

2 **EHB 2670** - CONF REPT
3 By Conference Committee

4 ADOPTED W/ADDENDUM TO PAGE 4, AFTER LINE 36 - 3/14/94

5 Strike everything after the enacting clause and insert the
6 following:

7 "Sec. 1. RCW 84.36.381 and 1993 c 178 s 1 are each amended to read
8 as follows:

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

13 (1) The property taxes must have been imposed upon a residence
14 which was occupied by the person claiming the exemption as a principal
15 place of residence as of ((January 1st of the year for which the
16 exemption is claimed)) the time of filing: PROVIDED, That any person
17 who sells, transfers, or is displaced from his or her residence may
18 transfer his or her exemption status to a replacement residence, but no
19 claimant shall receive an exemption on more than one residence in any
20 year: PROVIDED FURTHER, That confinement of the person to a hospital
21 or nursing home shall not disqualify the claim of exemption if:

22 (a) The residence is temporarily unoccupied;
23 (b) The residence is occupied by a spouse and/or a person
24 financially dependent on the claimant for support; or

25 (c) The residence is rented for the purpose of paying nursing home
26 or hospital costs;

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

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

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

26 (5)(a) A person who otherwise qualifies under this section and has
27 a combined disposable income of ((twenty-six)) twenty-eight thousand
28 dollars or less shall be exempt from all excess property taxes; and

29 (b)(i) A person who otherwise qualifies under this section and has
30 a combined disposable income of eighteen thousand dollars or less but
31 greater than fifteen thousand dollars shall be exempt from all regular
32 property taxes on the greater of thirty thousand dollars or thirty
33 percent of the valuation of his or her residence, but not to exceed
34 fifty thousand dollars of the valuation of his or her residence; or

35 (ii) A person who otherwise qualifies under this section and has a
36 combined disposable income of fifteen thousand dollars or less shall be
37 exempt from all regular property taxes on the greater of thirty-four
38 thousand dollars or fifty percent of the valuation of his or her
39 residence.

1 (6) For a person who otherwise qualifies under this section and has
2 a combined disposable income of twenty-eight thousand dollars or less,
3 the taxable value of the residence shall not exceed the lesser of (a)
4 the assessed value of the residence as reduced by the exemption under
5 subsection (5) of this section, if any, or (b) the taxable value of the
6 residence for the previous year, increased by the inflation factor for
7 the assessment year. For counties that do not revalue property
8 annually, the amount under (b) of this subsection shall be the previous
9 taxable value increased by the inflation factor for each assessment
10 year since the previous revaluation of the residence. As used in this
11 section, "inflation factor" means the percentage change used by the
12 federal government in adjusting social security payments for inflation
13 at the beginning of each year. The department shall provide inflation
14 factors to the county assessors annually.

15 **Sec. 2.** RCW 84.36.383 and 1991 c 213 s 4 are each amended to read
16 as follows:

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

19 (1) The term "residence" shall mean a single family dwelling unit
20 whether such unit be separate or part of a multiunit dwelling,
21 including the land on which such dwelling stands not to exceed one
22 acre. The term shall also include a share ownership in a cooperative
23 housing association, corporation, or partnership if the person claiming
24 exemption can establish that his or her share represents the specific
25 unit or portion of such structure in which he or she resides. The term
26 shall also include a single family dwelling situated upon lands the fee
27 of which is vested in the United States or any instrumentality thereof
28 including an Indian tribe or in the state of Washington, and
29 notwithstanding the provisions of RCW 84.04.080((–)) and 84.04.090 ((or
30 84.40.250)), such a residence shall be deemed real property.

31 (2) The term "real property" shall also include a mobile home which
32 has substantially lost its identity as a mobile unit by virtue of its
33 being fixed in location upon land owned or leased by the owner of the
34 mobile home and placed on a foundation (posts or blocks) with fixed
35 pipe, connections with sewer, water, or other utilities: PROVIDED,
36 That a mobile home located on land leased by the owner of the mobile
37 home shall be subject, for tax billing, payment, and collection

1 purposes, only to the personal property provisions of chapter 84.56 RCW
2 and RCW 84.60.040.

3 ~~((The term "preceding calendar year" shall mean the calendar~~
4 ~~year preceding the year in which the claim for exemption is to be made.~~

5 ~~((4)))~~ "Department" shall mean the state department of revenue.

6 ~~((+5)))~~ ~~(4)~~ "Combined disposable income" means the disposable
7 income of the person claiming the exemption, plus the disposable income
8 of his or her spouse, and the disposable income of each cotenant
9 occupying the residence for the ~~((preceding calendar))~~ assessment year,
10 less amounts paid by the person claiming the exemption or his or her
11 spouse during the ~~((previous))~~ assessment year for the treatment or
12 care of either person received in the home or in a nursing home.

13 ~~((+6)))~~ ~~(5)~~ "Disposable income" means adjusted gross income as
14 defined in the federal internal revenue code, as amended prior to
15 January 1, 1989, or such subsequent date as the director may provide by
16 rule consistent with the purpose of this section, plus all of the
17 following items to the extent they are not included in or have been
18 deducted from adjusted gross income:

19 (a) Capital gains, other than nonrecognized gain on the sale of a
20 principal residence under section 1034 of the federal internal revenue
21 code, or gain excluded from income under section 121 of the federal
22 internal revenue code to the extent it is reinvested in a new principal
23 residence;

24 (b) Amounts deducted for loss;

25 (c) Amounts deducted for depreciation;

26 (d) Pension and annuity receipts;

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

29 (f) Veterans benefits other than attendant-care and medical-aid
30 payments;

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

32 (h) Dividend receipts; and

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

34 ~~((+7)))~~ ~~(6)~~ "Cotenant" means a person who resides with the person
35 claiming the exemption and who has an ownership interest in the
36 residence.

37 NEW SECTION. **Sec. 3.** This act shall take effect on July 1st of
38 the year in which specific funding for the administrative costs

1 associated with this act, referencing this act by bill or session law
2 number, is provided in an appropriations act, and this act shall be
3 effective for taxes levied for collection in the year following the
4 year in which the funding is provided, and thereafter."

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7 ADOPTED 3/14/94

8 On page 1, line 2 of the title, after "disability;" strike the
9 remainder of the title and insert "amending RCW 84.36.381 and
10 84.36.383; and providing a contingent effective date."

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