

SENATE BILL 5214

State of Washington

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By Senators Sheldon, Snyder, Loveland, Spanel, Jacobsen, Fairley, McAuliffe, Brown, Goings, Heavey, Patterson, Wojahn, Franklin, Thibaudeau, Hargrove, Rasmussen, Haugen, Prentice, Fraser, Swecker, Kohl, Zarelli, Oke, Wood and Hochstatter

Read first time 01/20/97. Referred to Committee on Ways & Means.

1 AN ACT Relating to property tax relief; amending RCW 84.52.080,  
2 84.56.050, 84.36.383, 84.36.385, 84.36.387, and 84.36.389; adding a new  
3 section to chapter 84.52 RCW; adding a new section to chapter 84.55  
4 RCW; creating a new section; repealing RCW 84.55.---; repealing 1997 c  
5 . . . s 9 (uncodified); prescribing penalties; providing a contingent  
6 effective date; and declaring an emergency.

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

8 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.52 RCW  
9 to read as follows:

10 (1) There is allowed a credit against the state regular real  
11 property tax equal to the tax imposed on the first sixty-two thousand  
12 dollars of assessed valuation of owner-occupied residential property,  
13 multiplied by the indicated ratio fixed by the state department of  
14 revenue. The credit in any tax year shall not exceed the amount of  
15 state property tax imposed on the property.

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

18 (3) The following conditions apply to credit under this section:

1 (a) The residence must be occupied by the person claiming the  
2 credit as a principal place of residence as of January 1st of the year  
3 in which taxes are due. A person who sells, transfers, or is displaced  
4 from the person's residence may transfer the person's credit status to  
5 a replacement residence, but a claimant may not receive a credit on  
6 more than one residence in any year. Confinement of the person to a  
7 hospital or nursing home does not disqualify the claim of credit if:

8 (i) The residence is temporarily unoccupied;

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

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

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

22 (4) RCW 84.36.383, 84.36.385, 84.36.387, and 84.36.389 apply to  
23 this section.

24 **Sec. 2.** RCW 84.52.080 and 1989 c 378 s 16 are each amended to read  
25 as follows:

26 (1) The county assessor shall extend the taxes upon the tax rolls  
27 in the form herein prescribed. The rate percent necessary to raise the  
28 amounts of taxes levied for state and county purposes, and for purposes  
29 of taxing districts coextensive with the county, shall be computed upon  
30 the assessed value of the property of the county; the rate percent  
31 necessary to raise the amount of taxes levied for any taxing district  
32 within the county shall be computed upon the assessed value of the  
33 property of the district; all taxes assessed against any property shall  
34 be added together and extended on the rolls in a column headed  
35 consolidated or total tax. In extending any tax, whenever it amounts  
36 to a fractional part of a cent greater than five mills it shall be made  
37 one cent, and whenever it amounts to five mills or less than five mills  
38 it shall be dropped. The amount of all taxes shall be entered in the

1 proper columns, as shown by entering the rate percent necessary to  
2 raise the consolidated or total tax and the total tax assessed against  
3 the property.

4 (2) After entering the amounts under subsection (1) of this  
5 section, the county assessor shall compute the amount of credit  
6 authorized under section 1 of this act for each parcel of property.  
7 The credit allowed for any property shall be extended on the rolls in  
8 a column headed tax credit. The county treasurer shall subtract the  
9 amount of the credit from the total tax and enter this amount in a  
10 column headed tax payable.

11 (3) For the purpose of computing the rate necessary to raise the  
12 amount of any excess levy in a taxing district which has classified or  
13 designated forest land under chapter 84.33 RCW, other than the state,  
14 the county assessor shall add the district's timber assessed value, as  
15 defined in RCW 84.33.035, to the assessed value of the property:  
16 PROVIDED, That for school districts maintenance and operations levies  
17 only one-half of the district's timber assessed value or eighty percent  
18 of the timber roll of such district in calendar year 1983 as determined  
19 under chapter 84.33 RCW, whichever is greater, shall be added.

20 ((+3)) (4) Upon the completion of such tax extension, it shall be  
21 the duty of the county assessor to make in each assessment book, tax  
22 roll or list a certificate in the following form:

23 I, . . . . ., assessor of . . . . . county, state of  
24 Washington, do hereby certify that the foregoing is a correct list of  
25 taxes levied on the real and personal property in the county of  
26 . . . . . for the year ((one thousand nine hundred and)) . . . . .

27 Witness my hand this . . . . day of . . . . ., ((19)). . . .

28 . . . . ., County Assessor

29 ((+4)) (5) The county assessor shall deliver said tax rolls to the  
30 county treasurer, on or before the fifteenth day of January, taking  
31 receipt therefor, and at the same time the county assessor shall  
32 provide the county auditor with an abstract of the tax rolls showing  
33 the total amount of taxes collectible in each of the taxing districts.

