

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE SENATE BILL 5186**

Chapter 30, Laws of 2015

64th Legislature  
2015 3rd Special Session

PROPERTY TAXES--EXEMPTIONS--SENIOR CITIZENS, PERSONS WITH  
DISABILITIES, AND VETERANS

EFFECTIVE DATE: 10/9/2015

Passed by the Senate June 28, 2015  
Yeas 45 Nays 0

PAM ROACH

**President of the Senate**

Passed by the House June 30, 2015  
Yeas 97 Nays 1

FRANK CHOPP

**Speaker of the House of Representatives**

Approved July 6, 2015 4:13 PM

JAY INSLEE

**Governor of the State of Washington**

CERTIFICATE

I, Hunter G. Goodman, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5186** as passed by Senate and the House of Representatives on the dates hereon set forth.

HUNTER G. GOODMAN

**Deputy Secretary**

FILED

July 7, 2015

**Secretary of State  
State of Washington**

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**SUBSTITUTE SENATE BILL 5186**

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Passed Legislature - 2015 3rd Special Session

**State of Washington**

**64th Legislature**

**2015 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Benton, Hasegawa, Sheldon, and Keiser)

READ FIRST TIME 02/27/15.

1       AN ACT Relating to property tax exemptions for service-connected  
2 disabled veterans and senior citizens; amending RCW 84.36.381 and  
3 84.38.030; and creating new sections.

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

5       NEW SECTION.       **Sec. 1.**       This section is the tax preference  
6 performance statement for the tax preference contained in section 2  
7 of this act. This performance statement is only intended to be used  
8 for subsequent evaluation of the tax preference. It is not intended  
9 to create a private right of action by any party or be used to  
10 determine eligibility for preferential tax treatment.

11       (1) The legislature categorizes this tax preference as one  
12 intended to provide tax relief for certain businesses or individuals,  
13 as indicated in RCW 82.32.808(2)(e).

14       (2) It is the legislature's specific public policy objective to  
15 provide tax relief to senior citizens, disabled persons, and  
16 veterans. The legislature recognizes that property taxes impose a  
17 substantial financial burden on those with fixed incomes and that  
18 property tax relief programs have considerable value in addressing  
19 this burden. It is the legislature's intent to increase the current  
20 statutory static income thresholds which were last modified in 2004.

1 (3) The expansion of the items allowed to be deducted is meant to  
2 be permanent and, therefore, not subject to the ten-year expiration  
3 provision in RCW 82.32.805(1)(a).

4 **Sec. 2.** RCW 84.36.381 and 2012 c 10 s 73 are each amended to  
5 read as follows:

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

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

19 (a) The residence is temporarily unoccupied;

20 (b) The residence is occupied by a spouse or a domestic partner  
21 and/or a person financially dependent on the claimant for support; or

22 (c) The residence is rented for the purpose of paying nursing  
23 home, hospital, assisted living facility, or adult family home costs;

24 (2) The person claiming the exemption must have owned, at the  
25 time of filing, in fee, as a life estate, or by contract purchase,  
26 the residence on which the property taxes have been imposed or if the  
27 person claiming the exemption lives in a cooperative housing  
28 association, corporation, or partnership, such person must own a  
29 share therein representing the unit or portion of the structure in  
30 which he or she resides. For purposes of this subsection, a residence  
31 owned by a marital community or state registered domestic partnership  
32 or owned by cotenants is deemed to be owned by each spouse or each  
33 domestic partner or each cotenant, and any lease for life is deemed a  
34 life estate;

35 (3)(a) The person claiming the exemption must be:

36 (i) Sixty-one years of age or older on December 31st of the year  
37 in which the exemption claim is filed, or must have been, at the time  
38 of filing, retired from regular gainful employment by reason of  
39 disability; or

1 (ii) A veteran of the armed forces of the United States entitled  
2 to and receiving compensation from the United States department of  
3 veterans affairs at a total disability rating for a service-connected  
4 disability.

