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HOUSE BILL 2218

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State of Washington                      61st Legislature                      2009 Regular Session

By Representatives Morris, Hope, Conway, Morrell, and Nelson

Read first time 02/16/09. Referred to Committee on Finance.

1            AN ACT Relating to increasing property tax relief for senior  
2 citizens and persons retired by reason of physical disability to  
3 qualify for property tax relief; amending RCW 84.36.381 and 84.38.030;  
4 and creating a new section.

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

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

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

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

1 nursing home, boarding home, or adult family home shall not disqualify  
2 the claim of exemption if:

3 (a) The residence is temporarily unoccupied;

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

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

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

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

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

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

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

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

19 (ii) A person who otherwise qualifies under this section and has a  
20 combined disposable income of (~~(twenty-five)~~) thirty thousand dollars  
21 or less shall be exempt from all regular property taxes on the greater  
22 of sixty thousand dollars or sixty percent of the valuation of his or  
23 her residence;

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

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

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

9 **Sec. 2.** RCW 84.38.030 and 2008 c 6 s 702 are each amended to read  
10 as follows:

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

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

18 (2) The claimant must be sixty years of age or older on December  
19 31st of the year in which the deferral claim is filed, or must have  
20 been, at the time of filing, retired from regular gainful employment by  
21 reason of physical disability: PROVIDED, That any surviving spouse or  
22 surviving domestic partner of a person who was receiving a deferral at  
23 the time of the person's death shall qualify if the surviving spouse or  
24 surviving domestic partner is fifty-seven years of age or older and  
25 otherwise meets the requirements of this section.

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

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

36 (5) The claimant must have and keep in force fire and casualty  
37 insurance in sufficient amount to protect the interest of the state in

1 the claimant's equity value: PROVIDED, That if the claimant fails to  
2 keep fire and casualty insurance in force to the extent of the state's  
3 interest in the claimant's equity value, the amount deferred shall not  
4 exceed one hundred percent of the claimant's equity value in the land  
5 or lot only.

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

9 NEW SECTION. **Sec. 3.** This act applies to taxes levied for  
10 collection in 2010 and thereafter.

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