CERTIFICATION OF ENROLLMENT

SENATE BILL 6338

Chapter 62, Laws of 2006

59th Legislature
2006 Regular Session

PROPERTY TAX EXEMPTIONS--SENIOR CITIZENS

EFFECTIVE DATE: 6/7/06

Passed by the Senate February 9, 2006
YEAS 46   NAYS 0

BRAD OWEN
President of the Senate

Passed by the House March 1, 2006
YEAS 98   NAYS 0

FRANK CHOPP
Speaker of the House of Representatives

Approved March 15, 2006.

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is SENATE BILL 6338 as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN
Secretary

FILED
March 15, 2006 - 2:25 p.m.

CHRISTINE GREGOIRE
Governor of the State of Washington

SECRETARY OF STATE
State of Washington
AN ACT Relating to property tax exemptions and deferrals for senior citizens and persons retired for reasons of disability; amending RCW 84.36.383, 84.38.020, and 84.38.030; and creating a new section.

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

Sec. 1. RCW 84.36.383 and 2004 c 270 s 2 are each amended to read as follows:

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

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

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

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

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

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

(b) The treatment or care of either person received in the home or
in a nursing home, boarding home, or adult family home; and

(c) Health care insurance premiums for medicare under Title XVIII
of the social security act.

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

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

(b) Amounts deducted for loss;

(c) Amounts deducted for depreciation;

(d) Pension and annuity receipts;
Military pay and benefits other than attendant-care and medical-aid payments;
Veterans benefits other than attendant-care and medical-aid payments;
Federal social security act and railroad retirement benefits;
Dividend receipts; and
Interest received on state and municipal bonds.
"Cotenant" means a person who resides with the person claiming the exemption and who has an ownership interest in the residence.
"Disability" has the same meaning as provided in 42 U.S.C. Sec. 423(d)(1)(A) as amended prior to January 1, 2004, or such subsequent date as the director may provide by rule consistent with the purpose of this section.

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

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

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

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

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

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

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

(5) "Real property taxes" means ad valorem property taxes levied on a residence in this state in the preceding calendar year.
(6) "Residence" has the meaning given in RCW 84.36.383, except that a residence includes any additional property up to a total of five acres that comprises the residential parcel if this larger parcel size is required under land use regulations).

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

Sec. 3. RCW 84.38.030 and 2004 c 270 s 3 are each amended to read as follows:

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

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

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

(3) The claimant must have a combined disposable income, as defined in RCW 84.36.383, of forty thousand dollars or less.

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

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

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

NEW SECTION. Sec. 4. This act applies to taxes levied for
collection in 2007 and thereafter.

Passed by the Senate February 9, 2006.
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