
SUBSTITUTE SENATE BILL 5127

State of Washington

64th Legislature

2015 Regular Session

By Senate Government Operations & Security (originally sponsored by Senators Angel, Roach, and O'Ban)

READ FIRST TIME 02/11/15.

1 AN ACT Relating to revising a property tax exemption for veterans
2 with total disability ratings and their surviving spouses or domestic
3 partners; amending RCW 84.36.381; and creating new sections.

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

5 NEW SECTION. **Sec. 1.** (1) This section is the tax preference
6 performance statement for the tax preference in section 2 of this
7 act. This performance statement is only intended to be used for
8 subsequent evaluation of the tax preference. It is not intended to
9 create a private right of action by any party or to determine
10 eligibility for preferential tax treatment.

11 (2) The legislature categorizes this tax preference as one
12 intended to provide tax relief for certain individuals, as indicated
13 in RCW 82.32.808(2)(e).

14 (3) It is the legislature's specific public policy objective to
15 provide more extensive property tax relief to veterans with total
16 disability ratings and their surviving spouses or domestic partners
17 to properly recognize their sacrifice on behalf of the nation and to
18 enable them to remain in their residences, thus reducing homelessness
19 and demand for services in state veterans' homes.

20 (4) To measure the effectiveness of this act in achieving the
21 objective in subsection (3) of this section, the joint legislative

1 audit and review committee must provide a report to the legislature
2 by December 1, 2020, assessing the impact of the tax preference in
3 reducing homelessness and demand for services in state veterans'
4 homes among veterans with total disability ratings and their
5 surviving spouses or domestic partners.

6 **Sec. 2.** RCW 84.36.381 and 2012 c 10 s 73 are each amended to
7 read as follows:

8 A person is exempt from any legal obligation to pay all or a
9 portion of the amount of excess and regular real property taxes due
10 and payable in the year following the year in which a claim is filed,
11 and 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
14 principal place of residence as of the time of filing. However, any
15 person who sells, transfers, or is displaced from his or her
16 residence may transfer his or her exemption status to a replacement
17 residence, but no claimant may receive an exemption on more than one
18 residence in any year. Moreover, confinement of the person to a
19 hospital, nursing home, assisted living facility, or adult family
20 home does not disqualify the claim of exemption if:

21 (a) The residence is temporarily unoccupied;

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

24 (c) The residence is rented for the purpose of paying nursing
25 home, hospital, assisted living facility, or adult family home costs;

26 (2) The person claiming the exemption must have owned, at the
27 time of filing, in fee, as a life estate, or by contract purchase,
28 the residence on which the property taxes have been imposed or if the
29 person claiming the exemption lives in a cooperative housing
30 association, corporation, or partnership, such person must own a
31 share therein representing the unit or portion of the structure in
32 which he or she resides. For purposes of this subsection, a residence
33 owned by a marital community or state registered domestic partnership
34 or owned by cotenants is deemed to be owned by each spouse or each
35 domestic partner or each cotenant, and any lease for life is deemed a
36 life estate;

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

38 ((~~i~~)) (a) Sixty-one years of age or older on December 31st of
39 the year in which the exemption claim is filed, or must have been, at

1 the time of filing, retired from regular gainful employment by reason
2 of disability. However, any surviving spouse or surviving domestic
3 partner of a person who was receiving an exemption under this
4 subsection (3)(a) at the time of the person's death will qualify if
5 the surviving spouse or surviving domestic partner is fifty-seven
6 years of age or older and otherwise meets the requirements of this
7 section. Moreover, a surviving spouse or surviving domestic partner,
8 who remarries or enters into a new domestic partnership, who
9 otherwise meets the requirements of this section, remains eligible to
10 receive an exemption under this subsection; or

11 ~~((+ii+))~~ (b) A veteran of the armed forces of the United States
12 entitled to and receiving compensation from the United States
13 department of veterans affairs at a total disability rating for a
14 service-connected disability or the surviving spouse or surviving
15 domestic partner of such a veteran(-

16 ~~(b) However, any surviving spouse or surviving domestic partner~~
17 ~~of a person who was receiving an exemption at the time of the~~
18 ~~person's death will qualify if the surviving spouse or surviving~~
19 ~~domestic partner is fifty seven years of age or older and otherwise~~
20 ~~meets the requirements of this section));~~

21 (4)(a) A veteran qualifying under subsection (3)(b) of this
22 section is exempt from all regular and excess property taxes on a
23 residence meeting the requirements of subsections (1) and (2) of this
24 section.

25 (b) If a veteran qualifying under subsection (3)(b) of this
26 section dies after the effective date of this section, their
27 surviving spouse or surviving domestic partner is exempt from all
28 regular and excess property taxes on a residence meeting the
29 requirements of subsections (1) and (2) of this section so long as
30 the survivor does not remarry or enter into a new domestic
31 partnership after the death of the veteran;

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

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

10 ~~((+5))~~ (6)(a) A person under subsection (3)(a) of this section
11 who otherwise qualifies under this section and has a combined
12 disposable income of thirty-five thousand dollars or less is exempt
13 from all excess property taxes; and

14 (b)(i) A person under subsection (3)(a) of this section who
15 otherwise qualifies under this section and has a combined disposable
16 income of thirty thousand dollars or less but greater than twenty-
17 five thousand dollars is exempt from all regular property taxes on
18 the greater of fifty thousand dollars or thirty-five percent of the
19 valuation of his or her residence, but not to exceed seventy thousand
20 dollars of the valuation of his or her residence; or

21 (ii) A person under subsection (3)(a) of this section who
22 otherwise qualifies under this section and has a combined disposable
23 income of twenty-five thousand dollars or less is exempt from all
24 regular property taxes on the greater of sixty thousand dollars or
25 sixty percent of the valuation of his or her residence;

26 ~~((+6))~~ (7)(a) For a person under subsection (3)(a) of this
27 section who otherwise qualifies under this section and has a combined
28 disposable income of thirty-five thousand dollars or less, the
29 valuation of the residence is the assessed value of the residence on
30 the later of January 1, 1995, or January 1st of the assessment year
31 the person first qualifies under this section. If the person
32 subsequently fails to qualify under this section only for one year
33 because of high income, this same valuation must be used upon
34 requalification. If the person fails to qualify for more than one
35 year in succession because of high income or fails to qualify for any
36 other reason, the valuation upon requalification is the assessed
37 value on January 1st of the assessment year in which the person
38 requalifies. If the person transfers the exemption under this section
39 to a different residence, the valuation of the different residence is

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

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

11 NEW SECTION. **Sec. 3.** This act is not subject to the expiration
12 date requirements provided in RCW 82.32.805.

13 NEW SECTION. **Sec. 4.** This act applies to the taxes levied for
14 collection in 2016 and thereafter.

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