
SUBSTITUTE HOUSE BILL 2597

State of Washington

65th Legislature

2018 Regular Session

By House Finance (originally sponsored by Representatives Sullivan, Wylie, Slatter, Sawyer, Stanford, Pollet, Kloba, Bergquist, Ormsby, Kilduff, and Macri)

READ FIRST TIME 02/06/18.

1 AN ACT Relating to extending the existing state property tax
2 exemption for residences of senior citizens and disabled persons to
3 local regular property taxes; amending RCW 84.36.381 and 84.55.050;
4 and creating a new section.

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

6 NEW SECTION. **Sec. 1.** It is the intent of the legislature that
7 the property tax exemption for the owner occupied residences of low-
8 income seniors, disabled veterans, and other people who are disabled
9 applies to any additional local regular property taxes imposed by a
10 city or county that has also approved such an action by identifying
11 the tax exemption in the ballot measure placed before the voters.

12 **Sec. 2.** RCW 84.36.381 and 2017 3rd sp.s. c 13 s 311 are each
13 amended to read as follows:

14 A person is exempt from any legal obligation to pay all or a
15 portion of the amount of excess and regular real property taxes due
16 and payable in the year following the year in which a claim is filed,
17 and thereafter, in accordance with the following:

18 (1) The property taxes must have been imposed upon a residence
19 which was occupied by the person claiming the exemption as a
20 principal place of residence as of the time of filing. However, any

1 person who sells, transfers, or is displaced from his or her
2 residence may transfer his or her exemption status to a replacement
3 residence, but no claimant may receive an exemption on more than one
4 residence in any year. Moreover, confinement of the person to a
5 hospital, nursing home, assisted living facility, or adult family
6 home does not disqualify the claim of exemption if:

7 (a) The residence is temporarily unoccupied;

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

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

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

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

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

28 (ii) A veteran of the armed forces of the United States entitled
29 to and receiving compensation from the United States department of
30 veterans affairs at a total disability rating for a service-connected
31 disability.

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

37 (4) The amount that the person is exempt from an obligation to
38 pay is calculated on the basis of combined disposable income, as
39 defined in RCW 84.36.383. If the person claiming the exemption was
40 retired for two months or more of the assessment year, the combined

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

14 (5)(a) A person who otherwise qualifies under this section and
15 has a combined disposable income of forty thousand dollars or less is
16 exempt from all excess property taxes ((and)), the additional state
17 property tax imposed under RCW 84.52.065(2), and the portion of the
18 regular property taxes authorized pursuant to RCW 84.55.050 and
19 approved by the voters, if the legislative authority of the county or
20 city imposing the additional regular property taxes identified this
21 exemption in the ordinance placing the RCW 84.55.050 measure on the
22 ballot; and

23 (b)(i) A person who otherwise qualifies under this section and
24 has a combined disposable income of thirty-five thousand dollars or
25 less but greater than thirty thousand dollars is exempt from all
26 regular property taxes on the greater of fifty thousand dollars or
27 thirty-five percent of the valuation of his or her residence, but not
28 to exceed seventy thousand dollars of the valuation of his or her
29 residence; or

30 (ii) A person who otherwise qualifies under this section and has
31 a combined disposable income of thirty thousand dollars or less is
32 exempt from all regular property taxes on the greater of sixty
33 thousand dollars or sixty percent of the valuation of his or her
34 residence;

35 (6)(a) For a person who otherwise qualifies under this section
36 and has a combined disposable income of forty thousand dollars or
37 less, the valuation of the residence is the assessed value of the
38 residence on the later of January 1, 1995, or January 1st of the
39 assessment year the person first qualifies under this section. If the
40 person subsequently fails to qualify under this section only for one

1 year because of high income, this same valuation must be used upon
2 requalification. If the person fails to qualify for more than one
3 year in succession because of high income or fails to qualify for any
4 other reason, the valuation upon requalification is the assessed
5 value on January 1st of the assessment year in which the person
6 requalifies. If the person transfers the exemption under this section
7 to a different residence, the valuation of the different residence is
8 the assessed value of the different residence on January 1st of the
9 assessment year in which the person transfers the exemption.

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

13 (c) This subsection does not apply to subsequent improvements to
14 the property in the year in which the improvements are made.
15 Subsequent improvements to the property must be added to the value
16 otherwise determined under this subsection at their true and fair
17 value in the year in which they are made.

