
SENATE BILL 5753

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By Senators Fraser, Winsley, Sheldon, Fairley, Quigley, McAuliffe, Haugen, Sutherland, Bauer, Spanel, Prentice, Snyder and Rasmussen

Read first time 02/03/95. Referred to Committee on Ways & Means.

1 AN ACT Relating to the deferral of property taxes; adding a new
2 chapter to Title 84 RCW; and providing a contingent effective date.

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

4 NEW SECTION. **Sec. 1.** With the rapid rise in residential property
5 values, it has become increasingly difficult for many homeowners to pay
6 the increased taxes resulting from this rise in valuation. The
7 legislature intends to allow persons to defer payment of property taxes
8 on their principal residences to the extent that the taxes exceed the
9 increase in inflation. This deferral program is intended to assist
10 persons in maintaining their homes by easing the increases in tax.

11 NEW SECTION. **Sec. 2.** Unless the context clearly requires
12 otherwise, the definitions in this section apply throughout this
13 chapter.

14 (1) "Claimant" means a person who elects to defer payment of the
15 real property taxes accrued on his or her residence by filing a
16 declaration to defer as provided in this chapter. When two or more
17 individuals of a household file or seek to file a declaration to defer,
18 they may determine between them as to who is the claimant.

1 (2) "Cotenant" means a person who resides with the claimant and who
2 has an ownership interest in the residence.

3 (3) "Department" means the state department of revenue.

4 (4) "Equity value" means the amount by which the fair market value
5 of a residence as determined from the records of the county assessor
6 exceeds the total amount of any liens or other obligations against the
7 property.

8 (5) "Inflation" means the change in the consumer price index for
9 all urban consumers for the Seattle, Washington area, all items, as
10 compiled by the bureau of labor statistics, United States department of
11 labor for the year prior to the year the property taxes are due.

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

20 (7) "Real property taxes" means ad valorem property taxes levied on
21 a residence in this state in the preceding calendar year.

22 (8) "Residence" means a single-family dwelling unit whether such
23 unit be separate or part of a multiunit dwelling, including the land on
24 which such dwelling stands not to exceed one acre. The term also
25 includes a single-family dwelling situated upon lands the fee of which
26 is vested in the United States or any instrumentality thereof including
27 an Indian tribe or in the state of Washington, and notwithstanding RCW
28 84.04.080 and 84.04.090, such a residence shall be deemed real
29 property.

30 NEW SECTION. **Sec. 3.** (1) A claimant may defer that portion of the
31 increase in real property taxes on the claimant's principal residence
32 from the previous year that exceed inflation for the previous year. In
33 determining the amount of taxes that are eligible for deferral under
34 this chapter, any increase in tax due to physical improvements made to
35 the property since the previous assessment shall not be considered in
36 the year in which improvements are made.

37 (2) Deferral of taxes under this chapter is subject to the
38 following conditions:

1 (a) The claimant must have owned, at the time of filing, the
2 residence on which the real property taxes have been imposed. For
3 purposes of this subsection, a residence owned by a marital community
4 or owned by cotenants shall be deemed to be owned by each spouse or
5 cotenant. A claimant who has only a share ownership in cooperative
6 housing, a life estate, a lease for life, or a revocable trust does not
7 satisfy the ownership requirement.

8 (b) The property taxes must have been imposed upon a residence
9 which was occupied by the claimant as a principal place of residence.

10 (c) A deferral is not allowed for taxes levied in the first full
11 calendar year in which the person owns the residence.

12 (d) A deferral is not allowed under this section before the
13 residence has been valued or revalued to true and fair value once after
14 December 31, 1995, in accordance with the approved revaluation cycle
15 for the county.

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

22 (f) The total amount of taxes deferred, including interest thereon,
23 must not exceed eighty percent of the claimant's equity value in the
24 residence.

25 NEW SECTION. **Sec. 4.** (1) A claimant electing to defer payment of
26 real property tax obligations under this chapter shall file with the
27 county assessor, on forms prescribed by the department and supplied by
28 the assessor, a written declaration thereof. The declaration to defer
29 real property taxes for a year shall be filed no later than thirty days
30 before the tax is due. The department may waive this requirement for
31 good cause.

32 (2) The declaration shall designate the property to which the
33 deferral applies and shall include a statement setting forth: (a) A
34 list of all members of the claimant's household who have an ownership
35 interest in the residence; (b) the claimant's equity value in the
36 residence; and (c) any other relevant information required by the rules
37 of the department. The claimant shall sign each copy, subject to the
38 penalties for false swearing under RCW 9A.72.040.

1 (3) The county assessor shall determine if each claimant shall be
2 granted a deferral for each year, but the claimant is entitled to
3 appeal this determination to the county board of equalization whose
4 decision shall be final as to the deferral of that year.

5 NEW SECTION. **Sec. 5.** A duly authorized agent or a guardian or
6 other person charged with care of the person or property of a claimant
7 may make a declaration of deferral.

8 NEW SECTION. **Sec. 6.** If the claimant declaring his or her
9 intention to defer real property taxes under this chapter ceases to
10 reside permanently on the property for which the declaration to defer
11 is made between the date of filing the declaration and December 15th of
12 that year, the deferral otherwise allowable under this chapter shall
13 not be allowed for that claimant. However, this section does not apply
14 where the claimant dies, leaving a surviving spouse, or other cotenant,
15 who would have qualified for the deferral and who elects to continue
16 the deferral.

