
SENATE BILL 5131

State of Washington

55th Legislature

1997 Regular Session

By Senators Winsley, Oke and Patterson

Read first time 01/16/97. Referred to Committee on Ways & Means.

1 AN ACT Relating to property tax reductions and exemptions for
2 veterans and surviving spouses of veterans; amending RCW 84.36.383,
3 84.36.385, 84.36.387, and 84.36.389; adding a new section to chapter
4 84.36 RCW; and creating a new section.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.36 RCW
7 to read as follows:

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

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

1 (a) The residence is temporarily unoccupied;

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

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

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

16 (3) The person claiming the exemption must be a veteran as defined
17 in RCW 41.04.005: PROVIDED, That any surviving spouse of a person who
18 was receiving an exemption at the time of the person's death shall
19 qualify if the surviving spouse otherwise meets the requirements of
20 this section;

21 (4)(a) A person who otherwise qualifies under this section is
22 exempt from taxation to the extent of fifteen percent of the assessed
23 value of the property, but exemption may not exceed twelve thousand
24 dollars.

25 (b) In addition to the exemption provided under (a) of this
26 subsection, if the person claiming the exemption served in a combat
27 theater or combat zone of operations as documented by the award of a
28 United States campaign ribbon or service medal, the person also is
29 exempt from the taxation to the extent of ten percent of the assessed
30 value of the property, but the exemption under this subsection (4)(b)
31 may not exceed eight thousand dollars.

32 (c) In addition to the exemptions provided under (a) and (b) of
33 this subsection, if the person claiming the exemption received a
34 compensation rating from the United States veterans administration or
35 from the United States department of defense because of a service-
36 connected disability, the qualifying residence is exempt from taxation
37 to the extent of the product of the assessed value of the property
38 multiplied by fifty percent of the veteran's disability rating, but the
39 exemption under this subsection (4)(c) may not exceed forty thousand

1 dollars. For the purposes of this subsection (4)(c), if a person who
2 served in active military, naval, or air service during a period of war
3 died in service of a service-connected disability, the person is deemed
4 to have been assigned a compensation rating of one hundred percent.

5 Exemptions under this section are in addition to exemptions under
6 RCW 84.36.381.

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

9 As used in RCW 84.36.381 through 84.36.389 and section 1 of this
10 act, except where the context clearly indicates a different meaning:

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

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

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

33 (4) "Combined disposable income" means the disposable income of the
34 person claiming the exemption, plus the disposable income of his or her
35 spouse, and the disposable income of each cotenant occupying the
36 residence for the assessment year, less amounts paid by the person
37 claiming the exemption or his or her spouse during the assessment year
38 for:

1 (a) Drugs supplied by prescription of a medical practitioner
2 authorized by the laws of this state or another jurisdiction to issue
3 prescriptions; and

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

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

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

17 (b) Amounts deducted for loss;

18 (c) Amounts deducted for depreciation;

19 (d) Pension and annuity receipts;

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

22 (f) Veterans benefits other than attendant-care and medical-aid
23 payments;

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

25 (h) Dividend receipts; and

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

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

29 **Sec. 3.** RCW 84.36.385 and 1992 c 206 s 13 are each amended to read
30 as follows:

31 (1) A claim for exemption under RCW 84.36.381 (~~as now or hereafter~~
32 ~~amended~~) or section 1 of this act, shall be made and filed at any time
33 during the year for exemption from taxes payable the following year and
34 thereafter and solely upon forms as prescribed and furnished by the
35 department of revenue. However, an exemption from tax under RCW
36 84.36.381 or section 1 of this act shall continue for no more than four
37 years unless a renewal application is filed as provided in subsection
38 (3) of this section. The county assessor may also require, by written

1 notice, a renewal application following an amendment of the income
2 requirements set forth in RCW 84.36.381. Renewal applications shall be
3 on forms prescribed and furnished by the department of revenue.

4 (2) A person granted an exemption under RCW 84.36.381 or section 1
5 of this act shall inform the county assessor of any change in status
6 affecting the person's entitlement to the exemption on forms prescribed
7 and furnished by the department of revenue.

8 (3) Each person exempt from taxes under RCW 84.36.381 (~~in 1993 and~~
9 ~~thereafter,~~) or section 1 of this act shall file with the county
10 assessor a renewal application not later than December 31 of the year
11 the assessor notifies such person of the requirement to file the
12 renewal application.

13 (4) (~~Beginning in 1992 and in each of the three succeeding years,~~
14 ~~the county assessor shall notify approximately one fourth of those~~
15 ~~persons exempt from taxes under RCW 84.36.381 in the current year who~~
16 ~~have not filed a renewal application within the previous four years,~~ of
17 ~~the requirement to file a renewal application.~~

18 (5)) If the assessor finds that the applicant does not meet the
19 qualifications as set forth in RCW 84.36.381(~~, as now or hereafter~~
20 ~~amended~~) or section 1 of this act, the claim or exemption shall be
21 denied but such denial shall be subject to appeal under the provisions
22 of RCW 84.48.010(5). If the applicant had received exemption in prior
23 years based on erroneous information, the taxes shall be collected
24 subject to penalties as provided in RCW 84.40.130 for a period of not
25 to exceed three years.

26 ((6)) (5) The department and each local assessor is hereby
27 directed to publicize the qualifications and manner of making claims
28 under RCW 84.36.381 through 84.36.389 and section 1 of this act,
29 through communications media, including such paid advertisements or
30 notices as it deems appropriate. Notice of the qualifications, method
31 of making applications, the penalties for not reporting a change in
32 status, and availability of further information shall be included on or
33 with property tax statements and revaluation notices for all
34 residential property including mobile homes, except rental properties.
35 The department of veteran affairs shall assist qualified owners in
36 obtaining the necessary military-related documentation to apply for the
37 exemption under section 1 of this act.

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

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

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

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

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

32 (6) A remainderman or other person who would have otherwise paid
33 the tax on real property that is the subject of an exemption granted
34 under RCW 84.36.381 or section 1 of this act for an estate for life
35 shall reduce the amount which would have been payable by the life
36 tenant to the remainderman or other person to the extent of the
37 exemption. If no amount is owed or separately stated as an obligation
38 between these persons, the remainderman or other person shall make
39 payment to the life tenant in the exact amount of the exemption.

1 **Sec. 5.** RCW 84.36.389 and 1979 ex.s. c 214 s 4 are each amended to
2 read as follows:

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

7 (2) The department may conduct such audits of the administration of
8 RCW 84.36.381 through 84.36.389 and section 1 of this act and the
9 claims for exemption filed thereunder as it considers necessary. The
10 powers of the department under chapter 84.08 RCW apply to these audits.

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

25 NEW SECTION. **Sec. 6.** This act applies to taxes levied for
26 collection in 1998 and thereafter.

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