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HOUSE BILL 2050

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State of Washington

61st Legislature

2009 Regular Session

By Representative Santos

Read first time 02/06/09. Referred to Committee on Finance.

1 AN ACT Relating to property tax relief for senior citizens and  
2 persons retired by reason of disability; amending RCW 84.36.381,  
3 84.38.030, and 84.64.050; reenacting and amending RCW 84.36.383; adding  
4 a new section to chapter 84.36 RCW; adding a new section to chapter  
5 84.55 RCW; and creating a new section.

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

7 **Sec. 1.** RCW 84.36.381 and 2008 c 6 s 706 are each amended to read  
8 as follows:

9 A person (~~shall be~~) is exempt from any legal obligation to pay  
10 all or a portion of the amount of excess and regular real property  
11 taxes due and payable in the year following the year in which a claim  
12 is filed, and thereafter, in accordance with the following:

13 (1) The property taxes must have been imposed upon a residence  
14 which was occupied by the person claiming the exemption as a principal  
15 place of residence as of the time of filing(~~:+—PROVIDED,—That~~)).  
16 However, any person who sells, transfers, or is displaced from his or  
17 her residence may transfer his or her exemption status to a replacement  
18 residence, but no claimant shall receive an exemption on more than one

1 residence in any year(~~(: PROVIDED FURTHER, That)~~). Confinement of the  
2 person to a hospital, nursing home, boarding home, or adult family home  
3 (~~shall~~) does not disqualify the claim of exemption if:

4 (a) The residence is temporarily unoccupied;

5 (b) The residence is occupied by a spouse or a domestic partner  
6 and/or a person financially dependent on the claimant for support; or

7 (c) The residence is rented for the purpose of paying nursing home,  
8 hospital, boarding home, or adult family home costs;

9 (2) The person claiming the exemption must have owned, at the time  
10 of filing, in fee, as a life estate, or by contract purchase, the  
11 residence on which the property taxes have been imposed or if the  
12 person claiming the exemption lives in a cooperative housing  
13 association, corporation, or partnership, such person must own a share  
14 therein representing the unit or portion of the structure in which he  
15 or she resides. For purposes of this subsection, a residence owned by  
16 a marital community or state registered domestic partnership or owned  
17 by cotenants (~~shall be~~) is deemed to be owned by each spouse or each  
18 domestic partner or each cotenant, and any lease for life (~~shall be~~)  
19 is deemed a life estate;

20 (3) The person claiming the exemption must be (a) sixty-one years  
21 of age or older on December 31st of the year in which the exemption  
22 claim is filed, or must have been, at the time of filing, retired from  
23 regular gainful employment by reason of disability, or (b) a veteran of  
24 the armed forces of the United States with one hundred percent service-  
25 connected disability as provided in Title 42 U.S.C. Sec. 423 (d)(1)(A)  
26 as amended prior to January 1, 2005. However, any surviving spouse or  
27 surviving domestic partner of a person who was receiving an exemption  
28 at the time of the person's death (~~shall qualify~~) qualifies if the  
29 surviving spouse or surviving domestic partner is fifty-seven years of  
30 age or older and otherwise meets the requirements of this section;

31 (4) The amount that the person (~~shall be~~) is exempt from an  
32 obligation to pay (~~shall~~) must be calculated on the basis of combined  
33 disposable income, as defined in RCW 84.36.383. If the person claiming  
34 the exemption was retired for two months or more of the assessment  
35 year, the combined disposable income of such person (~~shall~~) must be  
36 calculated by multiplying the average monthly combined disposable  
37 income of such person during the months such person was retired by  
38 twelve. If the income of the person claiming exemption is reduced for

