
SUBSTITUTE SENATE BILL 6319

State of Washington

66th Legislature

2020 Regular Session

By Senate Ways & Means (originally sponsored by Senators Takko, Short, Dhingra, Lovelett, and Wilson, C.)

READ FIRST TIME 02/11/20.

1 AN ACT Relating to administration of the senior property tax
2 exemption program; amending RCW 84.36.387, 84.36.385, and 84.36.383;
3 and creating a new section.

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

5 **Sec. 1.** RCW 84.36.387 and 2003 c 53 s 408 are each amended to
6 read as follows:

7 (1) ~~((All))~~ Except as provided in subsection (3) of this section,
8 all claims for exemption shall be made and signed under oath by the
9 person entitled to the exemption, by his or her attorney-in-fact or
10 in the event the residence of such person is under mortgage or
11 purchase contract requiring accumulation of reserves out of which the
12 holder of the mortgage or contract is required to pay real estate
13 taxes, by such holder or by the owner(~~(, either before two witnesses~~
14 ~~or the county assessor or his or her deputy in the county where the~~
15 ~~real property is located)~~): PROVIDED, That if a claim for exemption
16 is made by a person living in a cooperative housing association,
17 corporation, or partnership, such claim shall be made and signed by
18 the person entitled to the exemption and by the authorized agent of
19 such cooperative.

20 (2) If the taxpayer is unable to submit his or her own claim, the
21 claim shall be submitted by a duly authorized agent or by a guardian

1 or other person charged with the care of the person or property of
2 such taxpayer.

3 (3) All claims for exemption and renewal applications shall be
4 accompanied by such documented verification of income as shall be
5 prescribed by rule adopted by the department of revenue.

6 (4) Any person signing a false claim with the intent to defraud
7 or evade the payment of any tax is guilty of perjury under chapter
8 9A.72 RCW.

9 (5) The tax liability of a cooperative housing association,
10 corporation, or partnership shall be reduced by the amount of tax
11 exemption to which a claimant residing therein is entitled and such
12 cooperative shall reduce any amount owed by the claimant to the
13 cooperative by such exact amount of tax exemption or, if no amount be
14 owed, the cooperative shall make payment to the claimant of such
15 exact amount of exemption.

16 (6) A remainderman or other person who would have otherwise paid
17 the tax on real property that is the subject of an exemption granted
18 under RCW 84.36.381 for an estate for life shall reduce the amount
19 which would have been payable by the life tenant to the remainderman
20 or other person to the extent of the exemption. If no amount is owed
21 or separately stated as an obligation between these persons, the
22 remainderman or other person shall make payment to the life tenant in
23 the exact amount of the exemption.

24 **Sec. 2.** RCW 84.36.385 and 2019 c 453 s 3 are each amended to
25 read as follows:

26 (1) A claim for exemption under RCW 84.36.381 as now or hereafter
27 amended, may be made and filed at any time during the year for
28 exemption from taxes payable the following year and thereafter and
29 solely upon forms as prescribed and furnished by the department of
30 revenue. However, an exemption from tax under RCW 84.36.381 continues
31 for no more than six years unless a renewal application is filed as
32 provided in subsection (3) of this section.

33 (2) A person granted an exemption under RCW 84.36.381 must inform
34 the county assessor of any change in status affecting the person's
35 entitlement to the exemption on forms prescribed and furnished by the
36 department of revenue.

37 (3) Each person exempt from taxes under RCW 84.36.381 in 1993 and
38 thereafter must file with the county assessor a renewal application
39 not later than December 31 of the year the assessor notifies such

1 person of the requirement to file the renewal application. Renewal
2 applications must be on forms prescribed and furnished by the
3 department of revenue.

4 (4) At least once every six years, the county assessor must
5 notify those persons receiving an exemption from taxes under RCW
6 84.36.381 of the requirement to file a renewal application. The
7 county assessor may also require a renewal application following an
8 amendment of the income requirements set forth in RCW 84.36.381.

9 (5) If the assessor finds that the applicant does not meet the
10 qualifications as set forth in RCW 84.36.381, as now or hereafter
11 amended, the claim or exemption must be denied but such denial is
12 subject to appeal under the provisions of RCW 84.48.010 and in
13 accordance with the provisions of RCW 84.40.038. If the applicant had
14 received exemption in prior years based on erroneous information, the
15 taxes must be collected subject to penalties as provided in RCW
16 84.40.130 for a period of not to exceed five years.

17 (6) The department and each local assessor is hereby directed to
18 publicize the qualifications and manner of making claims under RCW
19 84.36.381 through 84.36.389, through communications media, including
20 such paid advertisements or notices as it deems appropriate. Notice
21 of the qualifications, method of making applications, the penalties
22 for not reporting a change in status, and availability of further
23 information must be included on or with property tax statements and
24 revaluation notices for all residential property including mobile
25 homes, except rental properties.

