
HOUSE BILL 3116

State of Washington

55th Legislature

1998 Regular Session

By Representative Constantine

Read first time . Referred to Committee on .

1 AN ACT Relating to property tax relief by allowing for a property
2 tax credit; amending RCW 84.52.080, 84.56.050, 84.36.383, 84.36.385,
3 84.36.387, and 84.36.389; adding a new section to chapter 84.52 RCW;
4 creating a new section; and providing a contingent effective date.

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

6 NEW SECTION. **Sec. 1.** It is the intent of this act to provide an
7 annual property tax credit for homeowners against the state property
8 tax equivalent to exempting the first fifty thousand dollars of the
9 assessed value of owner-occupied residential property. This credit is
10 structured so that it will not result in increased property taxes on
11 other taxpayers.

12 This act provides property tax relief for homeowners whose property
13 taxes are at excessive levels. Rapid increases in home values often
14 have the effect of increasing property taxes to excessive levels
15 without an accompanying increase in a homeowner's ability to pay.

16 Both regular and excess property tax rates have been increasing
17 during the last ten years. While this is a problem for all property
18 owners, homeowners have suffered the most. Over the past decade
19 homeowner property taxes have been taking an increasing share of

1 household income. Home values have been increasing at a faster rate
2 than commercial property. The share of property tax levies originating
3 from residential property has increased as property tax levies have
4 shifted away from the commercial sector.

5 Rising property taxes are more of a problem for residential
6 property than for commercial property. Most property in this state is
7 assessed at market value. The appraisal method primarily used to value
8 residential property does not explicitly take into account taxation on
9 the property. The method used to appraise commercial property does
10 take into account the taxes paid on the property.

11 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.52 RCW
12 to read as follows:

13 (1) There is allowed a credit against the state regular real
14 property tax equal to the tax imposed by the state on the first fifty
15 thousand dollars of assessed value of owner-occupied residential
16 property, multiplied by the combined indicated ratio fixed by the state
17 department of revenue for each county. The credit in any tax year
18 shall not exceed the amount of state property tax imposed on the
19 property and no credit may result in increased property taxes on other
20 taxpayers.

21 (2) The credit in this section is in addition to any other property
22 tax relief that may be provided by law.

23 (3) The following conditions apply to the credit under this
24 section:

25 (a) The residence must be occupied by the person claiming the
26 credit as a principal place of residence as of January 1st of the year
27 in which taxes are due and the residence may not be primarily used for
28 commercial purposes. A person who sells, transfers, or is displaced
29 from the person's residence may transfer the person's credit status to
30 a replacement residence, but a claimant may not receive a credit on
31 more than one residence in any year. Confinement of the person to a
32 hospital or nursing home does not disqualify the claim of credit if:

33 (i) The residence is temporarily unoccupied;

34 (ii) The residence is occupied by either or both a spouse or a
35 person financially dependent on the claimant for support; or

36 (iii) The residence is rented for the purpose of paying nursing
37 home or hospital costs.

1 (b) The person claiming the credit must have owned, at the time of
2 filing, in fee, as a life estate, or by contract purchase, the
3 residence on which the property taxes have been imposed or if the
4 person claiming the credit lives in a cooperative housing association,
5 corporation, or partnership, the person must own a share therein
6 representing the unit or portion of the structure in which the person
7 resides. For purposes of this subsection, a residence owned by a
8 marital community or owned by cotenants is deemed to be owned by each
9 spouse or cotenant, and any lease for life is deemed a life estate.

10 (4) RCW 84.36.383, 84.36.385, 84.36.387, and 84.36.389 apply to
11 this section.

12 **Sec. 3.** RCW 84.52.080 and 1989 c 378 s 16 are each amended to read
13 as follows:

14 (1) The county assessor shall extend the taxes upon the tax rolls
15 in the form herein prescribed. The rate percent necessary to raise the
16 amounts of taxes levied for state and county purposes, and for purposes
17 of taxing districts coextensive with the county, shall be computed upon
18 the assessed value of the property of the county; the rate percent
19 necessary to raise the amount of taxes levied for any taxing district
20 within the county shall be computed upon the assessed value of the
21 property of the district; all taxes assessed against any property shall
22 be added together and extended on the rolls in a column headed
23 consolidated or total tax. In extending any tax, whenever it amounts
24 to a fractional part of a cent greater than five mills it shall be made
25 one cent, and whenever it amounts to five mills or less than five mills
26 it shall be dropped. The amount of all taxes shall be entered in the
27 proper columns, as shown by entering the rate percent necessary to
28 raise the consolidated or total tax and the total tax assessed against
29 the property.

