

2 SHB 1969 - S COMM AMD
3 By Committee on Ways & Means

4 ADOPTED 4/15/99

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

7 "Sec. 1. RCW 84.36.041 and 1998 c 311 s 20 are each amended to
8 read as follows:

9 (1) All real and personal property used by a nonprofit home for the
10 aging that is reasonably necessary for the purposes of the home is
11 exempt from taxation if the benefit of the exemption inures to the home
12 and:

13 (a) At least fifty percent of the occupied dwelling units in the
14 home are occupied by eligible residents; or

15 (b) The home is subsidized under a federal department of housing
16 and urban development program. The department of revenue shall provide
17 by rule a definition of homes eligible for exemption under this
18 subsection (1)(b), consistent with the purposes of this section.

19 (2) All real and personal property used by a nonprofit home for the
20 aging that is reasonably necessary for the purposes of the home is
21 exempt from taxation if the benefit of the exemption inures to the home
22 and the construction, rehabilitation, acquisition, or refinancing of
23 the home is financed under a program using bonds exempt from federal
24 income tax if at least seventy-five percent of the total amount
25 financed uses the tax exempt bonds and the financing program requires
26 the home to reserve a percentage of all dwelling units so financed for
27 low-income residents. The initial term of the exemption under this
28 subsection shall equal the term of the tax exempt bond used in
29 connection with the financing program, or the term of the requirement
30 to reserve dwelling units for low-income residents, whichever is
31 shorter. If the financing program involves less than the entire home,
32 only those dwelling units included in the financing program are
33 eligible for total exemption. The department of revenue shall provide
34 by rule the requirements for monitoring compliance with the provisions
35 of this subsection and the requirements for exemption including:

1 (a) The number or percentage of dwelling units required to be
2 occupied by low-income residents, and a definition of low income;

3 (b) The type and character of the dwelling units, whether
4 independent units or otherwise; and

5 (c) Any particular requirements for continuing care retirement
6 communities.

7 (3) A home for the aging is eligible for a partial exemption on the
8 real property and a total exemption for the home's personal property if
9 the home does not meet the requirements of subsection (1) of this
10 section because fewer than fifty percent of the occupied dwelling units
11 are occupied by eligible residents, as follows:

12 (a) A partial exemption shall be allowed for each dwelling unit in
13 a home occupied by a resident requiring assistance with activities of
14 daily living.

15 (b) A partial exemption shall be allowed for each dwelling unit in
16 a home occupied by an eligible resident.

17 (c) A partial exemption shall be allowed for an area jointly used
18 by a home for the aging and by a nonprofit organization, association,
19 or corporation currently exempt from property taxation under one of the
20 other provisions of this chapter. The shared area must be reasonably
21 necessary for the purposes of the nonprofit organization, association,
22 or corporation exempt from property taxation under one of the other
23 provisions of this chapter, such as kitchen, dining, and laundry areas.

24 (d) The amount of exemption shall be calculated by multiplying the
25 assessed value of the property reasonably necessary for the purposes of
26 the home, less the assessed value of any area exempt under (c) of this
27 subsection, by a fraction. The numerator of the fraction is the number
28 of dwelling units occupied by eligible residents and by residents
29 requiring assistance with activities of daily living. The denominator
30 of the fraction is the total number of occupied dwelling units as of
31 December 31st of the first assessment year the home becomes operational
32 for which exemption is claimed and January 1st of ((the)) each
33 subsequent assessment year for which exemption is claimed.

34 (4) To be exempt under this section, the property must be used
35 exclusively for the purposes for which the exemption is granted, except
36 as provided in RCW 84.36.805.

37 (5) A home for the aging is exempt from taxation only if the
38 organization operating the home is exempt from income tax under section
39 501(c) of the federal internal revenue code as existing on January 1,

1 1989, or such subsequent date as the director may provide by rule
2 consistent with the purposes of this section.

3 (6) In order for the home to be eligible for exemption under
4 subsections (1)(a) and ~~((+2))~~ (3)(b) of this section, each eligible
5 resident of a home for the aging shall submit an income verification
6 form to the county assessor by July 1st of the assessment year ~~((in~~
7 ~~which the application for exemption is made))~~ for which exemption is
8 claimed. However, during the first year a home becomes operational,
9 the county assessor shall accept income verification forms from
10 eligible residents up to December 31st of the assessment year. The
11 income verification form shall be prescribed and furnished by the
12 department of revenue. An eligible resident who has filed a form for
13 a previous year need not file a new form until there is a change in
14 status affecting the person's eligibility.

