
HOUSE BILL 1642

State of Washington

57th Legislature

2001 Regular Session

By Representatives Santos, Pennington, Ruderman, Mielke, Schual-Berke, Keiser, Rockefeller, Conway and Dunn

Read first time 01/31/2001. Referred to Committee on Finance.

1 AN ACT Relating to senior citizen property taxes; amending RCW
2 84.36.381, 84.36.383, 84.38.030, and 84.64.050; adding a new section to
3 chapter 84.36 RCW; adding a new section to chapter 84.55 RCW; and
4 creating a new section.

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

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

8 A person shall be exempt from any legal obligation to pay all or a
9 portion of the amount of excess and regular real property taxes due and
10 payable in the year following the year in which a claim is filed, and
11 thereafter, in 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 sixty-one years of
17 age or older on December 31st of the year in which the exemption claim
18 is filed, or must have been, at the time of filing, retired from
19 regular gainful employment by reason of physical disability: PROVIDED,
20 That any surviving spouse of a person who was receiving an exemption at
21 the time of the person's death shall qualify if the surviving spouse is
22 fifty-seven years of age or older and otherwise meets the requirements
23 of this section;

24 (4) The amount that the person shall be exempt from an obligation
25 to pay shall be calculated on the basis of combined disposable income,
26 as defined in RCW 84.36.383. If the person claiming the exemption was
27 retired for two months or more of the assessment year, the combined
28 disposable income of such person shall be calculated by multiplying the
29 average monthly combined disposable income of such person during the
30 months such person was retired by twelve. If the income of the person
31 claiming exemption is reduced for two or more months of the assessment
32 year by reason of the death of the person's spouse, or when other
33 substantial changes occur in disposable income that are likely to
34 continue for an indefinite period of time, the combined disposable
35 income of such person shall be calculated by multiplying the average
36 monthly combined disposable income of such person after such
37 occurrences by twelve. If it is necessary to estimate income to comply
38 with this subsection, the assessor may require confirming documentation
39 of such income prior to May 31 of the year following application;

1 (5)(a) A person who otherwise qualifies under this section and has
2 a combined disposable income (~~((of thirty thousand dollars or))~~) equal to
3 or less than income threshold 3 shall be exempt from all excess
4 property taxes; and

5 (b)(i) A person who otherwise qualifies under this section and has
6 a combined disposable income (~~((of twenty-four thousand dollars))~~) equal
7 to or less than income threshold 2, but greater than (~~((eighteen~~
8 ~~thousand dollars))~~) income threshold 1 shall be exempt from all regular
9 property taxes on the greater of forty thousand dollars or thirty-five
10 percent of the valuation of his or her residence, but not to exceed
11 sixty thousand dollars of the valuation of his or her residence; or

12 (ii) A person who otherwise qualifies under this section and has a
13 combined disposable income (~~((of eighteen thousand dollars))~~) equal to or
14 less than income threshold 1 shall be exempt from all regular property
15 taxes on the greater of fifty thousand dollars or sixty percent of the
16 valuation of his or her residence; (~~((and))~~)

17 (6) For a person who otherwise qualifies under this section and has
18 a combined disposable income (~~((of thirty thousand dollars))~~) equal to or
19 less than income threshold 3, the valuation of the residence shall be
20 the assessed value of the residence on the later of January 1, 1995, or
21 January 1st of the assessment year the person first qualifies under
22 this section. If the person subsequently fails to qualify under this
23 (~~((section))~~) subsection only for one year because of high income, this
24 same valuation shall be used upon requalification. If the person fails
25 to qualify for more than one year in succession because of high income
26 or fails to qualify for any other reason, the valuation upon
27 requalification under this subsection shall be the assessed value on
28 January 1st of the assessment year in which the person
29 requalifies(~~((-))~~);

30 (7) For a person who otherwise qualifies under this section and has
31 a combined disposable income of fifty thousand dollars or less but
32 greater than income threshold 3, the valuation of the residence shall
33 be the assessed value of the residence for the previous year, plus two
34 percent. For counties that do not revalue property annually, the
35 valuation of the residence shall be the previous assessed value plus
36 two percent for each year since the previous revaluation of the
37 residence. If the person subsequently fails to qualify under this
38 subsection only for one year because of high income, the valuation of
39 the residence upon requalification shall be calculated as if the person

1 had been qualified the previous year. If the person fails to qualify
2 for more than one year in succession because of high income or fails to
3 qualify for any other reason, the valuation upon requalification shall
4 be the assessed value on January 1st of the assessment year in which
5 the person requalifies;

6 (8) If the person transfers the exemption under this section to a
7 different residence, the valuation of the different residence, for the
8 purposes of subsection (6) or (7) of this section, shall be the
9 assessed value of the different residence on January 1st of the
10 assessment year in which the person transfers the exemption(~~(-)~~); and

11 (9)(a) In no event may the valuation under (~~this~~) subsection (6)
12 or (7) of this section be greater than the true and fair value of the
13 residence on January 1st of the assessment year(~~(-)~~);

14 (~~This subsection does~~) (b) Subsections (6) and (7) of this
15 section do not apply to subsequent improvements to the property in the
16 year in which the improvements are made. Subsequent improvements to
17 the property shall be added to the value otherwise determined under
18 this subsection at their true and fair value in the year in which they
19 are made.

