CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2639

Chapter 213, Laws of 1992

52nd Legislature
1992 Regular Session

HOMES FOR THE AGING--PROPERTY TAX EXEMPTION ELIGIBILITY

EFFECTIVE DATE: 6/11/92

Passed by the House February 15, 1992
Yeas 92 Nays 1

JOE KING

Speaker of the House of Representatives

Passed by the Senate March 5, 1992
Yeas 47 Nays 0

JOEL PRITCHARD

President of the Senate

Approved April 2, 1992

BOOTH GARDNER

Governor of the State of Washington

CERTIFICATE

I, Alan Thompson, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is SUBSTITUTE HOUSE BILL 2639 as passed by the House of Representatives and the Senate on the dates hereon set forth.

ALAN THOMPSON

Chief Clerk

FILED

April 2, 1992 - 12:06 p.m.

Secretary of State
State of Washington

SUBSTITUTE HOUSE BILL 2639

Passed Legislature - 1992 Regular Session

State of Washington 52nd Legislature 1992 Regular Session

By House Committee on Revenue (originally sponsored by Representatives Wang, Hine, Brumsickle, Horn, Heavey, Van Luven, Appelwick, Silver, Day, Padden, Sheldon, Franklin, Ogden, G. Fisher, Pruitt, Dellwo, Nelson, Haugen, Rasmussen, Spanel and Winsley)

Read first time 02/03/92.

AN ACT Relating to property tax exempt eligibility status for nonprofit homes for the aging; amending RCW 84.36.041; and creating new sections.

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

Sec. 1. RCW 84.36.041 and 1991 sp.s. c 24 s 1 are each amended to read as follows:

(1) All real and personal property used by a nonprofit home for the aging that is reasonably necessary for the purposes of the home is exempt from taxation if the benefit of the exemption inures to the home and:

(a) At least fifty percent of the occupied dwelling units in the home are occupied by eligible residents; or

(b) The home is subsidized under a federal department of housing and urban development program. The department of revenue shall provide by rule a definition of homes eligible for exemption under this subsection (b), consistent with the purposes of this section.

(2) A home for the aging is eligible for a partial exemption if the home does not meet the requirements of subsection (1) of this section because fewer than fifty percent of the occupied dwelling units are occupied by eligible residents. The amount of exemption shall be calculated by multiplying the assessed value of the property reasonably necessary for the purposes of the home by a fraction. The numerator of the fraction is the number of dwelling units occupied by eligible persons multiplied by two. The denominator of the fraction is the total number of occupied dwelling units. The fraction shall never exceed one.

(3) To be exempt under this section, the property must be used exclusively for the purposes for which the exemption is granted, except as provided in RCW 84.36.805.

(4) A home for the aging is exempt from taxation only if the organization operating the home is exempt from income tax under section 501(c) of the federal internal revenue code as existing on January 1, 1989, or such subsequent date as the director may provide by rule consistent with the purposes of this section.

(5) Each eligible resident of a home for the aging shall submit the form required under RCW 84.36.385 to the county assessor by July 1st of the assessment year. An eligible resident who has filed a form for a previous year need not file a new form until there is a change in status affecting the person's eligibility.

(6) In determining the true and fair value of a home for the aging for purposes of the partial exemption provided by subsection (2) of this section, the assessor shall apply the computation method provided by RCW 84.34.060 and shall consider only the use to which such property

is applied during the years for which such partial exemptions are available and shall not consider potential uses of such property.

(7) A home for the aging that was exempt for taxes levied for collection in 1990 and is not fully exempt under this section is entitled to partial exemptions as follows:

(a) For taxes levied for collection in 1991 and 1992, two-thirds of the assessed value that would otherwise be subject to tax under this section is exempt from taxation.

(b) For taxes levied for collection in 1993, one-third of the assessed value that would otherwise be subject to tax under this section is exempt from taxation.

(8) As used in this section:

(a) "Eligible resident" means a person who would be eligible for an exemption of ((~~regular~~)) property taxes under RCW 84.36.381 (1) through (4) if the person owned a single-family dwelling and has a combined disposable income, as defined in RCW 84.36.383, of twenty-two thousand dollars or less. For the purposes of determining eligibility under this section, a "cotenant" as used in RCW 84.36.383 means a person who resides with an eligible resident and who shares personal financial resources with the eligible resident.

(b) "Home for the aging" means a residential housing facility that (i) provides a housing arrangement chosen voluntarily by the resident, the resident's guardian or conservator, or another responsible person; (ii) has only residents who are at least sixty-two years of age or who have needs for care generally compatible with persons who are at least sixty-two years of age; and (iii) provides varying levels of care and supervision, as agreed to at the time of admission or as determined necessary at subsequent times of reappraisal.

(9) A for-profit home for the aging that converts to nonprofit status after the effective date of this act and would otherwise be

eligible for tax exemption under this section may not receive the tax exemption until five years have elapsed since the conversion. The exemption shall then be ratably granted over the next five years.

NEW SECTION. **Sec. 2.** The department of revenue shall conduct a study of the property tax exemption for nonprofit homes for the aging. The study shall be conducted with the assistance of a study committee formed by the department of revenue and composed of representatives from management and residents of the nonprofit homes for the aging provider community, recognized senior citizen advocacy organizations not associated with the nonprofit homes of the aging provider community, the county assessors, city officials, and county officials. The department shall submit a report to the house of representatives revenue committee and to the senate ways and means committee by November 30, 1992, that examines the property tax exemption for nonprofit homes for the aging. The study may include issues such as:

(1) The impact of the 1989 and 1991 changes to the property tax exemption for homes for the aging.

(2) How the nonprofit charitable aspect of the home for the aging should be factored into the calculation of a property tax exemption.

(3) What consideration should be given for the traditional role that homes for the aging have played in providing housing, health care, and financial security for the elderly.

(4) Whether the incomes of the residents should be a factor in determining the level of property tax exemption.

(5) The proper income threshold for calculating property tax relief for homes for the aging.

(6) Whether there should be a direct link with the income thresholds in the senior citizen homeowner tax relief program.

(7) Whether the exemption should be restructured to provide relief "equivalent" to the senior citizen homeowner program.

(8) Whether the tax relief should be provided directly to the resident or to the nonprofit home for the aging.

(9) How common areas and personal property should be treated under the property tax.

NEW SECTION. **Sec. 3.** The combined disposable income threshold of twenty-two thousand dollars or less contained in section 1 of this act shall be effective for taxes levied for collection in 1993 and thereafter.

Passed the House February 15, 1992.
Passed the Senate March 5, 1992.
Approved by the Governor April 2, 1992.
Filed in Office of Secretary of State April 2, 1992.