15 (7) In determining the ~~((assessed))~~ true and fair value of a home
16 for the aging for purposes of the partial exemption provided by
17 subsection (3) of this section, the assessor shall apply the
18 computation method provided by RCW 84.34.060 and shall consider only
19 the use to which such property is applied during the years for which
20 such partial exemptions are available and shall not consider potential
21 uses of such property.

22 (8) As used in this section:

23 (a) "Eligible resident" means a person who:

24 (i) Occupied the dwelling unit as a principal place of residence as
25 of ~~((January 1st))~~ December 31st of the first assessment year the home
26 becomes operational. In each subsequent year, the eligible resident
27 must occupy the dwelling unit as a principal place of residence as of
28 January 1st of the assessment year for which the exemption is claimed.

29 Confinement of the person to a hospital or nursing home does not
30 disqualify the claim of exemption if the dwelling unit is temporarily
31 unoccupied or if the dwelling unit is occupied by a spouse, a person
32 financially dependent on the claimant for support, or both; and

33 (ii) Is sixty-one years of age or older on December 31st of the
34 year in which the exemption claim is filed, or is, at the time of
35 filing, retired from regular gainful employment by reason of physical
36 disability. Any surviving spouse of a person who was receiving an
37 exemption at the time of the person's death shall qualify if the
38 surviving spouse is fifty-seven years of age or older and otherwise
39 meets the requirements of this subsection; and

1 (iii) Has a combined disposable income of no more than the greater
2 of twenty-two thousand dollars or eighty percent of the median income
3 adjusted for family size as most recently determined by the federal
4 department of housing and urban development for the county in which the
5 person resides. For the purposes of determining eligibility under this
6 section, a "cotentant" means a person who resides with an eligible
7 resident and who shares personal financial resources with the eligible
8 resident.

9 (b) "Combined disposable income" means the disposable income of the
10 person submitting the income verification form, plus the disposable
11 income of his or her spouse, and the disposable income of each cotenant
12 occupying the dwelling unit for the preceding calendar year, less
13 amounts paid by the person submitting the income verification form or
14 his or her spouse or cotenant during the previous year for the
15 treatment or care of either person received in the dwelling unit or in
16 a nursing home. If the person submitting the income verification form
17 was retired for two months or more of the preceding year, the combined
18 disposable income of such person shall be calculated by multiplying the
19 average monthly combined disposable income of such person during the
20 months such person was retired by twelve. If the income of the person
21 submitting the income verification form is reduced for two or more
22 months of the preceding year by reason of the death of the person's
23 spouse, the combined disposable income of such person shall be
24 calculated by multiplying the average monthly combined disposable
25 income of such person after the death of the spouse by twelve.

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

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

37 (ii) Amounts deducted for loss;

38 (iii) Amounts deducted for depreciation;

39 (iv) Pension and annuity receipts;

1 (v) Military pay and benefits other than attendant-care and
2 medical-aid payments;

3 (vi) Veterans benefits other than attendant-care and medical-aid
4 payments;

5 (vii) Federal social security act and railroad retirement benefits;

6 (viii) Dividend receipts; and

7 (ix) Interest received on state and municipal bonds.

8 (d) "Resident requiring assistance with activities of daily living"
9 means a person who requires significant assistance with the activities
10 of daily living and who would be at risk of nursing home placement
11 without this assistance.

12 (e) "Home for the aging" means a residential housing facility that
13 (i) provides a housing arrangement chosen voluntarily by the resident,
14 the resident's guardian or conservator, or another responsible person;
15 (ii) has only residents who are at least sixty-one years of age or who
16 have needs for care generally compatible with persons who are at least
17 sixty-one years of age; and (iii) provides varying levels of care and
18 supervision, as agreed to at the time of admission or as determined
19 necessary at subsequent times of reappraisal.

20 (9) A for-profit home for the aging that converts to nonprofit
21 status after June 11, 1992, and would otherwise be eligible for tax
22 exemption under this section may not receive the tax exemption until
23 five years have elapsed since the conversion. The exemption shall then
24 be ratably granted over the next five years.

25 NEW SECTION. **Sec. 2.** This act is necessary for the immediate
26 preservation of the public peace, health, or safety, or support of the
27 state government and its existing public institutions, and takes effect
28 immediately."

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32 On page 1, line 2 of the title, after "aging;" strike the remainder
33 of the title and insert "amending RCW 84.36.041; and declaring an
34 emergency."

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