1 two or more months of the assessment year by reason of the death of the  
2 person's spouse or the person's domestic partner, or when other  
3 substantial changes occur in disposable income that are likely to  
4 continue for an indefinite period of time, the combined disposable  
5 income of such person (~~(shall)~~) must be calculated by multiplying the  
6 average monthly combined disposable income of such person after such  
7 occurrences by twelve. If it is necessary to estimate income to comply  
8 with this subsection, the assessor may require confirming documentation  
9 of such income prior to May 31 of the year following application;

10 (5)(a) A person who otherwise qualifies under this section and has  
11 a combined disposable income (~~(of thirty five thousand dollars)~~) equal  
12 to or less (~~(shall be)~~) than income threshold 3 is exempt from all  
13 excess property taxes; and

14 (b)(i) A person who otherwise qualifies under this section and has  
15 a combined disposable income (~~(of thirty thousand dollars)~~) equal to or  
16 less than income threshold 2, but greater than (~~(twenty five thousand~~  
17 ~~dollars shall be)~~) income threshold 1 is exempt from all regular  
18 property taxes on the greater of fifty thousand dollars or thirty-five  
19 percent of the valuation of his or her residence, but not to exceed  
20 seventy thousand dollars of the valuation of his or her residence; or

21 (ii) A person who otherwise qualifies under this section and has a  
22 combined disposable income (~~(of twenty five thousand dollars)~~) equal to  
23 or less (~~(shall be)~~) than income threshold 1 is exempt from all regular  
24 property taxes on the greater of sixty thousand dollars or sixty  
25 percent of the valuation of his or her residence;

26 (6) For a person who otherwise qualifies under this section and has  
27 a combined disposable income (~~(of thirty five thousand dollars)~~) equal  
28 to or less, than income threshold 3, the valuation of the residence  
29 (~~(shall be)~~) is the assessed value of the residence on the later of  
30 January 1, 1995, or January 1st of the assessment year the person first  
31 qualifies under this section. If the person subsequently fails to  
32 qualify under this section only for one year because of high income,  
33 this same valuation (~~(shall)~~) must be used upon requalification. If  
34 the person fails to qualify for more than one year in succession  
35 because of high income or fails to qualify for any other reason, the  
36 valuation upon requalification (~~(shall be)~~) is the assessed value on  
37 January 1st of the assessment year in which the person  
38 requalifies(~~(-)~~);

1       (7) For a person who otherwise qualifies under this section and has  
2 a combined disposable income of fifty thousand dollars or less but  
3 greater than income threshold 3, the valuation of the residence shall  
4 be the assessed value of the residence for the previous year, plus two  
5 percent. For counties that do not revalue property annually, the  
6 valuation of the residence shall be the previous assessed value plus  
7 two percent for each year since the previous revaluation of the  
8 residence. If the person subsequently fails to qualify under this  
9 subsection only for one year because of high income, the valuation of  
10 the residence upon requalification shall be calculated as if the person  
11 had been qualified the previous year. If the person fails to qualify  
12 for more than one year in succession because of high income or fails to  
13 qualify for any other reason, the valuation upon requalification shall  
14 be the assessed value on January 1st of the assessment year in which  
15 the person requalifies;

16       (8) If the person transfers the exemption under this section to a  
17 different residence, for the purposes of subsection (6) or (7) of this  
18 section, the valuation of the different residence (~~shall be~~) is  
19 the assessed value of the different residence on January 1st of the  
20 assessment year in which the person transfers the exemption(~~---~~); and

21       (9)(a) In no event may the valuation under (~~this~~) subsection (6)  
22 or (7) of this section be greater than the true and fair value of the  
23 residence on January 1st of the assessment year.

24       (~~This subsection does~~) (b) Subsections (6) and (7) of this  
25 section do not apply to subsequent improvements to the property in the  
26 year in which the improvements are made. Subsequent improvements to  
27 the property (~~shall~~) must be added to the value otherwise determined  
28 under (~~this~~) subsections (6) and (7) of this section at their true  
29 and fair value in the year in which they are made.

