
SENATE BILL 5362

State of Washington 58th Legislature 2003 Regular Session

By Senators Reardon, Schmidt, Doumit, Winsley, Eide and Rasmussen

Read first time 01/23/2003. Referred to Committee on Ways & Means.

1 AN ACT Relating to a property tax exemption for widows or widowers
2 of honorably discharged veterans; amending RCW 84.36.379, 84.36.383,
3 84.36.385, 84.36.387, and 84.36.389; adding a new section to chapter
4 84.36 RCW; and creating a new section.

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

6 **Sec. 1.** RCW 84.36.379 and 2000 c 103 s 25 are each amended to read
7 as follows:

8 The legislature finds that the property tax exemption authorized by
9 Article VII, section 10 of the state Constitution should be made
10 available on the basis of a veteran's widow or widower or retired
11 person's ability to pay property taxes. The legislature further finds
12 that the best measure of a (~~retired~~) person's ability to pay taxes is
13 that person's disposable income as defined in RCW 84.36.383.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.36 RCW
15 to read as follows:

16 A person shall be exempt from any legal obligation to pay all or a
17 portion of the amount of excess and regular real property taxes due and

1 payable in the year following the year in which a claim is filed, and
2 thereafter, in accordance with the following:

3 (1) The property taxes must have been imposed upon a residence
4 which was occupied by a veteran's widow or widower claiming the
5 exemption as a principal place of residence as of the time of filing.
6 Any person who sells, transfers, or is displaced from his or her
7 residence may transfer his or her exemption status to a replacement
8 residence, but no claimant shall receive an exemption on more than one
9 residence in any year. Confinement of the person to a hospital or
10 nursing home shall not disqualify the claim of exemption if:

11 (a) The residence is temporarily unoccupied;

12 (b) The residence is occupied by a person financially dependent on
13 the claimant for support; or

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

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

25 (3)(a) The person claiming the exemption must be:

26 (i) Sixty-one years of age or older on December 31st of the year in
27 which the exemption claim is filed, or must have been, at the time of
28 filing, retired from regular gainful employment by reason of physical
29 disability; and

30 (ii) A widow or widower of a veteran who:

31 (A) Died as a result of a service-connected disability;

32 (B) Was rated as one hundred percent disabled by the United States
33 veterans' administration for the ten years prior to his or her death;

34 (C) Was a former prisoner of war as substantiated by the United
35 States veterans' administration and was rated as one hundred percent
36 disabled by the United States veterans' administration for one or more
37 years prior to his or her death; or

1 (D) Died in active training status as a member of the United States
2 reserves or national guard;

3 (b) The person claiming the exemption must not have remarried;

4 (4) The amount of property taxes from which the person is exempt
5 shall be calculated on the basis of disposable income, as defined in
6 RCW 84.36.383. If the income of the person claiming exemption is
7 reduced for two or more months of the assessment year due to
8 substantial changes that are likely to continue for an indefinite
9 period of time, the disposable income of the person shall be calculated
10 by multiplying the average monthly disposable income of the person
11 after such occurrences by twelve. If it is necessary to estimate
12 income to comply with this subsection, the assessor may require
13 confirming documentation of such income prior to May 31st of the year
14 following application;

15 (5)(a) A person who otherwise qualifies under this section and has
16 a disposable income of thirty-two thousand dollars or less is exempt
17 from all regular and excess property taxes on the first two hundred
18 thousand dollars of assessed value;

19 (b) A person who otherwise qualifies under this section and has a
20 disposable income of forty thousand dollars or less but greater than
21 thirty two thousand dollars is exempt from all regular and excess
22 property taxes on the first one hundred fifty thousand dollars of
23 assessed value;

24 (c) A person who otherwise qualifies under this section and has a
25 disposable income of fifty thousand dollars or less but greater than
26 forty thousand dollars is exempt from all regular and excess property
27 taxes on the first one hundred thousand dollars of assessed value; and