18 **Sec. 3.** RCW 84.55.050 and 2017 c 296 s 2 are each amended to
19 read as follows:

20 (1) Subject to any otherwise applicable statutory dollar rate
21 limitations, regular property taxes may be levied by or for a taxing
22 district in an amount exceeding the limitations provided for in this
23 chapter if such levy is authorized by a proposition approved by a
24 majority of the voters of the taxing district voting on the
25 proposition at a general election held within the district or at a
26 special election within the taxing district called by the district
27 for the purpose of submitting such proposition to the voters. Any
28 election held pursuant to this section shall be held not more than
29 twelve months prior to the date on which the proposed levy is to be
30 made, except as provided in subsection (2) of this section. The
31 ballot of the proposition shall state the dollar rate proposed and
32 shall clearly state the conditions, if any, which are applicable
33 under subsection (4) of this section.

34 (2)(a) Subject to statutory dollar limitations, a proposition
35 placed before the voters under this section may authorize annual
36 increases in levies for multiple consecutive years, up to six
37 consecutive years, during which period each year's authorized maximum
38 legal levy shall be used as the base upon which an increased levy
39 limit for the succeeding year is computed, but the ballot proposition

1 must state the dollar rate proposed only for the first year of the
2 consecutive years and must state the limit factor, or a specified
3 index to be used for determining a limit factor, such as the consumer
4 price index, which need not be the same for all years, by which the
5 regular tax levy for the district may be increased in each of the
6 subsequent consecutive years. Elections for this purpose must be held
7 at a primary or general election. The title of each ballot measure
8 must state the limited purposes for which the proposed annual
9 increases during the specified period of up to six consecutive years
10 shall be used.

11 (b)(i) Except as otherwise provided in this subsection (2)(b),
12 funds raised by a levy under this subsection may not supplant
13 existing funds used for the limited purpose specified in the ballot
14 title. For purposes of this subsection, existing funds means the
15 actual operating expenditures for the calendar year in which the
16 ballot measure is approved by voters. Actual operating expenditures
17 excludes lost federal funds, lost or expired state grants or loans,
18 extraordinary events not likely to reoccur, changes in contract
19 provisions beyond the control of the taxing district receiving the
20 services, and major nonrecurring capital expenditures.

21 (ii) The supplanting limitations in (b)(i) of this subsection do
22 not apply to levies approved by the voters in calendar years 2009,
23 2010, and 2011, in any county with a population of one million five
24 hundred thousand or more. This subsection (2)(b)(ii) only applies to
25 levies approved by the voters after July 26, 2009.

26 (iii) The supplanting limitations in (b)(i) of this subsection do
27 not apply to levies approved by the voters in calendar year 2009 and
28 thereafter in any county with a population less than one million five
29 hundred thousand. This subsection (2)(b)(iii) only applies to levies
30 approved by the voters after July 26, 2009.

31 (3) After a levy authorized pursuant to this section is made, the
32 dollar amount of such levy may not be used for the purpose of
33 computing the limitations for subsequent levies provided for in this
34 chapter, unless the ballot proposition expressly states that the levy
35 made under this section will be used for this purpose.

36 (4) If expressly stated, a proposition placed before the voters
37 under subsection (1) or (2) of this section may:

38 (a) Use the dollar amount of a levy under subsection (1) of this
39 section, or the dollar amount of the final levy under subsection (2)

1 of this section, for the purpose of computing the limitations for
2 subsequent levies provided for in this chapter;

3 (b) Limit the period for which the increased levy is to be made
4 under (a) of this subsection;

5 (c) Limit the purpose for which the increased levy is to be made
6 under (a) of this subsection, but if the limited purpose includes
7 making redemption payments on bonds;

8 (i) For the county in which the state capitol is located, the
9 period for which the increased levies are made may not exceed twenty-
10 five years; and

11 (ii) For districts other than a district under (c)(i) of this
12 subsection, the period for which the increased levies are made may
13 not exceed nine years;

14 (d) Set the levy or levies at a rate less than the maximum rate
15 allowed for the district; ((~~or~~))

16 (e) Provide that the exemption authorized by RCW 84.36.381 will
17 apply to the levy of any additional regular property taxes authorized
18 by voters; or

19 (f) Include any combination of the conditions in this subsection.

20 (5) Except as otherwise expressly stated in an approved ballot
21 measure under this section, subsequent levies shall be computed as
22 if:

23 (a) The proposition under this section had not been approved; and

24 (b) The taxing district had made levies at the maximum rates
25 which would otherwise have been allowed under this chapter during the
26 years levies were made under the proposition.

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