30 (2) After entering the amounts under subsection (1) of this
31 section, the county assessor shall compute the amount of credit
32 authorized under section 2 of this act for each parcel of property.
33 The credit allowed for any property shall be extended on the rolls in
34 a column headed tax credit. The county treasurer shall subtract the
35 amount of the credit from the total tax and enter this amount in a
36 column headed tax payable.

37 (3) For the purpose of computing the rate necessary to raise the
38 amount of any excess levy in a taxing district which has classified or

1 designated forest land under chapter 84.33 RCW, other than the state,
2 the county assessor shall add the district's timber assessed value, as
3 defined in RCW 84.33.035, to the assessed value of the property:
4 PROVIDED, That for school districts maintenance and operations levies
5 only one-half of the district's timber assessed value or eighty percent
6 of the timber roll of such district in calendar year 1983 as determined
7 under chapter 84.33 RCW, whichever is greater, shall be added.

8 ((+3)) (4) Upon the completion of such tax extension, it shall be
9 the duty of the county assessor to make in each assessment book, tax
10 roll or list a certificate in the following form:

11 I,, assessor of county, state of
12 Washington, do hereby certify that the foregoing is a correct list of
13 taxes levied on the real and personal property in the county of
14 for the year ((one thousand nine hundred and))

15 Witness my hand this day of, ((19)). . . .
16, County Assessor

17 ((+4)) (5) The county assessor shall deliver said tax rolls to the
18 county treasurer, on or before the fifteenth day of January, taking
19 receipt therefor, and at the same time the county assessor shall
20 provide the county auditor with an abstract of the tax rolls showing
21 the total amount of taxes collectible in each of the taxing districts.

22 **Sec. 4.** RCW 84.56.050 and 1991 c 245 s 17 are each amended to read
23 as follows:

24 (1) On receiving the tax rolls the treasurer shall post all real
25 and personal property taxes from the rolls to the treasurer's tax roll,
26 and shall carry forward to the current tax rolls a memorandum of all
27 delinquent taxes on each and every description of property, and enter
28 the same on the property upon which the taxes are delinquent showing
29 the amounts for each year. The treasurer shall notify each taxpayer in
30 the county, at the expense of the county, of the amount of the real and
31 personal property((+)) and the current and delinquent amount of tax due
32 on the same((+and)). The treasurer shall have printed on the notice
33 the name of each tax ((and)), the levy made on the same, the amount of
34 any credit under section 2 of this act, and the tax payable. The state
35 tax credit authorized in section 2 of this act shall be credited
36 against any state tax payable on the property. The county treasurer
37 shall be the sole collector of all delinquent taxes and all other taxes

1 due and collectible on the tax rolls of the county(~~(:—PROVIDED,~~
2 ~~That))~~).

3 (2) The term "taxpayer" as used in this section shall mean any
4 person charged, or whose property is charged, with property tax; and
5 the person to be notified is that person whose name appears on the tax
6 roll herein mentioned(~~(:—PROVIDED, FURTHER, That))~~). If no name so
7 appears the person to be notified is that person shown by the
8 treasurer's tax rolls or duplicate tax receipts of any preceding year
9 as the payer of the tax last paid on the property in question.

10 **Sec. 5.** RCW 84.36.383 and 1995 1st sp.s. c 8 s 2 are each amended
11 to read as follows:

12 As used in RCW 84.36.381 through 84.36.389 and section 2 of this
13 act, except where the context clearly indicates a different meaning:

14 (1) The term "residence" shall mean a single family dwelling unit
15 whether such unit be separate or part of a multiunit dwelling,
16 including the land on which such dwelling stands not to exceed one
17 acre. The term shall also include a share ownership in a cooperative
18 housing association, corporation, or partnership if the person claiming
19 exemption can establish that his or her share represents the specific
20 unit or portion of such structure in which he or she resides. The term
21 shall also include a single family dwelling situated upon lands the fee
22 of which is vested in the United States or any instrumentality thereof
23 including an Indian tribe or in the state of Washington, and
24 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a
25 residence shall be deemed real property.

