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HOUSE BILL 2433

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State of Washington                      59th Legislature                      2006 Regular Session

By Representatives Campbell, McCune, Ericks, McDonald, Appleton, Linville, Conway, Wallace, Morrell, Dunn, Sells and O'Brien

Prefiled 1/4/2006.              Read first time 01/09/2006.              Referred to Committee on Finance.

1            AN ACT Relating to property tax relief for senior citizens and  
2 persons retired by reason of physical disability; amending RCW  
3 84.36.381 and 84.38.030; 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 2005 c 248 s 2 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 nursing home, boarding home, or adult family home shall not disqualify  
19 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 hospital, boarding home, or adult family home 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 (a) sixty-one years  
17 of age or older on December 31st of the year in which the exemption  
18 claim is filed, or must have been, at the time of filing, retired from  
19 regular gainful employment by reason of disability, or (b) a veteran of  
20 the armed forces of the United States with one hundred percent service-  
21 connected disability as provided in 42 U.S.C. Sec. 423 (d)(1)(A) as  
22 amended prior to January 1, 2005. However, any surviving spouse of a  
23 person who was receiving an exemption at the time of the person's death  
24 shall qualify if the surviving spouse is fifty-seven years of age or  
25 older and otherwise meets the requirements of this section;

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

1 occurrences by twelve. If it is necessary to estimate income to comply  
2 with this subsection, the assessor may require confirming documentation  
3 of such income prior to May 31 of the year following application;

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

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

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

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

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

37 This subsection does not apply to subsequent improvements to the  
38 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 2004 c 270 s 3 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 (~~forty~~) sixty thousand dollars or less.

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

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

36 (6) In the case of special assessment deferral, the claimant must

1 have opted for payment of such special assessments on the installment  
2 method if such method was available.

3 NEW SECTION. **Sec. 3.** This act applies to taxes levied for  
4 collection in 2007 and thereafter.

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