20 **Sec. 2.** RCW 84.36.383 and 1999 c 358 s 18 are each amended to read
21 as follows:

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

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

36 (2) The term "real property" shall also include a mobile home which
37 has substantially lost its identity as a mobile unit by virtue of its
38 being fixed in location upon land owned or leased by the owner of the

1 mobile home and placed on a foundation (posts or blocks) with fixed
2 pipe, connections with sewer, water, or other utilities. A mobile home
3 located on land leased by the owner of the mobile home is subject, for
4 tax billing, payment, and collection purposes, only to the personal
5 property provisions of chapter 84.56 RCW and RCW 84.60.040.

6 (3) "Department" means the state department of revenue.

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

13 (a) Drugs supplied by prescription of a medical practitioner
14 authorized by the laws of this state or another jurisdiction to issue
15 prescriptions; and

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

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

24 (a) Capital gains, other than gain excluded from income under
25 section 121 of the federal internal revenue code to the extent it is
26 reinvested in a new principal residence;

27 (b) Amounts deducted for loss;

28 (c) Amounts deducted for depreciation;

29 (d) Pension and annuity receipts;

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

32 (f) Veterans benefits other than attendant-care and medical-aid
33 payments;

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

35 (h) Dividend receipts; and

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

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

1 (7) If a person received property tax relief under RCW 84.36.381
2 for property taxes levied for collection in 2000 or 2001 then:

3 (a) "Income threshold 1" means the greater of eighteen thousand
4 dollars or thirty-three percent of county median family income;

5 (b) "Income threshold 2" means the greater of twenty-four thousand
6 dollars or forty-four percent of county median family income;

7 (c) "Income threshold 3" means the greater of thirty thousand
8 dollars or fifty-five percent of county median family income.

9 (8) If a person did not receive property tax relief under RCW
10 84.36.381 for property taxes levied for collection in 2000 or 2001
11 then:

12 (a) "Income threshold 1" means thirty-three percent of county
13 median family income;

14 (b) "Income threshold 2" means forty-four percent of county median
15 family income;

16 (c) "Income threshold 3" means fifty-five percent of county median
17 family income;

18 (9) "County median family income" means the county median family
19 income that is used for determination of eligibility for housing
20 assistance payment programs under section 8 of the United States
21 housing act of 1937, as in effect on January 1st of the year in which
22 tax relief is received.

23 **Sec. 3.** RCW 84.38.030 and 1995 c 329 s 2 are each amended to read
24 as follows:

25 A claimant may defer payment of special assessments and/or real
26 property taxes on up to eighty percent of the amount of the claimant's
27 equity value in the claimant's residence if the following conditions
28 are met:

29 (1) The claimant must meet all requirements for an exemption for
30 the residence under RCW 84.36.381, other than the age and income limits
31 under RCW 84.36.381 and the parcel size limit under RCW 84.36.383.

32 (2) The claimant must be sixty years of age or older on December
33 31st of the year in which the deferral claim is filed, or must have
34 been, at the time of filing, retired from regular gainful employment by
35 reason of physical disability: PROVIDED, That any surviving spouse of
36 a person who was receiving a deferral at the time of the person's death
37 shall qualify if the surviving spouse is fifty-seven years of age or
38 older and otherwise meets the requirements of this section.

1 (3) The claimant must have a combined disposable income, as defined
2 in RCW 84.36.383, of thirty-four thousand dollars or less.

3 (4) The claimant must have owned, at the time of filing, the
4 residence on which the special assessment and/or real property taxes
5 have been imposed. For purposes of this subsection, a residence owned
6 by a marital community or owned by cotenants shall be deemed to be
7 owned by each spouse or cotenant. A claimant who has only a share
8 ownership in cooperative housing, a life estate, a lease for life, or
9 a revocable trust does not satisfy the ownership requirement.

10 (5) The claimant must have and keep in force fire and casualty
11 insurance in sufficient amount to protect the interest of the state in
12 the claimant's equity value: PROVIDED, That if the claimant fails to
13 keep fire and casualty insurance in force to the extent of the state's
14 interest in the claimant's equity value, the amount deferred shall not
15 exceed one hundred percent of the claimant's equity value in the land
16 or lot only.

17 (6) In the case of special assessment deferral, the claimant must
18 have opted for payment of such special assessments on the installment
19 method if such method was available.

20 (7) A deferral under this chapter must have been granted for the
21 claimant's residence for taxes levied for collection in 2001. Eligible
22 deferrals may be renewed as provided in this chapter, but new deferrals
23 may not be granted for taxes levied for collection after 2001.

24 **Sec. 4.** RCW 84.64.050 and 1999 c 18 s 7 are each amended to read
25 as follows:

26 After the expiration of three years from the date of delinquency,
27 when any property remains on the tax rolls for which no certificate of
28 delinquency has been issued, the county treasurer shall proceed to
29 issue certificates of delinquency on the property to the county for all
30 years' taxes, interest, and costs: PROVIDED, That the county
31 treasurer, with the consent of the county legislative authority, may
32 elect to issue a certificate for fewer than all years' taxes, interest,
33 and costs to a minimum of the taxes, interest, and costs for the
34 earliest year.

