
SENATE BILL 5104

State of Washington

65th Legislature

2017 Regular Session

By Senators O'Ban and Wellman

Read first time 01/12/17. Referred to Committee on Ways & Means.

1 AN ACT Relating to the creation of a property tax exemption for
2 spouses of military members or first responders killed in the line of
3 duty; amending RCW 84.36.385 and 84.36.387; adding a new section to
4 chapter 84.36 RCW; and creating a new section.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.36
7 RCW to read as follows:

8 (1) A spousal survivor is exempt from any legal obligation to pay
9 all or a portion of the amount of excess and regular real property
10 taxes due and payable in the year following the year in which a claim
11 is filed, and thereafter, in accordance with the provisions of this
12 section.

13 (2) The property taxes must have been imposed upon a residence
14 that was occupied by the person claiming the exemption as a principal
15 place of residence as of the time of filing. However, any person who
16 sells, transfers, or is displaced from his or her residence may
17 transfer his or her exemption status to a replacement residence, but
18 no claimant may receive an exemption on more than one residence in
19 any year. Moreover, confinement of the person to a hospital, nursing
20 home, assisted living facility, or adult family home does not
21 disqualify the 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
5 home, hospital, assisted living facility, or adult family home costs.

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

17 (4) The definitions in this subsection apply throughout this
18 section unless the context clearly requires otherwise.

19 (a) "Cotenant" has the same meaning as provided in RCW 84.36.383.

20 (b) "Dependency and indemnity compensation" has the same meaning
21 as provided in Title 38, Part 3, Sec. 3.5, of the code of federal
22 regulations, as existing on January 1, 2008.

23 (c) "Real property" has the same meaning as provided in RCW
24 84.36.383.

25 (d) "Residence" has the same meaning as provided in RCW
26 84.36.383.

27 (e) "Spousal survivor" means:

28 (i)(A) A spouse currently receiving dependency and indemnity
29 compensation; or

30 (B) A spouse who had received dependency and indemnity
31 compensation, but for whom such compensation was discontinued as a
32 result of remarriage; or

33 (ii) A spousal recipient of a duty-related death benefit from the
34 Washington state law enforcement officers' and firefighters'
35 retirement system, as defined in RCW 41.26.048.

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

39 (b) This subsection (5) does not apply to subsequent improvements
40 to the property in the year in which the improvements are made.

1 Subsequent improvements to the property must be added to the value
2 otherwise determined under this subsection at their true and fair
3 value in the year in which they are made.

4 **Sec. 2.** RCW 84.36.385 and 2011 c 174 s 106 are each amended to
5 read as follows:

6 (1) A claim for exemption under RCW 84.36.381 or section 1 of
7 this act as now or hereafter amended, may be made and filed at any
8 time during the year for exemption from taxes payable the following
9 year and thereafter and solely upon forms as prescribed and furnished
10 by the department of revenue. However, an exemption from tax under
11 RCW 84.36.381 or section 1 of this act continues for no more than six
12 years unless a renewal application is filed as provided in subsection
13 (3) of this section.

14 (2) A person granted an exemption under RCW 84.36.381 or section
15 1 of this act must inform the county assessor of any change in status
16 affecting the person's entitlement to the exemption on forms
17 prescribed and furnished by the department of revenue.

18 (3) Each person exempt from taxes under RCW 84.36.381 or section
19 1 of this act in 1993 and thereafter((7)) must file with the county
20 assessor a renewal application not later than December 31 of the year
21 the assessor notifies such person of the requirement to file the
22 renewal application. Renewal applications must be on forms prescribed
23 and furnished by the department of revenue.

24 (4) At least once every six years, the county assessor must
25 notify those persons receiving an exemption from taxes under RCW
26 84.36.381 of the requirement to file a renewal application. The
27 county assessor may also require a renewal application following an
28 amendment of the income requirements set forth in RCW 84.36.381 or
29 section 1 of this act.

30 (5) If the assessor finds that the applicant does not meet the
31 qualifications as set forth in RCW 84.36.381 or section 1 of this
32 act, as now or hereafter amended, the claim or exemption must be
33 denied but such denial is subject to appeal under the provisions of
34 RCW 84.48.010 and in accordance with the provisions of RCW 84.40.038.
35 If the applicant had received exemption in prior years based on
36 erroneous information, the taxes must be collected subject to
37 penalties as provided in RCW 84.40.130 for a period of not to exceed
38 five years.

1 (6) The department and each local assessor is hereby directed to
2 publicize the qualifications and manner of making claims under RCW
3 84.36.381 through 84.36.389 and section 1 of this act, through
4 communications media, including such paid advertisements or notices
5 as it deems appropriate. Notice of the qualifications, method of
6 making applications, the penalties for not reporting a change in
7 status, and availability of further information must be included on
8 or with property tax statements and revaluation notices for all
9 residential property including mobile homes, except rental
10 properties.

11 **Sec. 3.** RCW 84.36.387 and 2003 c 53 s 408 are each amended to
12 read as follows:

13 (1) All claims for exemption (~~shall~~) must be made and signed by
14 the person entitled to the exemption, by his or her attorney-in-fact
15 or in the event the residence of such person is under mortgage or
16 purchase contract requiring accumulation of reserves out of which the
17 holder of the mortgage or contract is required to pay real estate
18 taxes, by such holder or by the owner, either before two witnesses or
19 the county assessor or his or her deputy in the county where the real
20 property is located(~~:- PROVIDED, That~~). However, if a claim for
21 exemption is made by a person living in a cooperative housing
22 association, corporation, or partnership, such claim (~~shall~~) must
23 be made and signed by the person entitled to the exemption and by the
24 authorized agent of such cooperative.

25 (2) If the taxpayer is unable to submit his or her own claim, the
26 claim shall be submitted by a duly authorized agent or by a guardian
27 or other person charged with the care of the person or property of
28 such taxpayer.

29 (3) All claims for exemption and renewal applications (~~shall~~)
30 must be accompanied by such documented verification of income as
31 (~~shall-be~~) is prescribed by rule adopted by the department of
32 revenue.

33 (4) Any person signing a false claim with the intent to defraud
34 or evade the payment of any tax is guilty of perjury under chapter
35 9A.72 RCW.

36 (5) The tax liability of a cooperative housing association,
37 corporation, or partnership (~~shall~~) must be reduced by the amount
38 of tax exemption to which a claimant residing therein is entitled and
39 such cooperative (~~shall~~) must reduce any amount owed by the

1 claimant to the cooperative by such exact amount of tax exemption or,
2 if no amount be owed, the cooperative (~~shall~~) must make payment to
3 the claimant of such exact amount of exemption.

4 (6) A remainderman or other person who would have otherwise paid
5 the tax on real property that is the subject of an exemption granted
6 under RCW 84.36.381 or section 1 of this act for an estate for life
7 (~~shall~~) must reduce the amount which would have been payable by the
8 life tenant to the remainderman or other person to the extent of the
9 exemption. If no amount is owed or separately stated as an obligation
10 between these persons, the remainderman or other person (~~shall~~)
11 must make payment to the life tenant in the exact amount of the
12 exemption.

13 NEW SECTION. **Sec. 4.** This act applies to taxes levied for
14 collection in 2018 and thereafter.

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