
SUBSTITUTE SENATE BILL 5001

State of Washington

54th Legislature

1995 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Sheldon, Snyder, Haugen, Winsley, Quigley, Franklin, Rasmussen and Prentice)

Read first time 01/23/95.

1 AN ACT Relating to the property taxation of senior citizens and
2 persons retired because of physical disability; amending RCW 84.36.381
3 and 84.36.381; adding a new section to chapter 84.40 RCW; creating a
4 new section; repealing 1994 sp.s. c 8 s 3 (uncodified); providing
5 effective dates; and declaring an emergency.

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

7 **PART I**

8 **ELIMINATE CONTINGENT EFFECTIVE DATE ON 1994 SP.S. C 8 AND**
9 **ELIMINATE VALUATION INCREASE LIMIT**

10 **Sec. 1.** RCW 84.36.381 and 1994 sp.s. c 8 s 1 are each amended to
11 read as follows:

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

16 (1) The property taxes must have been imposed upon a residence
17 which was occupied by the person claiming the exemption as a principal
18 place of residence as of the time of filing: PROVIDED, That any person

1 who sells, transfers, or is displaced from his or her residence may
2 transfer his or her exemption status to a replacement residence, but no
3 claimant shall receive an exemption on more than one residence in any
4 year: PROVIDED FURTHER, That confinement of the person to a hospital
5 or nursing home shall not disqualify the claim of exemption if:

6 (a) The residence is temporarily unoccupied;

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

9 (c) The residence is rented for the purpose of paying nursing home
10 or hospital costs;

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

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

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

1 income of such person shall be calculated by multiplying the average
2 monthly combined disposable income of such person after such
3 occurrences by twelve. If it is necessary to estimate income to comply
4 with this subsection, the assessor may require confirming documentation
5 of such income prior to May 31 of the year following application;

6 (5)(a) A person who otherwise qualifies under this section and has
7 a combined disposable income of twenty-eight thousand dollars or less
8 shall be exempt from all excess property taxes; and

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

15 (ii) A person who otherwise qualifies under this section and has a
16 combined disposable income of fifteen thousand dollars or less shall be
17 exempt from all regular property taxes on the greater of thirty-four
18 thousand dollars or fifty percent of the valuation of his or her
19 residence((÷

20 ~~(6) For a person who otherwise qualifies under this section and has
21 a combined disposable income of twenty-eight thousand dollars or less,
22 the taxable value of the residence shall not exceed the lesser of (a)
23 the assessed value of the residence as reduced by the exemption under
24 subsection (5) of this section, if any, or (b) the taxable value of the
25 residence for the previous year, increased by the inflation factor for
26 the assessment year. For counties that do not revalue property
27 annually, the amount under (b) of this subsection shall be the previous
28 taxable value increased by the inflation factor for each assessment
29 year since the previous revaluation of the residence. As used in this
30 section, "inflation factor" means the percentage change used by the
31 federal government in adjusting social security payments for inflation
32 at the beginning of each year. The department shall provide inflation
33 factors to the county assessors annually)).~~

34 NEW SECTION. Sec. 2. 1994 sp.s. c 8 s 3 (uncodified) is repealed.

35 NEW SECTION. Sec. 3. Chapter 8, Laws of 1994 sp. sess. shall take
36 effect July 1, 1995, and shall be effective for taxes levied in 1995
37 for collection in 1996 and thereafter.