35 Certificates of delinquency shall be prima facie evidence that:

36 (1) The property described was subject to taxation at the time the
37 same was assessed;

38 (2) The property was assessed as required by law;

1 (3) The taxes or assessments were not paid at any time before the
2 issuance of the certificate;

3 (4) Such certificate shall have the same force and effect as a lis
4 pendens required under chapter 4.28 RCW.

5 The county treasurer may include in the certificate of delinquency
6 any assessments which are due on the property and are the
7 responsibility of the county treasurer to collect. For purposes of
8 this chapter, "taxes, interest, and costs" include any assessments
9 which are so included by the county treasurer, and "interest" means
10 interest and penalties unless the context requires otherwise.

11 The treasurer shall file the certificates when completed with the
12 clerk of the court at no cost to the treasurer, and the treasurer shall
13 thereupon, with legal assistance from the county prosecuting attorney,
14 proceed to foreclose in the name of the county, the tax liens embraced
15 in such certificates. Notice and summons must be served or notice
16 given in a manner reasonably calculated to inform the owner or owners,
17 and any person having a recorded interest in or lien of record upon the
18 property, of the foreclosure action to appear within thirty days after
19 service of such notice and defend such action or pay the amount due.
20 Either (a) personal service upon the owner or owners and any person
21 having a recorded interest in or lien of record upon the property, or
22 (b) publication once in a newspaper of general circulation, which is
23 circulated in the area of the property and mailing of notice by
24 certified mail to the owner or owners and any person having a recorded
25 interest in or lien of record upon the property, or, if a mailing
26 address is unavailable, personal service upon the occupant of the
27 property, if any, is sufficient. If such notice is returned as
28 unclaimed, the treasurer shall send notice by regular first class mail.
29 The notice shall include the legal description on the tax rolls, the
30 year or years for which assessed, the amount of tax and interest due,
31 and the name of owner, or reputed owner, if known, and the notice must
32 include the local street address, if any, for informational purposes
33 only. The certificates of delinquency issued to the county may be
34 issued in one general certificate in book form including all property,
35 and the proceedings to foreclose the liens against the property may be
36 brought in one action and all persons interested in any of the property
37 involved in the proceedings may be made codefendants in the action, and
38 if unknown may be therein named as unknown owners, and the publication
39 of such notice shall be sufficient service thereof on all persons

1 interested in the property described therein, except as provided above.
2 The person or persons whose name or names appear on the treasurer's
3 rolls as the owner or owners of the property shall be considered and
4 treated as the owner or owners of the property for the purpose of this
5 section, and if upon the treasurer's rolls it appears that the owner or
6 owners of the property are unknown, then the property shall be
7 proceeded against, as belonging to an unknown owner or owners, as the
8 case may be, and all persons owning or claiming to own, or having or
9 claiming to have an interest therein, are hereby required to take
10 notice of the proceedings and of any and all steps thereunder:
11 PROVIDED, That prior to the sale of the property, the treasurer shall
12 order or conduct a title search of the property to be sold to determine
13 the legal description of the property to be sold and the record title
14 holder, and if the record title holder or holders differ from the
15 person or persons whose name or names appear on the treasurer's rolls
16 as the owner or owners, the record title holder or holders shall be
17 considered and treated as the owner or owners of the property for the
18 purpose of this section, and shall be entitled to the notice provided
19 for in this section. Such title search shall be included in the costs
20 of foreclosure.

21 ~~((The county treasurer shall not sell property which is eligible
22 for deferral of taxes under chapter 84.38 RCW but shall require the
23 owner of the property to file a declaration to defer taxes under
24 chapter 84.38 RCW.))~~

25 NEW SECTION. **Sec. 5.** A new section is added to chapter 84.36 RCW
26 to read as follows:

27 The valuation of a residence determined under RCW 84.36.381(7)
28 shall apply for the levies of all taxing districts, unless the
29 legislative authority of a county adopts an ordinance or resolution
30 providing that valuations under RCW 84.36.381(7) do not apply within
31 the county. If such an ordinance or resolution is adopted, valuations
32 under RCW 84.36.381(7) shall not apply to the levy of any taxing
33 district upon property within the county, except the levy by the state.
34 If the ordinance or resolution is repealed, valuation of a residence
35 determined under RCW 84.36.381(7) shall apply for the levies of all
36 taxing districts upon property within the county.

1 NEW SECTION. **Sec. 6.** A new section is added to chapter 84.55 RCW
2 to read as follows:

3 The levy for a taxing district in any year shall be reduced as
4 necessary to prevent exemptions under RCW 84.36.381(7) from resulting
5 in a higher tax rate than would have occurred in the absence of the
6 exemptions under RCW 84.36.381(7).

7 NEW SECTION. **Sec. 7.** Section 1 of this act applies to taxes
8 levied for collection in 2002 and thereafter.

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