30       **Sec. 2.** RCW 84.36.383 and 2008 c 182 s 1 and 2008 c 6 s 709 are  
31 each reenacted and amended to read as follows:

32       As used in RCW 84.36.381 through 84.36.389, except where the  
33 context clearly indicates a different meaning:

34       (1) The term "residence" means a single family dwelling unit  
35 whether such unit be separate or part of a multiunit dwelling,  
36 including the land on which such dwelling stands not to exceed one  
37 acre, except that a residence includes any additional property up to a

1 total of five acres that comprises the residential parcel if this  
2 larger parcel size is required under land use regulations. The term  
3 shall also include a share ownership in a cooperative housing  
4 association, corporation, or partnership if the person claiming  
5 exemption can establish that his or her share represents the specific  
6 unit or portion of such structure in which he or she resides. The term  
7 shall also include a single family dwelling situated upon lands the fee  
8 of which is vested in the United States or any instrumentality thereof  
9 including an Indian tribe or in the state of Washington, and  
10 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a  
11 residence shall be deemed real property.

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

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

21 (4) "Combined disposable income" means the disposable income of the  
22 person claiming the exemption, plus the disposable income of his or her  
23 spouse or domestic partner, and the disposable income of each cotenant  
24 occupying the residence for the assessment year, less amounts paid by  
25 the person claiming the exemption or his or her spouse or domestic  
26 partner during the assessment year for:

27 (a) Drugs supplied by prescription of a medical practitioner  
28 authorized by the laws of this state or another jurisdiction to issue  
29 prescriptions;

30 (b) The treatment or care of either person received in the home or  
31 in a nursing home, boarding home, or adult family home; and

32 (c) Health care insurance premiums for medicare under Title XVIII  
33 of the social security act.

34 (5) "Disposable income" means adjusted gross income as defined in  
35 the federal internal revenue code, as amended prior to January 1, 1989,  
36 or such subsequent date as the director may provide by rule consistent  
37 with the purpose of this section, plus all of the following items to

1 the extent they are not included in or have been deducted from adjusted  
2 gross income:

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

6 (b) Amounts deducted for loss;

7 (c) Amounts deducted for depreciation;

8 (d) Pension and annuity receipts;

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

11 (f) Veterans benefits, other than:

12 (i) Attendant-care payments;

13 (ii) Medical-aid payments;

14 (iii) Disability compensation, as defined in Title 38, part 3,  
15 section 3.4 of the code of federal regulations, as of January 1, 2008;  
16 and

17 (iv) Dependency and indemnity compensation, as defined in Title 38,  
18 part 3, section 3.5 of the code of federal regulations, as of January  
19 1, 2008;

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

21 (h) Dividend receipts; and

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

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

25 (7) "Disability" has the same meaning as provided in 42 U.S.C. Sec.  
26 423(d)(1)(A) as amended prior to January 1, 2004, or such subsequent  
27 date as the director may provide by rule consistent with the purpose of  
28 this section.

29 (8) If a person received property tax relief under RCW 84.36.381  
30 for property taxes levied for collection in 2009 or 2010 then:

31 (a) "Income threshold 1" means the greater of eighteen thousand  
32 dollars or thirty-three percent of county median family income;

33 (b) "Income threshold 2" means the greater of twenty-four thousand  
34 dollars or forty-four percent of county median family income;

35 (c) "Income threshold 3" means the greater of thirty thousand  
36 dollars or fifty-five percent of county median family income.

37 (9) If a person did not receive property tax relief under RCW

1 84.36.381 for property taxes levied for collection in 2009 or 2010  
2 then:

3 (a) "Income threshold 1" means thirty-three percent of county  
4 median family income;

5 (b) "Income threshold 2" means forty-four percent of county median  
6 family income;

7 (c) "Income threshold 3" means fifty-five percent of county median  
8 family income;

9 (10) "County median family income" means the county median family  
10 income that is used for determination of eligibility for housing  
11 assistance payment programs under section 8 of the United States  
12 housing act of 1937, as in effect on January 1st of the year in which  
13 tax relief is received.