5 (b) However, any surviving spouse or surviving domestic partner  
6 of a person who was receiving an exemption at the time of the  
7 person's death will qualify if the surviving spouse or surviving  
8 domestic partner is fifty-seven years of age or older and otherwise  
9 meets the requirements of this section;

10 (4) The amount that the person is exempt from an obligation to  
11 pay is calculated on the basis of combined disposable income, as  
12 defined in RCW 84.36.383. If the person claiming the exemption was  
13 retired for two months or more of the assessment year, the combined  
14 disposable income of such person must be calculated by multiplying  
15 the average monthly combined disposable income of such person during  
16 the months such person was retired by twelve. If the income of the  
17 person claiming exemption is reduced for two or more months of the  
18 assessment year by reason of the death of the person's spouse or the  
19 person's domestic partner, or when other substantial changes occur in  
20 disposable income that are likely to continue for an indefinite  
21 period of time, the combined disposable income of such person must be  
22 calculated by multiplying the average monthly combined disposable  
23 income of such person after such occurrences by twelve. If it is  
24 necessary to estimate income to comply with this subsection, the  
25 assessor may require confirming documentation of such income prior to  
26 May 31 of the year following application;

27 (5)(a) A person who otherwise qualifies under this section and  
28 has a combined disposable income of (~~(thirty-five))~~ forty thousand  
29 dollars or less is exempt from all excess property taxes; and

30 (b)(i) A person who otherwise qualifies under this section and  
31 has a combined disposable income of (~~(thirty))~~ thirty-five thousand  
32 dollars or less but greater than (~~(twenty-five))~~ thirty thousand  
33 dollars is exempt from all regular property taxes on the greater of  
34 fifty thousand dollars or thirty-five percent of the valuation of his  
35 or her residence, but not to exceed seventy thousand dollars of the  
36 valuation of his or her residence; or

37 (ii) A person who otherwise qualifies under this section and has  
38 a combined disposable income of (~~(twenty-five))~~ thirty thousand  
39 dollars or less is exempt from all regular property taxes on the

1 greater of sixty thousand dollars or sixty percent of the valuation  
2 of his or her residence;

3 (6)(a) For a person who otherwise qualifies under this section  
4 and has a combined disposable income of (~~(thirty-five))~~ forty  
5 thousand dollars or less, the valuation of the residence is the  
6 assessed value of the residence on the later of January 1, 1995, or  
7 January 1st of the assessment year the person first qualifies under  
8 this section. If the person subsequently fails to qualify under this  
9 section only for one year because of high income, this same valuation  
10 must be used upon requalification. If the person fails to qualify for  
11 more than one year in succession because of high income or fails to  
12 qualify for any other reason, the valuation upon requalification is  
13 the assessed value on January 1st of the assessment year in which the  
14 person requalifies. If the person transfers the exemption under this  
15 section to a different residence, the valuation of the different  
16 residence is the assessed value of the different residence on January  
17 1st of the assessment year in which the person transfers the  
18 exemption.

19 (b) In no event may the valuation under this subsection be  
20 greater than the true and fair value of the residence on January 1st  
21 of the assessment year.

22 (c) This subsection does not apply to subsequent improvements to  
23 the property in the year in which the improvements are made.  
24 Subsequent improvements to the property must be added to the value  
25 otherwise determined under this subsection at their true and fair  
26 value in the year in which they are made.

27 **Sec. 3.** RCW 84.38.030 and 2008 c 6 s 702 are each amended to  
28 read as follows:

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

33 (1) The claimant must meet all requirements for an exemption for  
34 the residence under RCW 84.36.381, other than the age and income  
35 limits under RCW 84.36.381.

36 (2) The claimant must be sixty years of age or older on December  
37 31st of the year in which the deferral claim is filed, or must have  
38 been, at the time of filing, retired from regular gainful employment  
39 by reason of physical disability(~~(; PROVIDED, That)~~). However, any

1 surviving spouse or surviving domestic partner of a person who was  
2 receiving a deferral at the time of the person's death shall qualify  
3 if the surviving spouse or surviving domestic partner is fifty-seven  
4 years of age or older and otherwise meets the requirements of this  
5 section.

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

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

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

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

27 NEW SECTION. **Sec. 4.** This act applies to taxes levied for  
28 collection in 2016 and thereafter.

Passed by the Senate June 28, 2015.  
Passed by the House June 30, 2015.  
Approved by the Governor July 6, 2015.  
Filed in Office of Secretary of State July 7, 2015.