
SENATE BILL 5108

State of Washington

63rd Legislature

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By Senators Padden, Carrell, Roach, Benton, Pearson, Holmquist Newbry, Conway, and Hewitt

Read first time 01/18/13. Referred to Committee on Ways & Means.

1 AN ACT Relating to property tax exemptions for service-connected
2 disabled veterans and senior citizens; amending RCW 84.36.381 and
3 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 2012 c 10 s 73 are each amended to read
6 as follows:

7 A person is 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. However, any person who
14 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 may receive an exemption on more than one residence in any
17 year. Moreover, confinement of the person to a hospital, nursing home,
18 assisted living facility, or adult family home does not disqualify the
19 claim of exemption if:

1 (a) The residence is temporarily unoccupied;

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

4 (c) The residence is rented for the purpose of paying nursing home,
5 hospital, assisted living facility, 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 state registered domestic partnership or owned
14 by cotenants is deemed to be owned by each spouse or each domestic
15 partner or each cotenant, and any lease for life is deemed a life
16 estate;

17 (3)(a) The person claiming the exemption must be:

18 (i) Sixty-one years of age or older on December 31st of the year in
19 which the exemption claim is filed, or must have been, at the time of
20 filing, retired from regular gainful employment by reason of
21 disability; or

22 (ii) A veteran of the armed forces of the United States entitled to
23 and receiving compensation from the United States department of
24 veterans affairs at a total disability rating for a service-connected
25 disability.

26 (b) However, any surviving spouse or surviving domestic partner of
27 a person who was receiving an exemption at the time of the person's
28 death will qualify if the surviving spouse or surviving domestic
29 partner is fifty-seven years of age or older and otherwise meets the
30 requirements of this section;

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

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

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

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

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

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

1 value of the different residence on January 1st of the assessment year
2 in which the person transfers the exemption.

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

6 (c) This subsection does not apply to subsequent improvements to
7 the property in the year in which the improvements are made.
8 Subsequent improvements to the property must be added to the value
9 otherwise determined under this subsection at their true and fair value
10 in the year in which they are made.

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

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

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

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

28 (3) The claimant must have a combined disposable income, as defined
29 in RCW 84.36.383, of (~~forty~~) forty-five thousand dollars or less.

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

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

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

11 NEW SECTION. **Sec. 3.** This act applies to taxes levied for
12 collection in 2014 and thereafter.

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