14 **Sec. 3.** RCW 84.38.030 and 2008 c 6 s 702 are each amended to read  
15 as follows:

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

20 (1) The claimant must meet all requirements for an exemption for  
21 the residence under RCW 84.36.381, other than the age and income limits  
22 under RCW 84.36.381.

23 (2) The claimant must be sixty years of age or older on December  
24 31st of the year in which the deferral claim is filed, or must have  
25 been, at the time of filing, retired from regular gainful employment by  
26 reason of physical disability: PROVIDED, That any surviving spouse or  
27 surviving domestic partner of a person who was receiving a deferral at  
28 the time of the person's death shall qualify if the surviving spouse or  
29 surviving domestic partner is fifty-seven years of age or older and  
30 otherwise meets the requirements of this section.

31 (3) The claimant must have a combined disposable income, as defined  
32 in RCW 84.36.383, of forty thousand dollars or less.

33 (4) The claimant must have owned, at the time of filing, the  
34 residence on which the special assessment and/or real property taxes  
35 have been imposed. For purposes of this subsection, a residence owned  
36 by a marital community, owned by domestic partners, or owned by  
37 cotenants shall be deemed to be owned by each spouse, each domestic

1 partner, or each cotenant. A claimant who has only a share ownership  
2 in cooperative housing, a life estate, a lease for life, or a revocable  
3 trust does not satisfy the ownership requirement.

4 (5) The claimant must have and keep in force fire and casualty  
5 insurance in sufficient amount to protect the interest of the state in  
6 the claimant's equity value: PROVIDED, That if the claimant fails to  
7 keep fire and casualty insurance in force to the extent of the state's  
8 interest in the claimant's equity value, the amount deferred shall not  
9 exceed one hundred percent of the claimant's equity value in the land  
10 or lot only.

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

14 (7) A deferral under this chapter must have been granted for the  
15 claimant's residence for taxes levied for collection in 2010. Eligible  
16 deferrals may be renewed as provided in this chapter, but new deferrals  
17 may not be granted for taxes levied for collection after 2010.

18 **Sec. 4.** RCW 84.64.050 and 1999 c 18 s 7 are each amended to read  
19 as follows:

20 After the expiration of three years from the date of delinquency,  
21 when any property remains on the tax rolls for which no certificate of  
22 delinquency has been issued, the county treasurer shall proceed to  
23 issue certificates of delinquency on the property to the county for all  
24 years' taxes, interest, and costs: PROVIDED, That the county  
25 treasurer, with the consent of the county legislative authority, may  
26 elect to issue a certificate for fewer than all years' taxes, interest,  
27 and costs to a minimum of the taxes, interest, and costs for the  
28 earliest year.

29 Certificates of delinquency shall be prima facie evidence that:

30 (1) The property described was subject to taxation at the time the  
31 same was assessed;

32 (2) The property was assessed as required by law;

33 (3) The taxes or assessments were not paid at any time before the  
34 issuance of the certificate;

35 (4) Such certificate shall have the same force and effect as a lis  
36 pendens required under chapter 4.28 RCW.



1       The county treasurer may include in the certificate of delinquency  
2 any assessments which are due on the property and are the  
3 responsibility of the county treasurer to collect. For purposes of  
4 this chapter, "taxes, interest, and costs" include any assessments  
5 which are so included by the county treasurer, and "interest" means  
6 interest and penalties unless the context requires otherwise.

