

---

**SUBSTITUTE HOUSE BILL 1414**

---

**State of Washington**

**52nd Legislature**

**1991 Regular Session**

**By** House Committee on Housing (originally sponsored by Representatives Wineberry, Winsley, Leonard, Ballard, Franklin, Mitchell, Ogden, Locke, Ludwig, Scott, Cooper, Rasmussen, Bowman, Cantwell, Tate, Van Luven, Cole, Forner, Jones, Ferguson, Mielke, Riley, Roland, O'Brien, R. Fisher, H. Sommers, G. Fisher, Edmondson, D. Sommers, Paris and Miller).

Read first time February 12, 1991.

1       AN ACT Relating to property tax exemptions for first-time  
2 homebuyers; adding a new section to chapter 84.36 RCW; creating a new  
3 section; prescribing penalties; and providing a contingent effective  
4 date.

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

6       NEW SECTION.   **Sec. 1.**   The legislature finds that homeownership  
7 rates have fallen for the first time since 1940; that rising house  
8 prices have put homeownership out of the reach of some young families;  
9 that the homeownership rate has declined; and that the rapid increase  
10 in property taxes has become an additional barrier to homeownership for  
11 many potential first-time homebuyers.

12       The legislature further finds that it is in the public interest to  
13 encourage homeownership; that reductions in the annual cost of  
14 homeownership will assist potential first-time homebuyers; and that a

1 program designed to provide a temporary exemption of property taxes  
2 will assist the potential first-time homebuyers of the state.

3 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.36 RCW  
4 to read as follows:

5 (1) A person shall be exempt from any legal obligation to pay a  
6 prorated portion of the amount of excess and regular property taxes  
7 which were or became due and payable in the year in which the claim is  
8 filed, and thereafter exempt from payment of all excess and regular  
9 property taxes for a period of three assessment years in accordance  
10 with all of the following:

11 (a) The property taxes must have been imposed upon a residence  
12 which is owned and occupied as a principal place of residence by the  
13 person claiming the exemption. For purposes of this subsection (1)(a),  
14 residence means a single-family dwelling unit whether such unit be  
15 separate or part of a multi-unit dwelling, including the land on which  
16 such dwelling stands not to exceed one acre. The term shall also  
17 include a share ownership in a cooperative housing association,  
18 corporation, or partnership if the person claiming the exemption can  
19 establish that his or her share represents the specific unit or portion  
20 of such structure in which he or she resides.

21 (b) The purchaser or purchasers must not have had an ownership  
22 interest in the purchaser's or purchasers' principal residence at any  
23 time during the three-year period prior to the filing of the claim for  
24 exemption.

25 (c) The purchase price of the residence shall not exceed ninety  
26 percent of the average purchase price of single-family residences as  
27 determined by the Washington state department of community development.  
28 For purposes of this subsection (1)(c), average purchase price means,  
29 with respect to any residence, the average purchase price of a single-

1 family residence in the statistical area in which the residence is  
2 located, purchased during the most recent twelve-month period for which  
3 statistical information is available.

4 (d) The purchaser's income is at or below one hundred fifteen  
5 percent of the median family income, as determined by the Washington  
6 state department of community development, based on household size, for  
7 the county where the property is located.

8 (2) A claim for exemption under this section shall be filed with  
9 the county assessor within sixty days of purchase and occupation of the  
10 claimant's residence on forms furnished by the county assessor. The  
11 county assessor shall determine whether the claimant qualifies for  
12 exemption and shall notify the claimant of the determination. If the  
13 assessor determines that the claimant does not qualify for exemption,  
14 the notice shall inform the claimant of the reasons for the failure to  
15 qualify and of the right to appeal the assessor's determination to the  
16 county board of equalization within thirty days of the mailing of the  
17 notice to the claimant.

18 (3) The department of revenue shall adopt such rules and  
19 regulations and prescribe such forms as may be necessary and  
20 appropriate for implementation and administration of this section  
21 subject to chapter 34.05 RCW, the administrative procedure act. The  
22 department may conduct such audits of the administration of this  
23 section and the claims for exemption filed hereunder as it considers  
24 necessary. The powers of the department under chapter 84.08 RCW apply  
25 to these audits.

26 (4) Any person signing a false claim with the intent to defraud or  
27 evade the payment of any tax shall be guilty of the offense of perjury.  
28 If the claimant receives an exemption based on erroneous information,  
29 the exemption shall be revoked and taxes shall be collected subject to  
30 penalties provided in RCW 84.40.130.

1        NEW SECTION.    **Sec. 3.**    This act shall take effect upon the  
2 effective date of an amendment to Article VII of the state Constitution  
3 authorizing a property tax exemption for first-time homebuyers, if such  
4 amendment is validly submitted to and approved and ratified by the  
5 voters at the November 1991 general election.    If the proposed  
6 amendment is not so approved and ratified, this act is null and void in  
7 its entirety.