
SENATE BILL 6751

State of Washington 59th Legislature 2006 Regular Session

By Senators Carrell, Benton and Stevens

Read first time 01/20/2006. Referred to Committee on Ways & Means.

1 AN ACT Relating to the deferral of large property tax assessments;
2 amending RCW 84.38.010 and 84.38.050; adding new sections to chapter
3 84.38 RCW; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.38 RCW
6 to read as follows:

7 The legislature finds that large and unanticipated increases in
8 taxes on residential property, usually attributable to rapid increases
9 in property values, cause undue and excessive hardships for many
10 homeowners. These increased tax burdens put many of these homeowners
11 at risk of being unable to remain in their residences and maintain
12 their property. Temporary financial hardships, such as unemployment or
13 medical costs, may also cause some homeowners to have insufficient
14 resources to pay property tax bills. The deferral program created in
15 section 2 of this act is intended to provide those distressed taxpayers
16 with the ability to defer taxes due so that they will be able to remain
17 in their homes while still paying an equitable share of the overall
18 property tax burden.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.38 RCW
2 to read as follows:

3 (1) A claimant may defer payment of that amount of real property
4 taxes that exceeds six percent of the claimant's combined disposable
5 income, but not to exceed two thousand five hundred dollars per year.

6 (2) Deferral of taxes under this chapter is subject to the
7 following conditions:

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

15 (b) The property taxes must have been imposed upon a residence that
16 was occupied by the claimant as a principal place of residence.

17 (c) A deferral is not allowed for taxes levied in the first full
18 calendar year in which the person owns the residence.

19 (d) The claimant must have and keep in force fire and casualty
20 insurance in sufficient amount to protect the interest of the state in
21 the claimant's equity value. If the claimant fails to keep fire and
22 casualty insurance in force to the extent of the state's interest in
23 the claimant's equity value, the amount deferred shall not exceed one
24 hundred percent of the claimant's equity value in the land or lot only.

25 (e) The total amount of taxes deferred, including interest thereon,
26 must not exceed eighty percent of the claimant's equity value in the
27 residence.

28 **Sec. 3.** RCW 84.38.010 and 1975 1st ex.s. c 291 s 26 are each
29 amended to read as follows:

30 The legislature finds that savings once deemed adequate for
31 retirement living have been rendered inadequate by increased tax rates,
32 increased property values, and the failure of pension systems to
33 adequately reflect such factors. It is therefore deemed necessary that
34 the legislature, in addition to that tax exemption as provided for in
35 RCW 84.36.381 through 84.36.389 as now or hereafter amended, allow
36 retired persons to defer payment of special assessments on their
37 residences, and to defer their real property tax obligations on their

1 residences, an amount of up to eighty percent of their equity in said
2 property. ((This deferral program)) The deferral provided under RCW
3 84.38.030 is intended to assist retired persons in maintaining their
4 dignity and a reasonable standard of living by residing in their own
5 homes, providing for their own needs, and managing their own affairs
6 without requiring assistance from public welfare programs.

7 **Sec. 4.** RCW 84.38.050 and 1979 ex.s. c 214 s 8 are each amended to
8 read as follows:

9 (1)(a) Declarations to defer property taxes for all years following
10 the first year under RCW 84.38.030 may be made by filing with the
11 county assessor no later than thirty days before the tax is due a
12 renewal form in duplicate, prescribed by the department of revenue and
13 supplied by the county assessor, which affirms the continued
14 eligibility of the claimant.

15 (b) In January of each year, the county assessor shall send to each
16 claimant who has been granted deferral of ad valorem taxes for the
17 previous year under RCW 84.38.030 renewal forms and notice to renew.

18 (2) Declarations to defer special assessments shall be made by
19 filing with the assessor no later than thirty days before the special
20 assessment is due on a form to be prescribed by the department of
21 revenue and supplied by the county assessor. Upon approval, the full
22 amount of special assessments upon such claimant's residence shall be
23 deferred but not to exceed an amount equal to eighty percent of the
24 claimant's equity value in said property.

25 NEW SECTION. **Sec. 5.** This act is effective for taxes levied for
26 collection in 2007 and thereafter.

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