26 (7) The department must authorize an option for electronic filing
27 of applications and renewal applications for the exemption under RCW
28 84.36.381.

29 (8) Beginning August 1, 2019, and by March 1st every fifth year
30 thereafter, the department must publish updated income thresholds.
31 The adjusted thresholds must be rounded up to the nearest one
32 thousand dollars. If the income threshold adjustment is negative, the
33 income threshold for the prior year continues to apply. The
34 department must adjust income thresholds for each county to reflect
35 the most recent year available of estimated county median household
36 incomes, including preliminary estimates or projections, as published
37 by the office of financial management. For the purposes of this
38 subsection, "county median household income" has the same meaning as
39 provided in RCW 84.36.383.

1 (9) Beginning with the adjustment made by March 1, 2024, as
2 provided in subsection (8) of this section, and every second
3 adjustment thereafter, if an income threshold in a county is not
4 adjusted based on percentage of county median income, then the income
5 threshold must be adjusted based on the growth of the consumer price
6 index for all urban consumers (CPI-U) for the prior twelve month
7 period as published by the United States bureau of labor statistics.
8 In no case may the adjustment be greater than one percent. The
9 adjusted thresholds must be rounded to the nearest one dollar. If the
10 income threshold adjustment is negative, the income threshold for the
11 prior year continues to apply.

12 **Sec. 3.** RCW 84.36.383 and 2019 c 453 s 2 are each amended to
13 read as follows:

14 As used in RCW 84.36.381 through 84.36.389, unless the context
15 clearly requires otherwise:

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

31 (2) The term "real property" also includes a mobile home which
32 has substantially lost its identity as a mobile unit by virtue of its
33 being fixed in location upon land owned or leased by the owner of the
34 mobile home and placed on a foundation (posts or blocks) with fixed
35 pipe, connections with sewer, water, or other utilities. A mobile
36 home located on land leased by the owner of the mobile home is
37 subject, for tax billing, payment, and collection purposes, only to
38 the personal property provisions of chapter 84.56 RCW and RCW
39 84.60.040.

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

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

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

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

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

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

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

25 (b) Amounts deducted for loss;

26 (c) Amounts deducted for depreciation;

27 (d) Pension and annuity receipts;

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

30 (f) Veterans benefits, other than:

31 (i) Attendant-care payments;

32 (ii) Medical-aid payments;

33 (iii) Disability compensation, as defined in Title 38, part 3,
34 section 3.4 of the Code of Federal Regulations, as of January 1,
35 2008; and

36 (iv) Dependency and indemnity compensation, as defined in Title
37 38, part 3, section 3.5 of the Code of Federal Regulations, as of
38 January 1, 2008;

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

40 (h) Dividend receipts; and

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

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

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

9 (8) "County median household income" means the median household
10 income estimates for the state of Washington by county of the legal
11 address of the principal place of residence, as published by the
12 office of financial management.

13 (9) "Income threshold 1" means:

14 (a) For taxes levied for collection in calendar years prior to
15 2020, a combined disposable income equal to thirty thousand dollars;
16 and

17 (b) For taxes levied for collection in calendar year 2020 and
18 thereafter, a combined disposable income equal to the greater of
19 "income threshold 1" for the previous year or forty-five percent of
20 the county median household income, adjusted every five years
21 beginning August 1, 2019, as provided in RCW 84.36.385(8).

22 (10) "Income threshold 2" means:

23 (a) For taxes levied for collection in calendar years prior to
24 2020, a combined disposable income equal to thirty-five thousand
25 dollars; and

26 (b) For taxes levied for collection in calendar year 2020 and
27 thereafter, a combined disposable income equal to the greater of
28 "income threshold 2" for the previous year or fifty-five percent of
29 the county median household income, adjusted every five years
30 beginning August 1, 2019, as provided in RCW 84.36.385(8).

31 (11) "Income threshold 3" means:

32 (a) For taxes levied for collection in calendar years prior to
33 2020, a combined disposable income equal to forty thousand dollars;
34 and

35 (b) For taxes levied for collection in calendar year 2020 and
36 thereafter, a combined disposable income equal to the greater of
37 "income threshold 3" for the previous year or sixty-five percent of
38 the county median household income, adjusted every five years
39 beginning August 1, 2019, as provided in RCW 84.36.385(8).

1 (12) "Principal place of residence" means a residence occupied
2 for more than (~~nine~~) six months each calendar year by a person
3 claiming an exemption under RCW 84.36.381.

4 NEW SECTION. **Sec. 4.** The provisions of RCW 82.32.805 and
5 82.32.808 do not apply to this act.

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