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SENATE BILL 6752

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State of Washington                      59th Legislature                      2006 Regular Session

By Senators Carrell and Benton

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

1            AN ACT Relating to deferral of large property tax increases;  
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 it has become increasingly difficult for  
8 many homeowners to pay the increased taxes resulting from rapid  
9 increases in valuation. The legislature intends to allow low and  
10 middle-income homeowners to defer payment of property taxes on their  
11 principal residences to the extent that tax increases exceed fifteen  
12 percent. The deferral program created in section 2 of this act is  
13 intended to assist persons in maintaining their homes by easing the  
14 increases in tax.

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

17            (1) A claimant may defer that portion of the increase in real  
18 property taxes on the claimant's principal residence that exceeds

1 fifteen percent of the taxes due the previous year. In determining the  
2 amount of taxes that are eligible for deferral under this chapter, any  
3 increase in tax due to physical improvements made to the property since  
4 the previous assessment shall not be considered in the year in which  
5 improvements are made.

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) The claimant must have a combined disposable income, as defined  
18 in RCW 84.36.383, less than one hundred twenty-five percent of the  
19 state median household income as estimated for the previous year by the  
20 office of financial management.

21 (d) A deferral is not allowed for taxes levied in the first full  
22 calendar year in which the person owns the residence.

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

29 (f) The total amount of taxes deferred, including interest thereon,  
30 must not exceed eighty percent of the claimant's equity value in the  
31 residence.

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

34 The legislature finds that savings once deemed adequate for  
35 retirement living have been rendered inadequate by increased tax rates,  
36 increased property values, and the failure of pension systems to  
37 adequately reflect such factors. It is therefore deemed necessary that

1 the legislature, in addition to that tax exemption as provided for in  
2 RCW 84.36.381 through 84.36.389 as now or hereafter amended, allow  
3 retired persons to defer payment of special assessments on their  
4 residences, and to defer their real property tax obligations on their  
5 residences, an amount of up to eighty percent of their equity in said  
6 property. ((This deferral program)) The deferral provided under RCW  
7 84.38.030 is intended to assist retired persons in maintaining their  
8 dignity and a reasonable standard of living by residing in their own  
9 homes, providing for their own needs, and managing their own affairs  
10 without requiring assistance from public welfare programs.

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

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

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

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

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

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