

CERTIFICATION OF ENROLLMENT

**ENGROSSED HOUSE BILL 2670**

Chapter 8, Laws of 1994  
CHAPTER NO. CORRECTED

53rd Legislature  
1994 First Special Session

PROPERTY TAX RELIEF FOR SENIOR CITIZENS  
AND DISABILITY RETIREES

EFFECTIVE DATE: July 1st of the year in which specific funding is provided.

Passed by the House March 14, 1994  
Yeas 82 Nays 8

BRIAN EBERSOLE

**Speaker of the  
House of Representatives**

Passed by the Senate March 14, 1994  
Yeas 37 Nays 7

JOEL PRITCHARD

**President of the Senate**

Approved April 6, 1994

MIKE LOWRY

**Governor of the State of Washington**

CERTIFICATE

I, Marilyn Showalter, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED HOUSE BILL 2670** as passed by the House of Representatives and the Senate on the dates hereon set forth.

MARILYN SHOWALTER

**Chief Clerk**

FILED

April 6, 1994 - 2:40 p.m.

**Secretary of State  
State of Washington**

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ENGROSSED HOUSE BILL 2670

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AS RECOMMENDED BY THE CONFERENCE COMMITTEE

Passed Legislature - 1994 1st Special Session

State of Washington                      53rd Legislature    1994 1st Special Session

By Representatives G. Fisher, Foreman, Roland, Kessler, Shin, Campbell, Lemmon, Bray, R. Meyers, Basich, Johanson, Pruitt, Holm, Ogden, Sheldon, Caver, Quall, Jacobsen, Scott, Jones, Finkbeiner, Dellwo, H. Myers, Kremen, Conway, King, Rayburn, J. Kohl, L. Johnson and Anderson

Read first time 01/19/94. Referred to Committee on Revenue.

1            AN ACT Relating to property tax relief for senior citizens and  
2 persons retired by reason of physical disability; amending RCW  
3 84.36.381 and 84.36.383; and providing a contingent effective date.

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

5            **Sec. 1.** RCW 84.36.381 and 1993 c 178 s 1 are each amended to read  
6 as follows:

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

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

1 (a) The residence is temporarily unoccupied;

2 (b) The residence is occupied by a spouse and/or a person  
3 financially dependent on the claimant for support; or

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

6 (2) The person claiming the exemption must have owned, at the time  
7 of filing, in fee, as a life estate, or by contract purchase, the  
8 residence on which the property taxes have been imposed or if the  
9 person claiming the exemption lives in a cooperative housing  
10 association, corporation, or partnership, such person must own a share  
11 therein representing the unit or portion of the structure in which he  
12 or she resides. For purposes of this subsection, a residence owned by  
13 a marital community or owned by cotenants shall be deemed to be owned  
14 by each spouse or cotenant, and any lease for life shall be deemed a  
15 life estate;

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

24 (4) The amount that the person shall be exempt from an obligation  
25 to pay shall be calculated on the basis of combined disposable income,  
26 as defined in RCW 84.36.383. If the person claiming the exemption was  
27 retired for two months or more of the (~~preceding~~) assessment year,  
28 the combined disposable income of such person shall be calculated by  
29 multiplying the average monthly combined disposable income of such  
30 person during the months such person was retired by twelve. If the  
31 income of the person claiming exemption is reduced for two or more  
32 months of the (~~preceding~~) assessment year by reason of the death of  
33 the person's spouse, or when other substantial changes occur in  
34 disposable income that are likely to continue for an indefinite period  
35 of time, the combined disposable income of such person shall be  
36 calculated by multiplying the average monthly combined disposable  
37 income of such person after (~~the death of the spouse~~) such  
38 occurrences by twelve. If it is necessary to estimate income to comply

1 with this subsection, the assessor may require confirming documentation  
2 of such income prior to May 31 of the year following application.

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

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

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

17 (6) For a person who otherwise qualifies under this section and has  
18 a combined disposable income of twenty-eight thousand dollars or less,  
19 the taxable value of the residence shall not exceed the lesser of (a)  
20 the assessed value of the residence as reduced by the exemption under  
21 subsection (5) of this section, if any, or (b) the taxable value of the  
22 residence for the previous year, increased by the inflation factor for  
23 the assessment year. For counties that do not revalue property  
24 annually, the amount under (b) of this subsection shall be the previous  
25 taxable value increased by the inflation factor for each assessment  
26 year since the previous revaluation of the residence. As used in this  
27 section, "inflation factor" means the percentage change used by the  
28 federal government in adjusting social security payments for inflation  
29 at the beginning of each year. The department shall provide inflation  
30 factors to the county assessors annually.

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

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

35 (1) The term "residence" shall mean a single family dwelling unit  
36 whether such unit be separate or part of a multiunit dwelling,  
37 including the land on which such dwelling stands not to exceed one  
38 acre. The term shall also include a share ownership in a cooperative

1 housing association, corporation, or partnership if the person claiming  
2 exemption can establish that his or her share represents the specific  
3 unit or portion of such structure in which he or she resides. The term  
4 shall also include a single family dwelling situated upon lands the fee  
5 of which is vested in the United States or any instrumentality thereof  
6 including an Indian tribe or in the state of Washington, and  
7 notwithstanding the provisions of RCW 84.04.080(~~(7)~~) and 84.04.090 (~~(or~~  
8 ~~84.40.250)~~), such a residence shall be deemed real property.

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

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

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

21 (~~((5))~~) (4) "Combined disposable income" means the disposable  
22 income of the person claiming the exemption, plus the disposable income  
23 of his or her spouse, and the disposable income of each cotenant  
24 occupying the residence for the (~~(preceding calendar)~~) assessment year,  
25 less amounts paid by the person claiming the exemption or his or her  
26 spouse during the (~~(previous)~~) assessment year for the treatment or  
27 care of either person received in the home or in a nursing home.

28 (~~((6))~~) (5) "Disposable income" means adjusted gross income as  
29 defined in the federal internal revenue code, as amended prior to  
30 January 1, 1989, or such subsequent date as the director may provide by  
31 rule consistent with the purpose of this section, plus all of the  
32 following items to the extent they are not included in or have been  
33 deducted from adjusted gross income:

34 (a) Capital gains, other than nonrecognized gain on the sale of a  
35 principal residence under section 1034 of the federal internal revenue  
36 code, or gain excluded from income under section 121 of the federal  
37 internal revenue code to the extent it is reinvested in a new principal  
38 residence;

39 (b) Amounts deducted for loss;

- 1 (c) Amounts deducted for depreciation;
- 2 (d) Pension and annuity receipts;
- 3 (e) Military pay and benefits other than attendant-care and
- 4 medical-aid payments;
- 5 (f) Veterans benefits other than attendant-care and medical-aid
- 6 payments;
- 7 (g) Federal social security act and railroad retirement benefits;
- 8 (h) Dividend receipts; and
- 9 (i) Interest received on state and municipal bonds.

10 (~~(7)~~) (6) "Cotenant" means a person who resides with the person  
11 claiming the exemption and who has an ownership interest in the  
12 residence.

13 NEW SECTION. **Sec. 3.** This act shall take effect on July 1st of  
14 the year in which specific funding for the administrative costs  
15 associated with this act, referencing this act by bill or session law  
16 number, is provided in an appropriations act, and this act shall be  
17 effective for taxes levied for collection in the year following the  
18 year in which the funding is provided, and thereafter.

Passed the House March 14, 1994.  
Passed the Senate March 14, 1994.  
Approved by the Governor April 6, 1994.  
Filed in Office of Secretary of State April 6, 1994.