28 (6) For a person who otherwise qualifies under this section and has
29 a disposable income of fifty thousand dollars or less, the valuation of
30 the residence shall be the assessed value of the residence on the later
31 of January 1, 2003, or January 1st of the assessment year in which the
32 person first qualifies under this section. If the person subsequently
33 fails to qualify under this section only for one year because of high
34 income, this same valuation shall be used upon requalification. If the
35 person fails to qualify for more than one year in succession because of
36 high income or fails to qualify for any other reason, the valuation
37 upon requalification shall be the assessed value on January 1st of the
38 assessment year in which the person requalifies. If the person

1 transfers the exemption under this section to a different residence,
2 the valuation of the different residence shall be the assessed value of
3 the different residence on January 1st of the assessment year in which
4 the person transfers the exemption.

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

8 This subsection does not apply to subsequent improvements to the
9 property in the year in which the improvements are made. Subsequent
10 improvements to the property shall be added to the value otherwise
11 determined under this subsection at their true and fair value in the
12 year in which they are made.

13 **Sec. 3.** RCW 84.36.383 and 1999 c 358 s 18 are each amended to read
14 as follows:

15 As used in RCW 84.36.381 through 84.36.389 and section 2 of this
16 act, except where the context clearly indicates a different meaning:

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

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

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

1 (4) "Combined disposable income" means the disposable income of the
2 person claiming the exemption, plus the disposable income of his or her
3 spouse, and the disposable income of each cotenant occupying the
4 residence for the assessment year, less amounts paid by the person
5 claiming the exemption or his or her spouse during the assessment year
6 for:

7 (a) Drugs supplied by prescription of a medical practitioner
8 authorized by the laws of this state or another jurisdiction to issue
9 prescriptions; and

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

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

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

21 (b) Amounts deducted for loss;

22 (c) Amounts deducted for depreciation;

23 (d) Pension and annuity receipts;

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

26 (f) Veterans benefits other than attendant-care and medical-aid
27 payments;

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

29 (h) Dividend receipts; and

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

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

33 (7) "Veteran" has the same meaning as provided under RCW 41.04.005.

34 **Sec. 4.** RCW 84.36.385 and 2001 c 185 s 8 are each amended to read
35 as follows:

36 (1) A claim for exemption under RCW 84.36.381 or section 2 of this
37 act, as now or hereafter amended, shall be made and filed at any time

1 during the year for exemption from taxes payable the following year and
2 thereafter and solely upon forms as prescribed and furnished by the
3 department of revenue. However, an exemption from tax under RCW
4 84.36.381 or section 2 of this act shall continue for no more than four
5 years unless a renewal application is filed as provided in subsection
6 (3) of this section. The county assessor may also require, by written
7 notice, a renewal application following an amendment of the income
8 requirements set forth in RCW 84.36.381 or section 2 of this act.
9 Renewal applications shall be on forms prescribed and furnished by the
10 department of revenue.

11 (2) A person granted an exemption under RCW 84.36.381 or section 2
12 of this act shall inform the county assessor of any change in status
13 affecting the person's entitlement to the exemption on forms prescribed
14 and furnished by the department of revenue.

15 (3) Each person exempt from taxes under RCW 84.36.381 (~~in 1993 and~~
16 ~~thereafter~~) or section 2 of this act, shall file with the county
17 assessor a renewal application not later than December 31 of the year
18 the assessor notifies such person of the requirement to file the
19 renewal application.

20 (4)(a) An application for exemption under section 2 of this act
21 must be accompanied by the following documentation to substantiate the
22 request for the exemption and any other documentation required by the
23 county in which the exemption is sought:

24 (i) The deceased veteran's DD 214 report of separation, or its
25 equivalent, that must be under honorable conditions;

26 (ii) A copy of the applicant's certificate of marriage to the
27 deceased;

28 (iii) A copy of the deceased veteran's death certificate; and

29 (iv) A letter from the United States veterans' administration
30 certifying that the death of the veteran meets the requirements of
31 section 2(3) of this act.

32 (b) The Washington state department of veterans affairs shall
33 assist an eligible widow or widower in the preparation and submission
34 of an application and the procurement of necessary substantiating
35 documentation to satisfy the pertinent county assessor's or other
36 designated official's requirements for obtaining the property tax
37 exemption under section 2 of this act.

