
HOUSE BILL 2553

State of Washington

54th Legislature

1996 Regular Session

By Representatives Morris, Dickerson, Quall, Poulsen, Patterson, Chappell, Cole, R. Fisher, Cody, Keiser, Romero, Murray, Conway, Tokuda, Basich, Kessler, Grant, Appelwick, Linville, Dellwo, Hatfield, Mason, Scott, Scheuerman, Ogden, Wolfe, Chopp, Rust, Regala and Costa

Read first time 01/12/96. Referred to Committee on Finance.

1 AN ACT Relating to property tax relief; amending RCW 84.52.067;
2 adding new sections to chapter 84.36 RCW; creating new sections; and
3 declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** It is the intent of this act to provide
6 property tax relief for homeowners whose property taxes are at
7 excessive levels. Rapid increases in home values often have the effect
8 of increasing property taxes to excessive levels without an
9 accompanying increase in a homeowner's ability to pay. This act limits
10 homeowners property taxes based on their ability to pay. This act
11 provides a means to eliminate tremendous surges in property taxes so
12 that families will be able to keep pace and seniors will not be taxed
13 out of their homes.

14 NEW SECTION. **Sec. 2.** As used in this section and sections 3
15 through 5 of this act, except where the context clearly indicates a
16 different meaning:

17 (1) "Residence" means single-family dwelling unit whether such unit
18 be separate or part of a multiunit dwelling, including the land on

1 which such dwelling stands not to exceed one acre. The term shall also
2 include a share ownership in a cooperative housing association,
3 corporation, or partnership if the person claiming exemption can
4 establish that his or her share represents the specific unit or portion
5 of such structure in which he or she resides. The term shall also
6 include a single-family dwelling situated upon lands the fee of which
7 is vested in the United States or any instrumentality thereof including
8 an Indian tribe or in the state of Washington, and notwithstanding the
9 provisions of RCW 84.04.080 and 84.04.090, such a residence shall be
10 deemed real property.

11 (2) "Department" means the state department of revenue.

12 (3) "Combined disposable income" means the disposable income of the
13 person claiming the exemption, plus the disposable income of his or her
14 spouse, and the disposable income of each cotenant occupying the
15 residence for the assessment year, less amounts paid by the person
16 claiming the exemption or his or her spouse during the assessment year
17 for the treatment or care of either person received in the home or in
18 a nursing home.

19 (4) "Disposable income" means adjusted gross income as defined in
20 the federal internal revenue code, as amended before January 1, 1996,
21 or such subsequent date as the director may provide by rule consistent
22 with the purpose of this section, plus all of the following items to
23 the extent they are not included in or have been deducted from adjusted
24 gross income:

25 (a) Capital gains, other than nonrecognized gain on the sale of a
26 principal residence under section 1034 of the federal internal revenue
27 code, or gain excluded from income under section 121 of the federal
28 internal revenue code to the extent it is reinvested in a new principal
29 residence;

30 (b) Amounts deducted for loss;

31 (c) Amounts deducted for depreciation;

32 (d) Pension and annuity receipts;

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

35 (f) Veterans benefits other than attendant-care and medical-aid
36 payments;

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

38 (h) Dividend receipts; and

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

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

3 NEW SECTION. **Sec. 3.** (1) A person is eligible to receive a
4 partial reduction of regular and special property taxes if the
5 following conditions are met:

6 (a) The property taxes must have been imposed upon a residence that
7 was owned and occupied by the person claiming the reduction as a
8 principal place of residence as of January 1st of the year for which
9 the reduction is claimed. Confinement of the person to a hospital or
10 nursing home shall not disqualify the claim of reduction if the
11 residence is temporarily unoccupied or if the residence is occupied by
12 a spouse or a person financially dependent on the claimant for support;

13 (b) After taking the exemption under RCW 84.36.381 if applicable,
14 the regular and special property taxes owed are in excess of six
15 percent of the household's combined disposable income;

16 (c) The person has a combined disposable income of less than fifty
17 thousand dollars; and

18 (d) The person has lived in the residence at least twenty-four
19 months before the application for the exemption is made.

20 (2) In determining eligibility under this section, income shall be
21 income for the year prior to which the property taxes are due. Persons
22 applying for a reduction under this section must apply by August 30th
23 of each year to qualify for the reduction.

24 NEW SECTION. **Sec. 4.** (1) The department shall provide to persons
25 eligible under section 3(1) of this act an amount equal to that portion
26 of regular and special property taxes that is in excess of six percent
27 of the household's combined disposable income.

28 (2) The maximum allowable reduction for any household under section
29 3 of this act in 1996 is one thousand five hundred dollars.
30 Thereafter, this reduction base is adjusted annually by the department
31 based on the implicit price deflator for personal consumption
32 expenditures as published by the United States department of commerce.

33 NEW SECTION. **Sec. 5.** The property tax reduction fund is created
34 in the state treasury. Moneys in the fund may be spent only after
35 appropriation. Expenditures from the fund may be used only for
36 allowable reductions under section 3 of this act and costs of

1 administering the program. The state treasurer shall credit money into
2 the property tax reduction fund as necessary to provide property tax
3 reductions and pay for administrative costs.

4 NEW SECTION. **Sec. 6.** The department of revenue may adopt rules to
5 implement chapter ..., Laws of 1996 (this act).

6 **Sec. 7.** RCW 84.52.067 and 1967 ex.s. c 133 s 2 are each amended to
7 read as follows:

8 All property taxes levied by the state for the support of common
9 schools shall be paid into the general fund or the property tax
10 reduction fund of the state treasury, as provided in RCW 84.56.280.

11 NEW SECTION. **Sec. 8.** Sections 2 through 5 of this act are each
12 added to chapter 84.36 RCW.

13 NEW SECTION. **Sec. 9.** This act is necessary for the immediate
14 preservation of the public peace, health, or safety, or support of the
15 state government and its existing public institutions, and shall take
16 effect immediately.

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