senior citizens and
2 persons retired because of physical disability; and amending RCW
3 84.36.381, 84.36.383, and 84.38.030.

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 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-five~~ thirty thousand dollars or less
5 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~~) thirty thousand dollars
8 or less but greater than (~~eighteen~~) twenty-five thousand dollars
9 shall be exempt from all regular property taxes on the greater of
10 (~~forty~~) fifty thousand dollars or thirty-five percent of the
11 valuation of his or her residence, but not to exceed (~~sixty~~) seventy
12 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-five 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-five~~ thirty thousand dollars or less,
20 the valuation of the residence shall be the assessed value of the
21 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 84.36.383 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, and the disposable income of each cotenant occupying the
32 residence for the assessment year, less amounts paid by the person
33 claiming the exemption or his or her spouse during the assessment year
34 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; and

3 (c) Health care insurance of either person, including any deduction
4 for medicare under Title XVIII of the social security act.

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

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

14 (b) Amounts deducted for loss;

15 (c) Amounts deducted for depreciation;

16 (d) Pension and annuity receipts;

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

19 (f) Veterans benefits other than attendant-care and medical-aid
20 payments;

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

22 (h) Dividend receipts; and

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

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

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

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

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

35 (2) The claimant must be sixty years of age or older on December
36 31st of the year in which the deferral claim is filed, or must have
37 been, at the time of filing, retired from regular gainful employment by

1 reason of physical disability: PROVIDED, That any surviving spouse of
2 a person who was receiving a deferral at the time of the person's death
3 shall qualify if the surviving spouse is fifty-seven years of age or
4 older and otherwise meets the requirements of this section.

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

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

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

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

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