7       The treasurer shall file the certificates when completed with the  
8 clerk of the court at no cost to the treasurer, and the treasurer shall  
9 thereupon, with legal assistance from the county prosecuting attorney,  
10 proceed to foreclose in the name of the county, the tax liens embraced  
11 in such certificates. Notice and summons must be served or notice  
12 given in a manner reasonably calculated to inform the owner or owners,  
13 and any person having a recorded interest in or lien of record upon the  
14 property, of the foreclosure action to appear within thirty days after  
15 service of such notice and defend such action or pay the amount due.  
16 Either (a) personal service upon the owner or owners and any person  
17 having a recorded interest in or lien of record upon the property, or  
18 (b) publication once in a newspaper of general circulation, which is  
19 circulated in the area of the property and mailing of notice by  
20 certified mail to the owner or owners and any person having a recorded  
21 interest in or lien of record upon the property, or, if a mailing  
22 address is unavailable, personal service upon the occupant of the  
23 property, if any, is sufficient. If such notice is returned as  
24 unclaimed, the treasurer shall send notice by regular first class mail.  
25 The notice shall include the legal description on the tax rolls, the  
26 year or years for which assessed, the amount of tax and interest due,  
27 and the name of owner, or reputed owner, if known, and the notice must  
28 include the local street address, if any, for informational purposes  
29 only. The certificates of delinquency issued to the county may be  
30 issued in one general certificate in book form including all property,  
31 and the proceedings to foreclose the liens against the property may be  
32 brought in one action and all persons interested in any of the property  
33 involved in the proceedings may be made codefendants in the action, and  
34 if unknown may be therein named as unknown owners, and the publication  
35 of such notice shall be sufficient service thereof on all persons  
36 interested in the property described therein, except as provided above.  
37 The person or persons whose name or names appear on the treasurer's  
38 rolls as the owner or owners of the property shall be considered and

1 treated as the owner or owners of the property for the purpose of this  
2 section, and if upon the treasurer's rolls it appears that the owner or  
3 owners of the property are unknown, then the property shall be  
4 proceeded against, as belonging to an unknown owner or owners, as the  
5 case may be, and all persons owning or claiming to own, or having or  
6 claiming to have an interest therein, are hereby required to take  
7 notice of the proceedings and of any and all steps thereunder:  
8 PROVIDED, That prior to the sale of the property, the treasurer shall  
9 order or conduct a title search of the property to be sold to determine  
10 the legal description of the property to be sold and the record title  
11 holder, and if the record title holder or holders differ from the  
12 person or persons whose name or names appear on the treasurer's rolls  
13 as the owner or owners, the record title holder or holders shall be  
14 considered and treated as the owner or owners of the property for the  
15 purpose of this section, and shall be entitled to the notice provided  
16 for in this section. Such title search shall be included in the costs  
17 of foreclosure.

18 ~~((The county treasurer shall not sell property which is eligible  
19 for deferral of taxes under chapter 84.38 RCW but shall require the  
20 owner of the property to file a declaration to defer taxes under  
21 chapter 84.38 RCW.))~~

22 NEW SECTION. **Sec. 5.** A new section is added to chapter 84.36 RCW  
23 to read as follows:

24 The valuation of a residence determined under RCW 84.36.381(7)  
25 shall apply for the levies of all taxing districts, unless the  
26 legislative authority of a county adopts an ordinance or resolution  
27 providing that valuations under RCW 84.36.381(7) do not apply within  
28 the county. If such an ordinance or resolution is adopted, valuations  
29 under RCW 84.36.381(7) do not apply to the levy of any taxing district  
30 upon property within the county, except the levy by the state. If the  
31 ordinance or resolution is repealed, valuation of a residence  
32 determined under RCW 84.36.381(7) applies to the levies of all taxing  
33 districts upon property within the county.

34 NEW SECTION. **Sec. 6.** A new section is added to chapter 84.55 RCW  
35 to read as follows:

36 The levy for a taxing district in any year must be reduced as

1 necessary to prevent exemptions under RCW 84.36.381(7) from resulting  
2 in a higher tax rate than would have occurred in the absence of the  
3 exemptions under RCW 84.36.381(7).

4 NEW SECTION. **Sec. 7.** This act applies to taxes levied for  
5 collection in 2010 and thereafter.

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