26 (2) The term "real property" shall also include a mobile home which
27 has substantially lost its identity as a mobile unit by virtue of its
28 being fixed in location upon land owned or leased by the owner of the
29 mobile home and placed on a foundation (posts or blocks) with fixed
30 pipe, connections with sewer, water, or other utilities: PROVIDED,
31 That a mobile home located on land leased by the owner of the mobile
32 home shall be subject, for tax billing, payment, and collection
33 purposes, only to the personal property provisions of chapter 84.56 RCW
34 and RCW 84.60.040.

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

36 (4) "Combined disposable income" means the disposable income of the
37 person claiming the exemption, plus the disposable income of his or her
38 spouse, and the disposable income of each cotenant occupying the

1 residence for the assessment year, less amounts paid by the person
2 claiming the exemption or his or her spouse during the assessment year
3 for:

4 (a) Drugs supplied by prescription of a medical practitioner
5 authorized by the laws of this state or another jurisdiction to issue
6 prescriptions; and

7 (b) The treatment or care of either person received in the home or
8 in a nursing home.

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

15 (a) Capital gains, other than nonrecognized gain on the sale of a
16 principal residence under section 1034 of the federal internal revenue
17 code, or gain excluded from income under section 121 of the federal
18 internal revenue code to the extent it is reinvested in a new principal
19 residence;

20 (b) Amounts deducted for loss;

21 (c) Amounts deducted for depreciation;

22 (d) Pension and annuity receipts;

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

25 (f) Veterans benefits other than attendant-care and medical-aid
26 payments;

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

28 (h) Dividend receipts; and

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

30 (6) "Cotenant" means a person who resides with the person claiming
31 the exemption and who has an ownership interest in the residence.

32 **Sec. 6.** RCW 84.36.385 and 1992 c 206 s 13 are each amended to read
33 as follows:

34 (1) A claim for exemption under RCW 84.36.381 (~~as now or hereafter~~
35 ~~amended,~~) or a credit under section 2 of this act shall be made and
36 filed at any time during the year for exemption or credit from taxes
37 payable the following year and thereafter and solely upon forms as
38 prescribed (~~and furnished~~) by the department of revenue. However, an

1 exemption from tax under RCW 84.36.381 shall continue for no more than
2 four years unless a renewal application is filed as provided in
3 subsection (3) of this section. The county assessor may also require,
4 by written notice, a renewal application following an amendment of the
5 income requirements set forth in RCW 84.36.381. Renewal applications
6 shall be on forms prescribed and furnished by the department of
7 revenue. A credit under section 2 of this act shall continue each year
8 as long as the residence is eligible for credit.

9 (2) A person granted an exemption under RCW 84.36.381 or a credit
10 under section 2 of this act shall inform the county assessor of any
11 change in status affecting ~~((the person's))~~ entitlement to the
12 exemption or credit on forms prescribed and furnished by the department
13 of revenue.

14 (3) Each person exempt from taxes under RCW 84.36.381 in 1993 and
15 thereafter, shall file with the county assessor a renewal application
16 not later than December 31 of the year the assessor notifies such
17 person of the requirement to file the renewal application.

18 (4) Beginning in 1992 and in each of the three succeeding years,
19 the county assessor shall notify approximately one-fourth of those
20 persons exempt from taxes under RCW 84.36.381 in the current year who
21 have not filed a renewal application within the previous four years, of
22 the requirement to file a renewal application.

23 (5) If the assessor finds that the applicant does not meet the
24 qualifications as set forth in RCW 84.36.381(~~(, as now or hereafter~~
25 ~~amended))~~ or section 2 of this act, the claim or exemption shall be
26 denied but such denial shall be subject to appeal under the provisions
27 of RCW 84.48.010(5). If the applicant had received exemption or credit
28 in prior years based on erroneous information, the taxes shall be
29 collected subject to penalties as provided in RCW 84.40.130 for a
30 period of not to exceed three years.

31 (6) The department and each local assessor is hereby directed to
32 publicize the qualifications and manner of making claims under RCW
33 84.36.381 through 84.36.389 and section 2 of this act, through
34 communications media, including such paid advertisements or notices as
35 it deems appropriate. Notice of the qualifications, method of making
36 applications, the penalties for not reporting a change in status, and
37 availability of further information shall be included on or with
38 property tax statements and revaluation notices for all residential
39 property including mobile homes, except rental properties.

