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**SUBSTITUTE HOUSE BILL 1629**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** House Finance (originally sponsored by Representatives Reeves, Walen, Ryu, Kirby, Barkis, Leavitt, Kilduff, Stanford, Appleton, Lovick, Ortiz-Self, Frame, Shea, and Bergquist)

READ FIRST TIME 02/28/19.

1 AN ACT Relating to providing property tax relief for disabled  
2 veterans; amending RCW 36.21.100, 84.36.381, and 84.36.389; and  
3 creating new sections.

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

5 **Sec. 1.** RCW 36.21.100 and 1991 c 218 s 4 are each amended to  
6 read as follows:

7 (1) Every county assessor (~~shall~~) **must** report to the department  
8 of revenue on the property tax levies and related matters within the  
9 county annually at a date and in a form prescribed by the department  
10 of revenue. The report (~~shall~~) **must** include, but need not be  
11 limited to, the results of sales-assessment ratio studies performed  
12 by the assessor. The ratio studies (~~shall~~) **must** be based on use  
13 classes of real property and (~~shall~~) **must** be performed under a plan  
14 approved by the department of revenue.

15 (2) By July 1, 2020, and every year thereafter, every county  
16 assessor must submit annual data to the department of revenue on:

17 (a) The number of veterans that apply for the property tax  
18 exemption program under RCW 84.36.381; and

19 (b) The number of veterans that are receiving property tax relief  
20 under any other local property tax relief program for veterans.

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

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

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

16       (a) The residence is temporarily unoccupied;

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

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

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

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

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

37       (ii) A veteran of the armed forces of the United States entitled  
38 to and receiving compensation from the United States department of  
39 veterans affairs at (~~(a total disability rating for a service-~~  
40 ~~connected disability.)~~);

1 (A) A combined service-connected evaluation rating of eighty  
2 percent or higher; or

3 (B) A total disability rating for a service-connected disability  
4 without regard to evaluation percent.

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

10 (4) The amount that the person is exempt from an obligation to  
11 pay is calculated on the basis of combined disposable income, as  
12 defined in RCW 84.36.383. If the person claiming the exemption was  
13 retired for two months or more of the assessment year, the combined  
14 disposable income of such person must be calculated by multiplying  
15 the average monthly combined disposable income of such person during  
16 the months such person was retired by twelve. If the income of the  
17 person claiming exemption is reduced for two or more months of the  
18 assessment year by reason of the death of the person's spouse or the  
19 person's domestic partner, or when other substantial changes occur in  
20 disposable income that are likely to continue for an indefinite  
21 period of time, the combined disposable income of such person must be  
22 calculated by multiplying the average monthly combined disposable  
23 income of such person after such occurrences by twelve. If it is  
24 necessary to estimate income to comply with this subsection, the  
25 assessor may require confirming documentation of such income prior to  
26 May 31 of the year following application;

27 (5)(a) A person who otherwise qualifies under this section and  
28 has a combined disposable income of forty thousand dollars or less is  
29 exempt from all excess property taxes, the additional state property  
30 tax imposed under RCW 84.52.065(2), and the portion of the regular  
31 property taxes authorized pursuant to RCW 84.55.050 and approved by  
32 the voters, if the legislative authority of the county or city  
33 imposing the additional regular property taxes identified this  
34 exemption in the ordinance placing the RCW 84.55.050 measure on the  
35 ballot; and

36 (b)(i) A person who otherwise qualifies under this section and  
37 has a combined disposable income of thirty-five thousand dollars or  
38 less but greater than thirty thousand dollars is exempt from all  
39 regular property taxes on the greater of fifty thousand dollars or  
40 thirty-five percent of the valuation of his or her residence, but not

1 to exceed seventy thousand dollars of the valuation of his or her  
2 residence; or

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

8 (6) (a) For a person who otherwise qualifies under this section  
9 and has a combined disposable income of forty thousand dollars or  
10 less, the valuation of the residence is the assessed value of the  
11 residence on the later of January 1, 1995, or January 1st of the  
12 assessment year the person first qualifies under this section. If the  
13 person subsequently fails to qualify under this section only for one  
14 year because of high income, this same valuation must be used upon  
15 requalification. If the person fails to qualify for more than one  
16 year in succession because of high income or fails to qualify for any  
17 other reason, the valuation upon requalification is the assessed  
18 value on January 1st of the assessment year in which the person  
19 requalifies. If the person transfers the exemption under this section  
20 to a different residence, the valuation of the different residence is  
21 the assessed value of the different residence on January 1st of the  
22 assessment year in which the person transfers the exemption.

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

26 (c) This subsection does not apply to subsequent improvements to  
27 the property in the year in which the improvements are made.  
28 Subsequent improvements to the property must be added to the value  
29 otherwise determined under this subsection at their true and fair  
30 value in the year in which they are made.

31 **Sec. 3.** RCW 84.36.389 and 1979 ex.s. c 214 s 4 are each amended  
32 to read as follows:

33 (1) The director of the department of revenue (~~shall~~) must  
34 adopt such rules and regulations and prescribe such forms as may be  
35 necessary and appropriate for implementation and administration of  
36 this chapter subject to chapter 34.05 RCW, the administrative  
37 procedure act.

38 (2) The department may conduct such audits of the administration  
39 of RCW 84.36.381 through 84.36.389 and the claims for exemption filed

1 thereunder as it considers necessary. The powers of the department  
2 under chapter 84.08 RCW apply to these audits.

3 (3) Any information or facts concerning confidential income data  
4 obtained by the assessor or the department, or their agents or  
5 employees, under subsection (2) of this section (~~shall~~) may be used  
6 only to administer RCW 84.36.381 through 84.36.389. Notwithstanding  
7 any provision of law to the contrary, absent written consent by the  
8 person about whom the information or facts have been obtained, the  
9 confidential income data (~~shall~~) may not be disclosed by the  
10 assessor or the assessor's agents or employees to anyone other than  
11 the department or the department's agents or employees nor by the  
12 department or the department's agents or employees to anyone other  
13 than the assessor or the assessor's agents or employees except in a  
14 judicial proceeding pertaining to the taxpayer's entitlement to the  
15 tax exemption under RCW 84.36.381 through 84.36.389. Any violation of  
16 this subsection is a misdemeanor.

17 (4) By January 15, 2021, and every two years thereafter, the  
18 department must submit a report to the legislature, in compliance  
19 with RCW 43.01.036, describing veteran use of the property tax  
20 exemption program provided in RCW 84.36.381. The report, at a  
21 minimum, must identify the number of veterans who apply for the  
22 program by county and the number of veterans living in each county.  
23 The department may access and reference data from the state and  
24 federal departments of veterans affairs, from county assessors, and  
25 from any other state or local source to comply with this subsection.

26 NEW SECTION. Sec. 4. This act applies to taxes levied for  
27 collection in 2020 and thereafter.

28 NEW SECTION. Sec. 5. The provisions of RCW 82.32.805 and  
29 82.32.808 do not apply to this act.

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