1 (5) Beginning in 1992 and in each of the three succeeding years,
2 the county assessor shall notify approximately one-fourth of those
3 persons exempt from taxes under RCW 84.36.381 or section 2 of this act
4 in the current year who have not filed a renewal application within the
5 previous four years, of the requirement to file a renewal application.

6 (~~(5)~~) (6) If the assessor finds that the applicant does not meet
7 the qualifications as set forth in RCW 84.36.381 or section 2 of this
8 act, as now or hereafter amended, the claim or exemption shall be
9 denied but such denial shall be subject to appeal under the provisions
10 of RCW 84.48.010(5) and in accordance with the provisions of RCW
11 84.40.038. If the applicant had received exemption in prior years
12 based on erroneous information, the taxes shall be collected subject to
13 penalties as provided in RCW 84.40.130 for a period of not to exceed
14 three years.

15 (~~(6)~~) (7) The department and each local assessor is hereby
16 directed to publicize the qualifications and manner of making claims
17 under RCW 84.36.381 through 84.36.389 and section 2 of this act,
18 through communications media, including such paid advertisements or
19 notices as it deems appropriate. Notice of the qualifications, method
20 of making applications, the penalties for not reporting a change in
21 status, and availability of further information shall be included on or
22 with property tax statements and revaluation notices for all
23 residential property including mobile homes, except rental properties.

24 **Sec. 5.** RCW 84.36.387 and 1992 c 206 s 14 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 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 own claim, the claim
2 shall be submitted by a duly authorized agent or by a guardian or other
3 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) Any person signing a false claim with the intent to defraud or
9 evade the payment of any tax shall be guilty of the offense of perjury.

10 (5) The tax liability of a cooperative housing association,
11 corporation, or partnership shall be reduced by the amount of tax
12 exemption to which a claimant residing therein is entitled and such
13 cooperative shall reduce any amount owed by the claimant to the
14 cooperative by such exact amount of tax exemption or, if no amount be
15 owed, the cooperative shall make payment to the claimant of such exact
16 amount of exemption.

17 (6) A remainderman or other person who would have otherwise paid
18 the tax on real property that is the subject of an exemption granted
19 under RCW 84.36.381 or section 2 of this act for an estate for life
20 shall reduce the amount which would have been payable by the life
21 tenant to the remainderman or other person to the extent of the
22 exemption. If no amount is owed or separately stated as an obligation
23 between these persons, the remainderman or other person shall make
24 payment to the life tenant in the exact amount of the exemption.

25 **Sec. 6.** RCW 84.36.389 and 1979 ex.s. c 214 s 4 are each amended to
26 read as follows:

27 (1) The director of the department of revenue shall adopt such
28 rules and regulations and prescribe such forms as may be necessary and
29 appropriate for implementation and administration of this chapter
30 subject to chapter 34.05 RCW, the administrative procedure act.

31 (2) The department may conduct such audits of the administration of
32 RCW 84.36.381 through 84.36.389 and section 2 of this act and the
33 claims for exemption filed thereunder as it considers necessary. The
34 powers of the department under chapter 84.08 RCW apply to these audits.

35 (3) Any information or facts concerning confidential income data
36 obtained by the assessor or the department, or their agents or
37 employees, under subsection (2) of this section shall be used only to

1 administer RCW 84.36.381 through 84.36.389 and section 2 of this act.
2 Notwithstanding any provision of law to the contrary, absent written
3 consent by the person about whom the information or facts have been
4 obtained, the confidential income data shall not be disclosed by the
5 assessor or the assessor's agents or employees to anyone other than the
6 department or the department's agents or employees nor by the
7 department or the department's agents or employees to anyone other than
8 the assessor or the assessor's agents or employees except in a judicial
9 proceeding pertaining to the taxpayer's entitlement to the tax
10 exemption under RCW 84.36.381 through 84.36.389 and section 2 of this
11 act. Any violation of this subsection is a misdemeanor.

12 NEW SECTION. **Sec. 7.** This act applies to taxes levied for
13 collection in 2002 and thereafter.

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