1 **Sec. 7.** RCW 84.36.387 and 1992 c 206 s 14 are each amended to read
2 as follows:

3 (1) All claims for exemption under RCW 84.36.381 or a credit under
4 section 2 of this act shall be made and signed by the person entitled
5 to the exemption or credit, by his or her attorney in fact or in the
6 event the residence of such person is under mortgage or purchase
7 contract requiring accumulation of reserves out of which the holder of
8 the mortgage or contract is required to pay real estate taxes, by such
9 holder or by the owner, either before two witnesses or the county
10 assessor or his or her deputy in the county where the real property is
11 located: PROVIDED, That if a claim for exemption or credit is made by
12 a person living in a cooperative housing association, corporation, or
13 partnership, such claim shall be made and signed by the person entitled
14 to the exemption or credit and by the authorized agent of such
15 cooperative.

16 (2) If the taxpayer is unable to submit his or her own claim, the
17 claim shall be submitted by a duly authorized agent or by a guardian or
18 other person charged with the care of the person or property of such
19 taxpayer.

20 (3) All claims for exemption and renewal applications under RCW
21 84.36.381 shall be accompanied by such documented verification of
22 income as shall be prescribed by rule adopted by the department of
23 revenue.

24 (4) Any person signing a false claim with the intent to defraud or
25 evade the payment of any tax shall be guilty of the offense of perjury.

26 (5) The tax liability of a cooperative housing association,
27 corporation, or partnership shall be reduced by the amount of tax
28 exemption or credit to which a claimant residing therein is entitled
29 and such cooperative shall reduce any amount owed by the claimant to
30 the cooperative by such exact amount of tax exemption or credit or, if
31 no amount be owed, the cooperative shall make payment to the claimant
32 of such exact amount of exemption or credit.

33 (6) A remainderman or other person who would have otherwise paid
34 the tax on real property that is the subject of an exemption granted
35 under RCW 84.36.381 or a credit granted under section 2 of this act for
36 an estate for life shall reduce the amount which would have been
37 payable by the life tenant to the remainderman or other person to the
38 extent of the exemption or credit. If no amount is owed or separately
39 stated as an obligation between these persons, the remainderman or

1 other person shall make payment to the life tenant in the exact amount
2 of the exemption or credit.

3 **Sec. 8.** RCW 84.36.389 and 1979 ex.s. c 214 s 4 are each amended to
4 read as follows:

5 (1) The director of the department of revenue shall adopt such
6 rules (~~(and regulations)~~) and prescribe such forms as may be necessary
7 and appropriate for implementation and administration of this chapter
8 subject to chapter 34.05 RCW, the administrative procedure act.

9 (2) The department may conduct such audits of the administration of
10 RCW 84.36.381 through 84.36.389 and section 2 of this act and the
11 claims for exemption or credit filed thereunder as it considers
12 necessary. The powers of the department under chapter 84.08 RCW apply
13 to these audits.

14 (3) Any information or facts concerning confidential income data
15 obtained by the assessor or the department, or their agents or
16 employees, under subsection (2) of this section shall be used only to
17 administer RCW 84.36.381 through 84.36.389. Notwithstanding any
18 provision of law to the contrary, absent written consent by the person
19 about whom the information or facts have been obtained, the
20 confidential income data shall not be disclosed by the assessor or the
21 assessor's agents or employees to anyone other than the department or
22 the department's agents or employees nor by the department or the
23 department's agents or employees to anyone other than the assessor or
24 the assessor's agents or employees except in a judicial proceeding
25 pertaining to the taxpayer's entitlement to the tax exemption under RCW
26 84.36.381 through 84.36.389 or credit under section 2 of this act. Any
27 violation of this subsection is a misdemeanor.

28 NEW SECTION. **Sec. 9.** If any provision of this act or its
29 application to any person or circumstance is held invalid, the
30 remainder of the act or the application of the provision to other
31 persons or circumstances is not affected.

32 NEW SECTION. **Sec. 10.** This act is effective for taxes levied for
33 collection in the year 2000 and thereafter if the proposed amendment to
34 Article VII of the state Constitution allowing tax credits on
35 residential property, House Joint Resolution No. . . .(H-3756/98) is
36 validly submitted to and is approved and ratified by the voters at the

1 next general election. If the proposed amendment is not approved and
2 ratified, this act is void in its entirety.

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