

1 6533-S AAS 2/9/98 S4458.1

2 SSB 6533 - S AMD - 596

3 By Senators Winsley and Strannigan

4 ADOPTED 2/9/98

5 Strike everything after the enacting clause and insert the
6 following:

7 "Sec. 1. RCW 84.36.381 and 1996 c 146 s 1 are each amended to read
8 as follows:

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

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

21 (a) The residence is temporarily unoccupied;

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

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

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

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

9 (4) The amount that the person shall be exempt from an obligation
10 to pay shall be calculated on the basis of combined disposable income,
11 as defined in RCW 84.36.383. If the person claiming the exemption was
12 retired for two months or more of the assessment year, the combined
13 disposable income of such person shall be calculated by multiplying the
14 average monthly combined disposable income of such person during the
15 months such person was retired by twelve. If the income of the person
16 claiming exemption is reduced for two or more months of the assessment
17 year by reason of the death of the person's spouse, or when other
18 substantial changes occur in disposable income that are likely to
19 continue for an indefinite period of time, the combined disposable
20 income of such person shall be calculated by multiplying the average
21 monthly combined disposable income of such person after such
22 occurrences by twelve. If it is necessary to estimate income to comply
23 with this subsection, the assessor may require confirming documentation
24 of such income prior to May 31 of the year following application;

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

28 (b)(i) A person who otherwise qualifies under this section and has
29 a combined disposable income of (~~eighteen~~) twenty-four thousand
30 dollars or less but greater than (~~fifteen~~) eighteen thousand dollars
31 shall be exempt from all regular property taxes on the greater of
32 (~~thirty~~) forty thousand dollars or (~~thirty~~) thirty-five percent of
33 the valuation of his or her residence, but not to exceed (~~fifty~~)
34 sixty thousand dollars of the valuation of his or her residence; or

35 (ii) A person who otherwise qualifies under this section and has a
36 combined disposable income of (~~fifteen~~) eighteen thousand dollars or
37 less shall be exempt from all regular property taxes on the greater of
38 (~~thirty-four~~) fifty thousand dollars or (~~fifty~~) sixty percent of
39 the valuation of his or her residence; and

1 (6) For a person who otherwise qualifies under this section and has
2 a combined disposable income of (~~twenty-eight~~) thirty thousand
3 dollars or less, the valuation of the residence shall be the assessed
4 value of the residence on the later of January 1, 1995, or January 1st
5 of the assessment year the person first qualifies under this section.
6 If the person subsequently fails to qualify under this section only for
7 one year because of high income, this same valuation shall be used upon
8 requalification. If the person fails to qualify for more than one year
9 in succession because of high income or fails to qualify for any other
10 reason, the valuation upon requalification shall be the assessed value
11 on January 1st of the assessment year in which the person requalifies.
12 If the person transfers the exemption under this section to a different
13 residence, the valuation of the different residence shall be the
14 assessed value of the different residence on January 1st of the
15 assessment year in which the person transfers the exemption.

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

19 This subsection does not apply to subsequent improvements to the
20 property in the year in which the improvements are made. Subsequent
21 improvements to the property shall be added to the value otherwise
22 determined under this subsection at their true and fair value in the
23 year in which they are made.

24 **Sec. 2.** RCW 84.36.383 and 1995 1st sp.s. c 8 s 2 are each amended
25 to read as follows:

26 As used in RCW 84.36.381 through 84.36.389, except where the
27 context clearly indicates a different meaning:

28 (1) The term "residence" shall mean a single family dwelling unit
29 whether such unit be separate or part of a multiunit dwelling,
30 including the land on which such dwelling stands not to exceed one
31 acre, except that a residence includes any additional property up to a
32 total of five acres that comprises the residential parcel if this
33 larger parcel size is required under land use regulations. The term
34 shall also include a share ownership in a cooperative housing
35 association, corporation, or partnership if the person claiming
36 exemption can establish that his or her share represents the specific
37 unit or portion of such structure in which he or she resides. The term
38 shall also include a single family dwelling situated upon lands the fee

1 of which is vested in the United States or any instrumentality thereof
2 including an Indian tribe or in the state of Washington, and
3 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a
4 residence shall be deemed real property.

