

HOUSE BILL 1240

State of Washington 52nd Legislature 1991 Regular Session

By Representatives Heavey, Cole, Jacobsen, Jones, Roland, Riley, Scott, Orr, Basich, G. Fisher, R. Meyers, Ogden and Rasmussen.

Read first time January 23, 1991. Referred to Committee on Revenue.

1 AN ACT Relating to property tax exemptions for retired persons;
2 amending RCW 84.36.381, 84.36.385, and 84.38.100; and adding a new
3 section to chapter 84.36 RCW.

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

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

7 A person who meets the qualifications for a tax exemption under RCW
8 84.36.381, without having to meet the qualification on the amount of
9 combined disposable income, is eligible for the following property tax
10 exemptions or relief on his or her principal place of residence:

11 (1) The assessed valuation of the residence shall be only on the
12 residential value of the residence; and

13 (2) Increases in the aggregate taxes imposed on the residence,
14 other than taxes authorized under Article VII, section 2(a) or (b), of
15 the state Constitution, shall be limited as follows:

1 (a) Where the true and fair value of the residence is equal to or
2 less than the median true and fair value of a residence in the county
3 in which the residence is located, the increase in aggregate taxes
4 imposed on the residence from one year to the next shall not exceed ten
5 percent; or

6 (b) Where the true and fair value of the residence exceeds the
7 median true and fair value of a residence in the county, the amount of
8 the assessed valuation shall be separated into two portions with
9 increases in the aggregate taxes imposed on the portion of the assessed
10 valuation that is equal to or less than the median true and fair value
11 of a residence in the county in which the residence is located being
12 restricted as provided in (a) of this subsection and increases in the
13 aggregate taxes imposed on the remainder of the true and fair valuation
14 not being subject to any limitations.

15 The rate of taxation for each taxing district that is imposed upon
16 such residences shall be reduced by the same proportion to keep the
17 increases in aggregate taxes that are imposed on these residences
18 within these limitations.

19 The county assessor shall determine the median true and fair value
20 of a residence for the county as of the first day of June in each year.

21 The limitations provided in this section are in addition to the tax
22 exemptions provided under RCW 84.36.381. Except for limitations on
23 combined disposable income, the provisions of RCW 84.36.381 through
24 84.36.389 apply to the exemptions provided under this section.

25 **Sec. 2.** RCW 84.36.381 and 1987 c 301 s 1 are each amended to read
26 as follows:

27 A person shall be exempt from any legal obligation to pay all or a
28 portion of the amount of excess and regular real property taxes due and

1 payable in the year following the year in which a claim is filed, and
2 thereafter, in accordance with the following:

3 (1) The property taxes must have been imposed upon a residence
4 which was occupied by the person claiming the exemption as a principal
5 place of residence as of January 1st of the year for which the
6 exemption is claimed: PROVIDED, That any person who sells, transfers,
7 or is displaced from his or her residence may transfer his or her
8 exemption status to a replacement residence, but no claimant shall
9 receive an exemption on more than one residence in any year: PROVIDED
10 FURTHER, That confinement of the person to a hospital or nursing home
11 shall not disqualify the claim of exemption if the residence is
12 temporarily unoccupied or if the residence is occupied by a spouse
13 and/or a person financially dependent on the claimant for support;

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

24 (3) The person claiming the exemption must have been sixty-one
25 years of age or older on January 1st of the year in which the exemption
26 claim is filed, or must have been, at the time of filing, retired from
27 regular gainful employment by reason of physical disability: PROVIDED,
28 That any surviving spouse of a person who was receiving an exemption at
29 the time of the person's death shall qualify if the surviving spouse is

1 fifty-seven years of age or older and otherwise meets the requirements
2 of this section;

3 (4) The amount that the person shall be exempt from an obligation
4 to pay shall be calculated on the basis of combined disposable income,
5 as defined in RCW 84.36.383. If the person claiming the exemption was
6 retired for two months or more of the preceding year, the combined
7 disposable income of such person shall be calculated by multiplying the
8 average monthly combined disposable income of such person during the
9 months such person was retired by twelve.

10 (5) (a) A person who otherwise qualifies under this section and has
11 a combined disposable income of (~~eighteen~~) twenty-five thousand
12 dollars or less shall be exempt from all excess property taxes; and

13 (b) (i) A person who otherwise qualifies under this section and has
14 a combined disposable income of (~~fourteen~~) twenty-one thousand
15 dollars or less but greater than (~~twelve~~) nineteen thousand dollars
16 shall be exempt from all regular property taxes on the greater of
17 twenty-four thousand dollars or thirty percent of the valuation of his
18 or her residence, but not to exceed forty thousand dollars of the
19 valuation of his or her residence, and in addition as provided in
20 section 1 of this act; or

21 (ii) A person who otherwise qualifies under this section and has a
22 combined disposable income of (~~twelve~~) nineteen thousand dollars or
23 less shall be exempt from all regular property taxes on the greater of
24 twenty-eight thousand dollars or fifty percent of the valuation of his
25 or her residence, and in addition as provided in section 1 of this act.

26 **Sec. 3.** RCW 84.36.385 and 1988 c 222 s 10 are each amended to read
27 as follows:

28 A claim for exemption under RCW 84.36.381 as now or hereafter
29 amended, shall be made and filed (~~at any time during the year~~)

1 between January 2nd and August 1st for exemption from taxes payable the
2 following year and thereafter and solely upon forms as prescribed and
3 furnished by the department of revenue.

4 A person granted an exemption under RCW 84.36.381 shall inform the
5 county assessor of any change in status affecting the person's
6 entitlement to the exemption on forms prescribed and furnished by the
7 department of revenue.

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

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

24 **Sec. 4.** RCW 84.38.100 and 1988 c 222 s 12 are each amended to read
25 as follows:

26 Whenever a person's special assessment and/or real property tax
27 obligation is deferred under the provisions of this chapter, the amount
28 deferred and required to be paid pursuant to RCW 84.38.120 shall become
29 a lien in favor of the state upon his or her property and shall have

1 priority as provided in chapters 35.50 and 84.60 RCW: PROVIDED, That
2 the interest of a mortgage or purchase contract holder who is required
3 to cosign a declaration of deferral under RCW 84.38.090, shall have
4 priority to said deferred lien. This lien may accumulate up to eighty
5 percent of the amount of the claimant's equity value in said property
6 and shall bear interest at the rate of (~~eight~~) six percent per year
7 from the time it could have been paid before delinquency until said
8 obligation is paid: PROVIDED, That when taxes are deferred as provided
9 in RCW 84.64.030 or 84.64.050, the amount shall bear interest at the
10 rate of (~~eight~~) six percent per year from the date the declaration is
11 filed until the obligation is paid. In the case of a mobile home, the
12 department of licensing shall show the state's lien on the certificate
13 of ownership for the mobile home. In the case of all other property,
14 the department of revenue shall file a notice of the deferral with the
15 county recorder or auditor.