1 PART II

2 FREEZE VALUATION ON QUALIFICATION - CONTINGENT ON FUNDING

3 Sec. 4. RCW 84.36.381 and 1995 c . . . s 1 (section 1 of this act)
4 are each amended to read as follows:

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

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

17 (a) The residence is temporarily unoccupied;

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

20 (c) The residence is rented for the purpose of paying nursing home
21 or hospital costs;

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

32 (3) The person claiming the exemption must be sixty-one years of
33 age or older on December 31st of the year in which the exemption claim
34 is filed, or must have been, at the time of filing, retired from
35 regular gainful employment by reason of physical disability: PROVIDED,
36 That any surviving spouse of a person who was receiving an exemption at
37 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 assessment 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. If the income of the person
10 claiming exemption is reduced for two or more months of the assessment
11 year by reason of the death of the person's spouse, or when other
12 substantial changes occur in disposable income that are likely to
13 continue for an indefinite period of time, the combined disposable
14 income of such person shall be calculated by multiplying the average
15 monthly combined disposable income of such person after such
16 occurrences by twelve. If it is necessary to estimate income to comply
17 with this subsection, the assessor may require confirming documentation
18 of such income prior to May 31 of the year following application;

19 (5)(a) A person who otherwise qualifies under this section and has
20 a combined disposable income of twenty-eight thousand dollars or less
21 shall be exempt from all excess property taxes; and

22 (b)(i) A person who otherwise qualifies under this section and has
23 a combined disposable income of eighteen thousand dollars or less but
24 greater than fifteen thousand dollars shall be exempt from all regular
25 property taxes on the greater of thirty thousand dollars or thirty
26 percent of the valuation of his or her residence, but not to exceed
27 fifty thousand dollars of the valuation of his or her residence; or

28 (ii) A person who otherwise qualifies under this section and has a
29 combined disposable income of fifteen thousand dollars or less shall be
30 exempt from all regular property taxes on the greater of thirty-four
31 thousand dollars or fifty percent of the valuation of his or her
32 residence; and

33 (6) For a person who otherwise qualifies under this section and has
34 a combined disposable income of twenty-eight thousand dollars or less,
35 the valuation of the residence shall be the true and fair value of the
36 residence on the later of January 1, 1995, or January 1st of the year
37 the person first qualifies under this section. If the person
38 subsequently fails to qualify under this section only for one year
39 because of high income, this same valuation shall be used upon

1 requalification. If the person fails to qualify for more than one year
2 in succession because of high income or fails to qualify for any other
3 reason, the valuation upon requalification shall be the true and fair
4 value on January 1st of the year in which the person requalifies. If
5 the person transfers the exemption under this section to a different
6 residence, the valuation of the different residence shall be the true
7 and fair value of the different residence on January 1st of the year in
8 which the person transfers the exemption.

9 In no event may the valuation under this subsection be greater than
10 the true and fair value of the residence on January 1st of the
11 assessment year.

12 This subsection does not apply to subsequent improvements to the
13 property in the year in which the improvements are made. Subsequent
14 improvements to the property shall be added to the value otherwise
15 determined under this subsection at their true and fair value in the
16 year in which they are made.

17 NEW SECTION. Sec. 5. A new section is added to chapter 84.40 RCW
18 to read as follows:

19 The assessor shall maintain an assessed valuation in accordance
20 with the approved revaluation cycle for a residence owned by a person
21 qualifying for exemption under RCW 84.36.381 in addition to the
22 valuation required under RCW 84.36.381(6). Upon a change in the true
23 and fair value of the residence, the assessor shall notify the person
24 qualifying for exemption under RCW 84.36.381 of the new true and fair
25 value and that the new true and fair value will be used to compute
26 property taxes if the property fails to qualify for exemption under RCW
27 84.36.381.

28 NEW SECTION. Sec. 6. Sections 4 and 5 of this act apply to taxes
29 levied in 1995 for collection in 1996 and thereafter.

30 **PART III**
31 **EFFECTIVE DATE**

32 NEW SECTION. Sec. 7. This act is necessary for the immediate
33 preservation of the public peace, health, or safety, or support of the
34 state government and its existing public institutions, and shall take
35 effect July 1, 1995, except sections 4 through 6 of this act shall take

1 effect only if specific funding for the administrative costs of section
2 4 of this act, referencing this act by bill number, is provided by June
3 30, 1995, in the omnibus appropriations act. If such funding is not
4 provided, sections 4 through 6 of this act shall be null and void.

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