5 (2) The term "real property" shall also include a mobile home which
6 has substantially lost its identity as a mobile unit by virtue of its
7 being fixed in location upon land owned or leased by the owner of the
8 mobile home and placed on a foundation (posts or blocks) with fixed
9 pipe, connections with sewer, water, or other utilities: PROVIDED,
10 That a mobile home located on land leased by the owner of the mobile
11 home shall be subject, for tax billing, payment, and collection
12 purposes, only to the personal property provisions of chapter 84.56 RCW
13 and RCW 84.60.040.

14 (3) "Department" shall mean the state department of revenue.

15 (4) "Combined disposable income" means the disposable income of the
16 person claiming the exemption, plus the disposable income of his or her
17 spouse, and the disposable income of each cotenant occupying the
18 residence for the assessment year, less amounts paid by the person
19 claiming the exemption or his or her spouse during the assessment year
20 for:

21 (a) Drugs supplied by prescription of a medical practitioner
22 authorized by the laws of this state or another jurisdiction to issue
23 prescriptions; ~~((and))~~

24 (b) The treatment or care of either person received in the home or
25 in a nursing home; and

26 (c) Health care insurance of either person, including any deduction
27 for medicare under Title XVIII of the social security act.

28 (5) "Disposable income" means adjusted gross income as defined in
29 the federal internal revenue code, as amended prior to January 1, 1989,
30 or such subsequent date as the director may provide by rule consistent
31 with the purpose of this section, plus all of the following items to
32 the extent they are not included in or have been deducted from adjusted
33 gross income:

34 (a) Capital gains, other than ~~((nonrecognized gain on the sale of~~
35 ~~a principal residence under section 1034 of the federal internal~~
36 ~~revenue code, or))~~ gain excluded from income under section 121 of the
37 federal internal revenue code to the extent it is reinvested in a new
38 principal residence;

39 (b) Amounts deducted for loss;

- 1 (c) Amounts deducted for depreciation;
2 (d) Pension and annuity receipts;
3 (e) Military pay and benefits other than attendant-care and
4 medical-aid payments;
5 (f) Veterans benefits other than attendant-care and medical-aid
6 payments;
7 (g) Federal social security act and railroad retirement benefits;
8 (h) Dividend receipts; and
9 (i) Interest received on state and municipal bonds.
10 (6) "Cotenant" means a person who resides with the person claiming
11 the exemption and who has an ownership interest in the residence.

12 **Sec. 3.** RCW 84.38.020 and 1997 c 93 s 1 are each amended to read
13 as follows:

14 Unless a different meaning is plainly required by the context, the
15 following words and phrases as hereinafter used in this chapter shall
16 have the following meanings:

17 (1) "Claimant" means a person who either elects or is required
18 under RCW 84.64.050 to defer payment of the special assessments and/or
19 real property taxes accrued on the claimant's residence by filing a
20 declaration to defer as provided by this chapter.

21 When two or more individuals of a household file or seek to file a
22 declaration to defer, they may determine between them as to who the
23 claimant shall be.

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

25 (3) "Equity value" means the amount by which the fair market value
26 of a residence as determined from the records of the county assessor
27 exceeds the total amount of any liens or other obligations against the
28 property.

29 (4) "Local government" means any city, town, county, water-sewer
30 district, public utility district, port district, irrigation district,
31 flood control district, or any other municipal corporation, quasi-
32 municipal corporation, or other political subdivision authorized to
33 levy special assessments.

34 (5) "Real property taxes" means ad valorem property taxes levied on
35 a residence in this state in the preceding calendar year.

36 (6) "Residence" has the meaning given in RCW 84.36.383(~~(, except~~
37 ~~that a residence includes any additional property up to a total of five~~

1 ~~acres that comprises the residential parcel if this larger parcel size~~
2 ~~is required under land use regulations)).~~

3 (7) "Special assessment" means the charge or obligation imposed by
4 a local government upon property specially benefited.

5 NEW SECTION. **Sec. 4.** This act applies to taxes levied for
6 collection in 1999 and thereafter."

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8 By Senators Winsley and Strannigan

9 ADOPTED 2/9/98

10 On page 1, line 2 of the title, after "disability; strike the
11 remainder of the title and insert "amending RCW 84.36.381, 84.36.383,
12 and 84.38.020; and creating a new section."

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