17 NEW SECTION. **Sec. 7.** If a residence is under mortgage or purchase
18 contract requiring accumulation of reserves out of which the holder of
19 the mortgage or contract is required to pay real estate taxes, the
20 holder shall cosign the declaration of deferral either before a notary
21 public or the county assessor or the county assessor's deputy in the
22 county where the real property is located.

23 NEW SECTION. **Sec. 8.** Whenever a person's real property taxes are
24 deferred under this chapter, the amount deferred and required to be
25 paid under section 11 of this act shall become a lien in favor of the
26 state upon his or her property and shall have priority as provided in
27 chapters 35.50 and 84.60 RCW: PROVIDED, That the interest of a
28 mortgage or purchase contract holder who is required to cosign a
29 declaration of deferral under section 7 of this act shall have priority
30 to the deferred lien. This lien may accumulate up to eighty percent of
31 the amount of the claimant's equity value in the property and shall
32 bear interest from the time it could have been paid before delinquency
33 until the obligation is paid. The rate of interest shall be variable
34 and shall be computed as provided in RCW 82.32.050(2).

1 In the case of a mobile home, the department of licensing shall
2 show the state's lien on the certificate of ownership for the mobile
3 home. In the case of all other property, the department of revenue
4 shall file a notice of the deferral with the county recorder or
5 auditor.

6 NEW SECTION. **Sec. 9.** The county assessor shall:

7 (1) Immediately transmit one copy of each declaration to defer to
8 the department. The department may audit any declaration and shall
9 notify the assessor as soon as possible of any claim where any factor
10 appears to disqualify the claimant for the deferral sought;

11 (2) Compute the dollar tax rate for the county as if any deferrals
12 provided by this chapter did not exist;

13 (3) As soon as possible notify the department and the treasurers of
14 the affected taxing district of the amount of real property taxes
15 deferred for that year.

16 NEW SECTION. **Sec. 10.** The county legislative authority may, by
17 ordinance, impose a fee to be collected by the county assessor to cover
18 the costs of implementing this chapter.

19 NEW SECTION. **Sec. 11.** Real property tax obligations deferred
20 under this chapter shall become payable together with interest as
21 provided in section 8 of this act:

22 (1) Upon the sale of property which has a deferred real property
23 tax lien upon it;

24 (2) Upon the death of the claimant with an outstanding deferred
25 real property tax lien, except as provided in section 13 of this act;

26 (3) Upon the condemnation of property with a deferred real property
27 tax lien upon it by a public or private body exercising eminent domain
28 power, except as otherwise provided in RCW 84.60.070;

29 (4) At such time as the claimant ceases to reside permanently in
30 the residence upon which the deferral has been granted; or

31 (5) Upon the failure of any condition set forth in section 3(2) of
32 this act.

33 NEW SECTION. **Sec. 12.** (1) The county treasurer shall collect all
34 the amounts deferred together with interest under this chapter, in the
35 manner provided for in chapter 84.56 RCW. For purposes of collection

1 of deferred taxes, the provisions of chapters 84.56, 84.60, and 84.64
2 RCW shall be applicable.

3 (2) When any deferred real property taxes together with interest
4 are collected the moneys shall be credited to a special account in the
5 county treasury.

6 (3) The county treasurer shall remit the amounts, equivalent to the
7 amount of real property taxes deferred plus interest, within thirty
8 days of the date of collection to the treasurers of the taxing
9 districts which levied the taxes so deferred. State taxes and interest
10 shall be remitted to the department within thirty days from the date of
11 collection. The department shall deposit the deferred taxes and
12 interest in the state general fund.

13 NEW SECTION. **Sec. 13.** (1) Upon the death of the claimant, a
14 surviving spouse of the claimant or other cotenant may elect to
15 continue the property in its deferred tax status if the property is the
16 residence of the spouse or cotenant and the spouse or cotenant elects
17 to continue the deferral.

18 (2) The election under this section to continue the property in its
19 deferred status shall be filed in the same manner as an original claim
20 for deferral is filed under this chapter, not later than ninety days
21 from the date of the claimant's death. Thereupon, the property with
22 respect to which the deferral of real property taxes is claimed shall
23 continue to be treated as deferred property.

24 NEW SECTION. **Sec. 14.** A person may at any time pay a part or all
25 of the deferred taxes, but the payment shall not affect the deferred
26 tax status of the property.

27 NEW SECTION. **Sec. 15.** Nothing in this chapter is intended to
28 prevent the collection, by foreclosure, of personal property taxes
29 which become a lien against tax-deferred property.

30 NEW SECTION. **Sec. 16.** The department shall design forms and adopt
31 rules under chapter 34.05 RCW to administer this chapter.

32 NEW SECTION. **Sec. 17.** Sections 1 through 16 of this act shall
33 constitute a new chapter in Title 84 RCW.

1 NEW SECTION. **Sec. 18.** This act shall take effect on January 1,
2 1995, if the proposed amendment to Article VII of the state
3 Constitution (SJR --) (S-1236.2/95) is validly submitted to and is
4 approved and ratified by the voters at a general election held in
5 November, 1995. If the proposed amendment is not so approved and
6 ratified, this act shall be null and void in its entirety.

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