
HOUSE BILL 1596

State of Washington

60th Legislature

2007 Regular Session

By Representatives McCune, Dunn, McDonald, Chandler, Kristiansen, Chase, Pearson, Morrell, Hinkle and Ormsby

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1 AN ACT Relating to property tax relief for senior citizens, persons
2 retired because of physical disability, and veterans; amending RCW
3 84.36.381 and 84.38.030; and creating a new section.

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

5 **Sec. 1.** RCW 84.36.381 and 2005 c 248 s 2 are each amended to read
6 as follows:

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

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

1 (a) The residence is temporarily unoccupied;

2 (b) The residence is occupied by a spouse and/or a person
3 financially dependent on the claimant for support; or

4 (c) The residence is rented for the purpose of paying nursing home,
5 hospital, boarding home, or adult family home costs;

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

16 (3) The person claiming the exemption must be (a) sixty-one years
17 of age or older on December 31st of the year in which the exemption
18 claim is filed, or must have been, at the time of filing, retired from
19 regular gainful employment by reason of disability, or (b) a veteran of
20 the armed forces of the United States with one hundred percent service-
21 connected disability as provided in 42 U.S.C. Sec. 423 (d)(1)(A) as
22 amended prior to January 1, 2005. However, any surviving spouse of a
23 person who was receiving an exemption at the time of the person's death
24 shall qualify if the surviving spouse is fifty-seven years of age or
25 older and otherwise meets the requirements of this section;

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

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

4 (5)(a) A person who otherwise qualifies under this section and has
5 a combined disposable income of (~~(thirty-five)~~) fifty thousand dollars
6 or less shall be exempt from all excess property taxes; and

7 (b)(i) A person who otherwise qualifies under this section and has
8 a combined disposable income of (~~(thirty)~~) forty-five thousand dollars
9 or less but greater than twenty-five thousand dollars shall be exempt
10 from all regular property taxes on the greater of fifty thousand
11 dollars or thirty-five percent of the valuation of his or her
12 residence, but not to exceed seventy thousand dollars of the valuation
13 of his or her residence; or

14 (ii) A person who otherwise qualifies under this section and has a
15 combined disposable income of (~~(twenty-five)~~) forty thousand dollars or
16 less shall be exempt from all regular property taxes on the greater of
17 sixty thousand dollars or sixty percent of the valuation of his or her
18 residence;

19 (6)(a) For a person who otherwise qualifies under this section and
20 has a combined disposable income of thirty-five thousand dollars or
21 less, the valuation of the residence shall be the assessed value of the
22 residence on the later of January 1, 1995, or January 1st of the
23 assessment year the person first qualifies under this section. If the
24 person subsequently fails to qualify under this section only for one
25 year because of high income, this same valuation shall be used upon
26 requalification. If the person fails to qualify for more than one year
27 in succession because of high income or fails to qualify for any other
28 reason, the valuation upon requalification shall be the assessed value
29 on January 1st of the assessment year in which the person requalifies.
30 If the person transfers the exemption under this section to a different
31 residence, the valuation of the different residence shall be the
32 assessed value of the different residence on January 1st of the
33 assessment year in which the person transfers the exemption.

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

37 (c) This subsection does not apply to subsequent improvements to
38 the property in the year in which the improvements are made.

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

4 Annually, the department of revenue shall adjust each combined
5 disposable income amount and each valuation amount in this section to
6 reflect inflation. The department shall round the adjusted amounts to
7 the nearest thousand dollars. The adjusted amounts apply for taxes due
8 the following year. For the purposes of this section, "inflation"
9 means the change in the implicit price deflator for personal
10 consumption expenditures for the United States as published by the
11 bureau of economic analysis of the federal department of commerce.

12 **Sec. 2.** RCW 84.38.030 and 2006 c 62 s 3 are each amended to read
13 as follows:

14 A claimant may defer payment of special assessments and/or real
15 property taxes on up to eighty percent of the amount of the claimant's
16 equity value in the claimant's residence if the following conditions
17 are met:

18 (1) The claimant must meet all requirements for an exemption for
19 the residence under RCW 84.36.381, other than the age and income limits
20 under RCW 84.36.381.

21 (2) The claimant must be sixty years of age or older on December
22 31st of the year in which the deferral claim is filed, or must have
23 been, at the time of filing, retired from regular gainful employment by
24 reason of physical disability: PROVIDED, That any surviving spouse of
25 a person who was receiving a deferral at the time of the person's death
26 shall qualify if the surviving spouse is fifty-seven years of age or
27 older and otherwise meets the requirements of this section.

28 (3) The claimant must have a combined disposable income, as defined
29 in RCW 84.36.383, of (~~forty~~) fifty-five thousand dollars or less.

30 (4) The claimant must have owned, at the time of filing, the
31 residence on which the special assessment and/or real property taxes
32 have been imposed. For purposes of this subsection, a residence owned
33 by a marital community or owned by cotenants shall be deemed to be
34 owned by each spouse or cotenant. A claimant who has only a share
35 ownership in cooperative housing, a life estate, a lease for life, or
36 a revocable trust does not satisfy the ownership requirement.

1 (5) The claimant must have and keep in force fire and casualty
2 insurance in sufficient amount to protect the interest of the state in
3 the claimant's equity value: PROVIDED, That if the claimant fails to
4 keep fire and casualty insurance in force to the extent of the state's
5 interest in the claimant's equity value, the amount deferred shall not
6 exceed one hundred percent of the claimant's equity value in the land
7 or lot only.

8 (6) In the case of special assessment deferral, the claimant must
9 have opted for payment of such special assessments on the installment
10 method if such method was available.

11 NEW SECTION. **Sec. 3.** This act applies to taxes levied for
12 collection in 2008 and thereafter.

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