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**HOUSE BILL 1044**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** Representatives Santos, Slatter, Caldier, Jinkins, Wylie, Pollet, Stanford, Valdez, and Stonier

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1 AN ACT Relating to senior citizen property taxes; amending RCW  
2 84.36.381 and 84.36.383; and creating new sections.

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

4 **Sec. 1.** RCW 84.36.381 and 2018 c 46 s 2 are each amended to read  
5 as follows:

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

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

19 (a) The residence is temporarily unoccupied;

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

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

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

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

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

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

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

28 (4) The amount that the person is exempt from an obligation to  
29 pay is calculated on the basis of combined disposable income, as  
30 defined in RCW 84.36.383. If the person claiming the exemption was  
31 retired for two months or more of the assessment year, the combined  
32 disposable income of such person must be calculated by multiplying  
33 the average monthly combined disposable income of such person during  
34 the months such person was retired by twelve. If the income of the  
35 person claiming exemption is reduced for two or more months of the  
36 assessment year by reason of the death of the person's spouse or the  
37 person's domestic partner, or when other substantial changes occur in  
38 disposable income that are likely to continue for an indefinite  
39 period of time, the combined disposable income of such person must be  
40 calculated by multiplying the average monthly combined disposable

1 income of such person after such occurrences by twelve. If it is  
2 necessary to estimate income to comply with this subsection, the  
3 assessor may require confirming documentation of such income prior to  
4 May 31 of the year following application;

5 (5) (a) A person who otherwise qualifies under this section and  
6 has a combined disposable income of forty thousand dollars or less or  
7 income threshold 1 or less, whichever is greater, is exempt from all  
8 excess property taxes, the additional state property tax imposed  
9 under RCW 84.52.065(2), and the portion of the regular property taxes  
10 authorized pursuant to RCW 84.55.050 and approved by the voters, if  
11 the legislative authority of the county or city imposing the  
12 additional regular property taxes identified this exemption in the  
13 ordinance placing the RCW 84.55.050 measure on the ballot; and

14 (b) (i) A person who otherwise qualifies under this section and  
15 has a combined disposable income of between thirty-five thousand  
16 dollars (~~(or less but greater than)~~) and thirty thousand dollars or  
17 income threshold 2 or less, whichever is greater, is exempt from all  
18 regular property taxes on the greater of fifty thousand dollars or  
19 thirty-five percent of the valuation of his or her residence, but not  
20 to exceed seventy thousand dollars of the valuation of his or her  
21 residence; or

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

27 (6) (a) For a person who otherwise qualifies under this section  
28 and has a combined disposable income of forty thousand dollars or  
29 less, the valuation of the residence is the assessed value of the  
30 residence on the later of January 1, 1995, or January 1st of the  
31 assessment year the person first qualifies under this section. If the  
32 person subsequently fails to qualify under this section only for one  
33 year 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 **Sec. 2.** RCW 84.36.383 and 2012 c 10 s 74 are each amended to  
12 read as follows:

13 As used in RCW 84.36.381 through 84.36.389, except where the  
14 context clearly indicates a different meaning:

15 (1) The term "residence" means a single-family dwelling unit  
16 whether such unit be separate or part of a multiunit dwelling,  
17 including the land on which such dwelling stands not to exceed one  
18 acre, except that a residence includes any additional property up to  
19 a total of five acres that comprises the residential parcel if this  
20 larger parcel size is required under land use regulations. The term  
21 also includes a share ownership in a cooperative housing association,  
22 corporation, or partnership if the person claiming exemption can  
23 establish that his or her share represents the specific unit or  
24 portion of such structure in which he or she resides. The term also  
25 includes a single-family dwelling situated upon lands the fee of  
26 which is vested in the United States or any instrumentality thereof  
27 including an Indian tribe or in the state of Washington, and  
28 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a  
29 residence is deemed real property.

30 (2) The term "real property" also includes a mobile home which  
31 has substantially lost its identity as a mobile unit by virtue of its  
32 being fixed in location upon land owned or leased by the owner of the  
33 mobile home and placed on a foundation (posts or blocks) with fixed  
34 pipe, connections with sewer, water, or other utilities. A mobile  
35 home located on land leased by the owner of the mobile home is  
36 subject, for tax billing, payment, and collection purposes, only to  
37 the personal property provisions of chapter 84.56 RCW and RCW  
38 84.60.040.

39 (3) "Department" means the state department of revenue.

1 (4) "Combined disposable income" means the disposable income of  
2 the person claiming the exemption, plus the disposable income of his  
3 or her spouse or domestic partner, and the disposable income of each  
4 cotenant occupying the residence for the assessment year, less  
5 amounts paid by the person claiming the exemption or his or her  
6 spouse or domestic partner during the assessment year for:

7 (a) Drugs supplied by prescription of a medical practitioner  
8 authorized by the laws of this state or another jurisdiction to issue  
9 prescriptions;

10 (b) The treatment or care of either person received in the home  
11 or in a nursing home, assisted living facility, or adult family home;  
12 and

13 (c) Health care insurance premiums for medicare under Title XVIII  
14 of the social security act.

15 (5) "Disposable income" means adjusted gross income as defined in  
16 the federal internal revenue code, as amended prior to January 1,  
17 1989, or such subsequent date as the director may provide by rule  
18 consistent with the purpose of this section, plus all of the  
19 following items to the extent they are not included in or have been  
20 deducted from adjusted gross income:

21 (a) Capital gains, other than gain excluded from income under  
22 section 121 of the federal internal revenue code to the extent it is  
23 reinvested in a new principal residence;

24 (b) Amounts deducted for loss;

25 (c) Amounts deducted for depreciation;

26 (d) Pension and annuity receipts;

27 (e) Military pay and benefits other than attendant-care and  
28 medical-aid payments;

29 (f) Veterans benefits, other than:

30 (i) Attendant-care payments;

31 (ii) Medical-aid payments;

32 (iii) Disability compensation, as defined in Title 38, part 3,  
33 section 3.4 of the code of federal regulations, as of January 1,  
34 2008; and

35 (iv) Dependency and indemnity compensation, as defined in Title  
36 38, part 3, section 3.5 of the code of federal regulations, as of  
37 January 1, 2008;

38 (g) Federal social security act and railroad retirement benefits;

39 (h) Dividend receipts; and

40 (i) Interest received on state and municipal bonds.

1 (6) "Cotenant" means a person who resides with the person  
2 claiming the exemption and who has an ownership interest in the  
3 residence.

4 (7) "Disability" has the same meaning as provided in 42 U.S.C.  
5 Sec. 423(d)(1)(A) as amended prior to January 1, 2005, or such  
6 subsequent date as the department may provide by rule consistent with  
7 the purpose of this section.

8 (8) "Income threshold 1" means fifty-five percent of county  
9 median family income.

10 (9) "Income threshold 2" means forty-four percent of county  
11 median family income.

12 (10) "Income threshold 3" means thirty-three percent of county  
13 median family income.

14 NEW SECTION. Sec. 3. This act applies to taxes levied for  
15 collection in 2020 and thereafter.

16 NEW SECTION. Sec. 4. The provisions of RCW 82.32.805 and  
17 82.32.808 do not apply to this act.

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