34 **Sec. 3.** RCW 84.56.050 and 1991 c 245 s 17 are each amended to read  
35 as follows:

36 (1) On receiving the tax rolls the treasurer shall post all real  
37 and personal property taxes from the rolls to the treasurer's tax roll,

1 and shall carry forward to the current tax rolls a memorandum of all  
2 delinquent taxes on each and every description of property, and enter  
3 the same on the property upon which the taxes are delinquent showing  
4 the amounts for each year. The treasurer shall notify each taxpayer in  
5 the county, at the expense of the county, of the amount of the real and  
6 personal property(~~(,)~~) and the current and delinquent amount of tax due  
7 on the same(~~(; and)~~). The treasurer shall have printed on the notice  
8 the name of each tax (~~and~~), the levy made on the same, the amount of  
9 any credit under section 1 of this act, and the tax payable. The state  
10 tax credit authorized in section 1 of this act shall be credited  
11 against any state tax payable on the property. The county treasurer  
12 shall be the sole collector of all delinquent taxes and all other taxes  
13 due and collectible on the tax rolls of the county(~~(;—PROVIDED,~~  
14 ~~That)~~).

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

22 **Sec. 4.** RCW 84.36.383 and 1995 1st sp.s. c 8 s 2 are each amended  
23 to read as follows:

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

26 (1) The term "residence" shall mean a single family dwelling unit  
27 whether such unit be separate or part of a multiunit dwelling,  
28 including the land on which such dwelling stands not to exceed one  
29 acre. The term shall also include a share ownership in a cooperative  
30 housing association, corporation, or partnership if the person claiming  
31 exemption can establish that his or her share represents the specific  
32 unit or portion of such structure in which he or she resides. The term  
33 shall also include a single family dwelling situated upon lands the fee  
34 of which is vested in the United States or any instrumentality thereof  
35 including an Indian tribe or in the state of Washington, and  
36 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a  
37 residence shall be deemed real property.

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

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

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

17 (a) Drugs supplied by prescription of a medical practitioner  
18 authorized by the laws of this state or another jurisdiction to issue  
19 prescriptions; and

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

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

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

33 (b) Amounts deducted for loss;

34 (c) Amounts deducted for depreciation;

35 (d) Pension and annuity receipts;

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

38 (f) Veterans benefits other than attendant-care and medical-aid  
39 payments;

1 (g) Federal social security act and railroad retirement benefits;  
2 (h) Dividend receipts; and  
3 (i) Interest received on state and municipal bonds.  
4 (6) "Cotenant" means a person who resides with the person claiming  
5 the exemption and who has an ownership interest in the residence.

6 **Sec. 5.** RCW 84.36.385 and 1992 c 206 s 13 are each amended to read  
7 as follows:

8 (1) A claim for exemption under RCW 84.36.381 (~~(as now or hereafter~~  
9 ~~amended,)~~) or a credit under section 1 of this act shall be made and  
10 filed at any time during the year for exemption or credit from taxes  
11 payable the following year and thereafter and solely upon forms as  
12 prescribed (~~(and furnished)~~) by the department of revenue. However, an  
13 exemption from tax under RCW 84.36.381 shall continue for no more than  
14 four years unless a renewal application is filed as provided in  
15 subsection (3) of this section. The county assessor may also require,  
16 by written notice, a renewal application following an amendment of the  
17 income requirements set forth in RCW 84.36.381. Renewal applications  
18 shall be on forms prescribed and furnished by the department of  
19 revenue. A credit under section 1 of this act shall continue each year  
20 as long as the residence is eligible for credit.

21 (2) A person granted an exemption under RCW 84.36.381 or a credit  
22 under section 1 of this act shall inform the county assessor of any  
23 change in status affecting (~~(the person's)~~) entitlement to the  
24 exemption or credit on forms prescribed and furnished by the department  
25 of revenue.

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

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

35 (5) If the assessor finds that the applicant does not meet the  
36 qualifications as set forth in RCW 84.36.381(~~(, as now or hereafter~~  
37 ~~amended)~~) or section 1 of this act, the claim or exemption shall be  
38 denied but such denial shall be subject to appeal under the provisions

1 of RCW 84.48.010(5). If the applicant had received exemption or credit  
2 in prior years based on erroneous information, the taxes shall be  
3 collected subject to penalties as provided in RCW 84.40.130 for a  
4 period of not to exceed three years.

5 (6) The department and each local assessor is hereby directed to  
6 publicize the qualifications and manner of making claims under RCW  
7 84.36.381 through 84.36.389 and section 1 of this act, through  
8 communications media, including such paid advertisements or notices as  
9 it deems appropriate. Notice of the qualifications, method of making  
10 applications, the penalties for not reporting a change in status, and  
11 availability of further information shall be included on or with  
12 property tax statements and revaluation notices for all residential  
13 property including mobile homes, except rental properties.

