
HOUSE BILL 2284

State of Washington

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By Representatives Rockefeller, DeBolt, Skinner, Conway, Lantz, Kastama, Alexander, Haigh and Kessler

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1 AN ACT Relating to property tax exemptions for senior citizens and
2 persons retired for reasons of disability; and amending RCW 84.36.381,
3 84.36.383, and 84.38.020.

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

5 **Sec. 1.** RCW 84.36.381 and 1998 c 333 s 1 are each amended to read
6 as follows:

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

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

19 (a) The residence is temporarily unoccupied;

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

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

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

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

23 (4) Except for veterans of the armed forces of the United States
24 with one hundred percent service-connected disabilities, the amount
25 that the person shall be exempt from an obligation to pay shall be
26 calculated on the basis of combined disposable income, as defined in
27 RCW 84.36.383. If the person claiming the exemption was retired for
28 two months or more of the assessment year, the combined disposable
29 income of such person shall be calculated by multiplying the average
30 monthly combined disposable income of such person during the months
31 such person was retired by twelve. If the income of the person
32 claiming exemption is reduced for two or more months of the assessment
33 year by reason of the death of the person's spouse, or when other
34 substantial changes occur in disposable income that are likely to
35 continue for an indefinite period of time, the combined disposable
36 income of such person shall be calculated by multiplying the average
37 monthly combined disposable income of such person after such
38 occurrences by twelve. If it is necessary to estimate income to comply

1 with this subsection, the assessor may require confirming documentation
2 of such income prior to May 31 of the year following application;

3 (5)(a) A person who otherwise qualifies under this section and has
4 a combined disposable income of thirty thousand dollars or less or who
5 is a veteran of the armed forces of the United States with a one
6 hundred percent service-connected disability shall be exempt from all
7 excess property taxes; and

8 (b)(i) A person who otherwise qualifies under this section and has
9 a combined disposable income of twenty-four thousand dollars or less
10 but greater than eighteen thousand dollars shall be exempt from all
11 regular property taxes on the greater of forty thousand dollars or
12 thirty-five percent of the valuation of his or her residence, but not
13 to exceed sixty thousand dollars of the valuation of his or her
14 residence; or

15 (ii) A person who otherwise qualifies under this section and has a
16 combined disposable income of eighteen thousand dollars or less or who
17 is a veteran of the armed forces of the United States with a one
18 hundred percent service-connected disability shall be exempt from all
19 regular property taxes on the greater of fifty thousand dollars or
20 sixty percent of the valuation of his or her residence; and

21 (6) For a person who otherwise qualifies under this section and has
22 a combined disposable income of thirty thousand dollars or less or who
23 is a veteran of the armed forces of the United States with a one
24 hundred percent service-connected disability, the valuation of the
25 residence shall be the assessed value of the residence on the later of
26 January 1, 1995, or January 1st of the assessment year the person first
27 qualifies under this section. If the person subsequently fails to
28 qualify under this section only for one year because of high income,
29 this same valuation shall be used upon requalification. If the person
30 fails to qualify for more than one year in succession because of high
31 income or fails to qualify for any other reason, the valuation upon
32 requalification shall be the assessed value on January 1st of the
33 assessment year in which the person requalifies. If the person
34 transfers the exemption under this section to a different residence,
35 the valuation of the different residence shall be the assessed value of
36 the different residence on January 1st of the assessment year in which
37 the person transfers the exemption.

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

4 This subsection does not apply to subsequent improvements to the
5 property in the year in which the improvements are made. Subsequent
6 improvements to the property shall be added to the value otherwise
7 determined under this subsection at their true and fair value in the
8 year in which they are made.

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

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

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

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

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

1 (4) "Combined disposable income" means the disposable income of the
2 person claiming the exemption, plus the disposable income of his or her
3 spouse, and the disposable income of each cotenant occupying the
4 residence for the assessment year, less amounts paid by the person
5 claiming the exemption or his or her spouse during the assessment year
6 for:

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

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

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

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

20 (a) Capital gains, other than ~~((nonrecognized gain on the sale of~~
21 ~~a principal residence under section 1034 of the federal internal~~
22 ~~revenue code, or))~~ gain excluded from income under section 121 of the
23 federal internal revenue code to the extent it is reinvested in a new
24 principal residence;

25 (b) Amounts deducted for loss;

26 (c) Amounts deducted for depreciation;

27 (d) Pension and annuity receipts;

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

30 (f) Veterans benefits other than attendant-care and medical-aid
31 payments and benefits for disabilities related to the performance of
32 military duties;

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

34 (h) Dividend receipts; and

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

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

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

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

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

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

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

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

18 (4) "Local government" means any city, town, county, water-sewer
19 district, public utility district, port district, irrigation district,
20 flood control district, or any other municipal corporation, quasi-
21 municipal corporation, or other political subdivision authorized to
22 levy special assessments.

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

25 (6) "Residence" has the meaning given in RCW 84.36.383(~~(, except~~
26 ~~that a residence includes any additional property up to a total of five~~
27 ~~acres that comprises the residential parcel if this larger parcel size~~
28 ~~is required under land use regulations))).~~

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

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