
HOUSE BILL 2639

State of Washington

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By Representatives Wang, Hine, Brumsickle, Horn, Heavey, Van Luven, Appelwick, Silver, Day, Padden, Sheldon, Franklin, Ogden, G. Fisher, Pruitt, Dellwo, Nelson, Haugen, Rasmussen, Spanel and Winsley

Read first time 01/22/92. Referred to Committee on Revenue.

1 AN ACT Relating to property tax exempt eligibility status for
2 nonprofit homes for the aging; amending RCW 84.36.041; and creating new
3 sections.

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

5 **Sec. 1.** RCW 84.36.041 and 1991 sp.s. c 24 s 1 are each amended to
6 read as follows:

7 (1) All real and personal property used by a nonprofit home for the
8 aging that is reasonably necessary for the purposes of the home is
9 exempt from taxation if the benefit of the exemption inures to the home
10 and:

11 (a) At least fifty percent of the occupied dwelling units in the
12 home are occupied by eligible residents; or

13 (b) The home is subsidized under a federal department of housing
14 and urban development program. The department of revenue shall provide

1 by rule a definition of homes eligible for exemption under this
2 subsection (b), consistent with the purposes of this section.

3 (2) A home for the aging is eligible for a partial exemption if the
4 home does not meet the requirements of subsection (1) of this section
5 because fewer than fifty percent of the occupied dwelling units are
6 occupied by eligible residents. The amount of exemption shall be
7 calculated by multiplying the assessed value of the property reasonably
8 necessary for the purposes of the home by a fraction. The numerator of
9 the fraction is the number of dwelling units occupied by eligible
10 persons multiplied by two. The denominator of the fraction is the
11 total number of occupied dwelling units. The fraction shall never
12 exceed one.

13 (3) To be exempt under this section, the property must be used
14 exclusively for the purposes for which the exemption is granted, except
15 as provided in RCW 84.36.805.

16 (4) A home for the aging is exempt from taxation only if the
17 organization operating the home is exempt from income tax under section
18 501(c) of the federal internal revenue code as existing on January 1,
19 1989, or such subsequent date as the director may provide by rule
20 consistent with the purposes of this section.

21 (5) Each eligible resident of a home for the aging shall submit the
22 form required under RCW 84.36.385 to the county assessor by July 1st of
23 the assessment year. An eligible resident who has filed a form for a
24 previous year need not file a new form until there is a change in
25 status affecting the person's eligibility.

26 (6) In determining the true and fair value of a home for the aging
27 for purposes of the partial exemption provided by subsection (2) of
28 this section, the assessor shall apply the computation method provided
29 by RCW 84.34.060 and shall consider only the use to which such property

1 is applied during the years for which such partial exemptions are
2 available and shall not consider potential uses of such property.

3 (7) A home for the aging that was exempt for taxes levied for
4 collection in 1990 and is not fully exempt under this section is
5 entitled to partial exemptions as follows:

6 (a) For taxes levied for collection in 1991 and 1992, two-thirds of
7 the assessed value that would otherwise be subject to tax under this
8 section is exempt from taxation.

9 (b) For taxes levied for collection in 1993, one-third of the
10 assessed value that would otherwise be subject to tax under this
11 section is exempt from taxation.

12 (8) As used in this section:

13 (a) "Eligible resident" means a person who would be eligible for an
14 exemption of (~~regular~~) property taxes under RCW 84.36.381 (1) through
15 (4) if the person owned a single-family dwelling and has a combined
16 disposable income, as defined in RCW 84.36.383, of twenty-two thousand
17 dollars or less. For the purposes of determining eligibility under
18 this section, a "cotenant" as used in RCW 84.36.383 means a person who
19 resides with an eligible resident and who shares personal financial
20 resources with the eligible resident.

21 (b) "Home for the aging" means a residential housing facility that
22 (i) provides a housing arrangement chosen voluntarily by the resident,
23 the resident's guardian or conservator, or another responsible person;
24 (ii) has only residents who are at least sixty-two years of age or who
25 have needs for care generally compatible with persons who are at least
26 sixty-two years of age; and (iii) provides varying levels of care and
27 supervision, as agreed to at the time of admission or as determined
28 necessary at subsequent times of reappraisal.

29 (9) A for-profit home for the aging that converts to nonprofit
30 status after the effective date of this act and would otherwise be

1 eligible for tax exemption under this section may not receive the tax
2 exemption until five years have elapsed since the conversion. The
3 exemption shall then be ratably granted over the next five years.

4 NEW SECTION. Sec. 2. The department of revenue shall conduct
5 a study of the property tax exemption for nonprofit homes for the
6 aging. The study shall be conducted with the assistance of a study
7 committee formed by the department of revenue and composed of
8 representatives from the nonprofit homes for the aging provider
9 community, the county assessors, city officials, and county officials.
10 The department shall submit a report to the house of representatives
11 revenue committee and to the senate ways and means committee by
12 November 30, 1992, that examines the property tax exemption for
13 nonprofit homes for the aging. The study may include issues such as:

14 (1) The impact of the 1989 and 1991 changes to the property tax
15 exemption for homes for the aging.

16 (2) How the nonprofit charitable aspect of the home for the aging
17 should be factored into the calculation of a property tax exemption.

18 (3) What consideration should be given for the traditional role
19 that homes for the aging have played in providing housing, health care,
20 and financial security for the elderly.

21 (4) Whether the incomes of the residents should be a factor in
22 determining the level of property tax exemption.

23 (5) The proper income threshold for calculating property tax relief
24 for homes for the aging.

25 (6) Whether there should be a direct link with the income
26 thresholds in the senior citizen homeowner tax relief program.

27 (7) Whether the exemption should be restructured to provide relief
28 "equivalent" to the senior citizen homeowner program.

1 (8) Whether the tax relief should be provided directly to the
2 resident or to the nonprofit home for the aging.

3 (9) How common areas and personal property should be treated under
4 the property tax.

5 NEW SECTION. **Sec. 3.** The combined disposable income threshold
6 of twenty-two thousand dollars or less contained in section 1 of this
7 act shall be effective for taxes levied for collection in 1993 and
8 thereafter.