14 **Sec. 6.** RCW 84.36.387 and 1992 c 206 s 14 are each amended to read  
15 as follows:

16 (1) All claims for exemption under RCW 84.36.381 or a credit under  
17 section 1 of this act shall be made and signed by the person entitled  
18 to the exemption or credit, by his or her attorney in fact or in the  
19 event the residence of such person is under mortgage or purchase  
20 contract requiring accumulation of reserves out of which the holder of  
21 the mortgage or contract is required to pay real estate taxes, by such  
22 holder or by the owner, either before two witnesses or the county  
23 assessor or his or her deputy in the county where the real property is  
24 located: PROVIDED, That if a claim for exemption or credit is made by  
25 a person living in a cooperative housing association, corporation, or  
26 partnership, such claim shall be made and signed by the person entitled  
27 to the exemption or credit and by the authorized agent of such  
28 cooperative.

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

33 (3) All claims for exemption and renewal applications under RCW  
34 84.36.381 shall be accompanied by such documented verification of  
35 income as shall be prescribed by rule adopted by the department of  
36 revenue.

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

1 (5) The tax liability of a cooperative housing association,  
2 corporation, or partnership shall be reduced by the amount of tax  
3 exemption or credit to which a claimant residing therein is entitled  
4 and such cooperative shall reduce any amount owed by the claimant to  
5 the cooperative by such exact amount of tax exemption or credit or, if  
6 no amount be owed, the cooperative shall make payment to the claimant  
7 of such exact amount of exemption or credit.

8 (6) A remainderman or other person who would have otherwise paid  
9 the tax on real property that is the subject of an exemption granted  
10 under RCW 84.36.381 or a credit granted under section 1 of this act for  
11 an estate for life shall reduce the amount which would have been  
12 payable by the life tenant to the remainderman or other person to the  
13 extent of the exemption or credit. If no amount is owed or separately  
14 stated as an obligation between these persons, the remainderman or  
15 other person shall make payment to the life tenant in the exact amount  
16 of the exemption or credit.

17 **Sec. 7.** RCW 84.36.389 and 1979 ex.s. c 214 s 4 are each amended to  
18 read as follows:

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

23 (2) The department may conduct such audits of the administration of  
24 RCW 84.36.381 through 84.36.389 and section 1 of this act and the  
25 claims for exemption or credit filed thereunder as it considers  
26 necessary. The powers of the department under chapter 84.08 RCW apply  
27 to these audits.

28 (3) Any information or facts concerning confidential income data  
29 obtained by the assessor or the department, or their agents or  
30 employees, under subsection (2) of this section shall be used only to  
31 administer RCW 84.36.381 through 84.36.389. Notwithstanding any  
32 provision of law to the contrary, absent written consent by the person  
33 about whom the information or facts have been obtained, the  
34 confidential income data shall not be disclosed by the assessor or the  
35 assessor's agents or employees to anyone other than the department or  
36 the department's agents or employees nor by the department or the  
37 department's agents or employees to anyone other than the assessor or  
38 the assessor's agents or employees except in a judicial proceeding



1 pertaining to the taxpayer's entitlement to the tax exemption under RCW  
2 84.36.381 through 84.36.389 or credit under section 1 of this act. Any  
3 violation of this subsection is a misdemeanor.

4 NEW SECTION. **Sec. 8.** A new section is added to chapter 84.55 RCW  
5 to read as follows:

6 The state property tax levy for collection in 1997 shall be reduced  
7 by 5.0 percent of the levy amount that would otherwise be allowed under  
8 this chapter without regard to this section.

9 NEW SECTION. **Sec. 9.** Section 8 of this act is effective for taxes  
10 levied in 1997 and thereafter.

11 NEW SECTION. **Sec. 10.** The following acts or parts of acts are  
12 each repealed:

13 (1) RCW 84.55.--- and 1997 c . . . s 8 (section 8 of this act); and

14 (2) 1997 c . . . s 9 (section 9 of this act) (uncodified).

15 NEW SECTION. **Sec. 11.** If any provision of this act or its  
16 application to any person or circumstance is held invalid, the  
17 remainder of the act or the application of the provision to other  
18 persons or circumstances is not affected.

19 NEW SECTION. **Sec. 12.** (1) Sections 8 and 9 of this act are  
20 necessary for the immediate preservation of the public peace, health,  
21 or safety, or support of the state government and its existing public  
22 institutions, and take effect immediately.

23 (2) Sections 1 through 7 and 10 of this act take effect for taxes  
24 payable in 1998 if the proposed amendment to Article VII of the state  
25 Constitution providing tax credits for owner-occupied residential  
26 housing (SJR 8200) is validly submitted to and is approved and ratified  
27 by the voters at a general election held in November 1997. If the  
28 proposed amendment is not approved and ratified, sections 1 through 7  
29 and 10 of this act are null and void in their entirety.

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