

SHB 1976 - S COMM AMD

By Committee on Ways & Means

1 Strike everything after the enacting clause and insert the  
2 following:

3 "Sec. 1. RCW 84.36.379 and 2000 c 103 s 25 are each amended to  
4 read as follows:

5 The legislature finds that the property tax exemption authorized by  
6 Article VII, section 10 of the state Constitution should be made  
7 available on the basis of a veteran's widow or widower or retired  
8 person's ability to pay property taxes. The legislature further finds  
9 that the best measure of a (~~retired~~) person's ability to pay taxes is  
10 that person's disposable income as defined in RCW 84.36.383.

11 NEW SECTION. Sec. 2. A new section is added to chapter 84.36 RCW  
12 to read as follows:

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

17 (1) The property taxes must have been imposed upon a residence  
18 which was occupied by a veteran's widow or widower claiming the  
19 exemption as a principal place of residence as of the time of filing.  
20 Any person who sells, transfers, or is displaced from his or her  
21 residence may transfer his or her exemption status to a replacement  
22 residence, but no claimant shall receive an exemption on more than one  
23 residence in any year. Confinement of the person to a hospital or  
24 nursing home shall not disqualify the claim of exemption if:

25 (a) The residence is temporarily unoccupied;

26 (b) The residence is occupied by a person financially dependent on  
27 the claimant for support; or

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

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

10 (3)(a) The person claiming the exemption must be:

11 (i) Sixty-one years of age or older on December 31st of the year in  
12 which the exemption claim is filed, or must have been, at the time of  
13 filing, retired from regular gainful employment by reason of physical  
14 disability; and

15 (ii) A widow or widower of a veteran who:

16 (A) Died as a result of a service-connected disability;

17 (B) Was rated as one hundred percent disabled by the United States  
18 veterans' administration for the ten years prior to his or her death;

19 (C) Was a former prisoner of war as substantiated by the United  
20 States veterans' administration and was rated as one hundred percent  
21 disabled by the United States veterans' administration for one or more  
22 years prior to his or her death; or

23 (D) Died in active training status as a member of the United States  
24 reserves or national guard;

25 (b) The person claiming the exemption must not have remarried;

26 (4) The amount of property taxes from which the person is exempt  
27 shall be calculated on the basis of disposable income, as defined in  
28 RCW 84.36.383. If the income of the person claiming exemption is  
29 reduced for two or more months of the assessment year due to  
30 substantial changes that are likely to continue for an indefinite  
31 period of time, the disposable income of the person shall be calculated  
32 by multiplying the average monthly disposable income of the person  
33 after such occurrences by twelve. If it is necessary to estimate  
34 income to comply with this subsection, the assessor may require  
35 confirming documentation of such income prior to May 31st of the year  
36 following application;

37 (5)(a) A person who otherwise qualifies under this section and has  
38 a disposable income of thirty-two thousand dollars or less is exempt

1 from all regular and excess property taxes on the first two hundred  
2 thousand dollars of assessed value;

3 (b) A person who otherwise qualifies under this section and has a  
4 disposable income of forty thousand dollars or less but greater than  
5 thirty two thousand dollars is exempt from all regular and excess  
6 property taxes on the first one hundred fifty thousand dollars of  
7 assessed value;

8 (c) A person who otherwise qualifies under this section and has a  
9 disposable income of fifty thousand dollars or less but greater than  
10 forty thousand dollars is exempt from all regular and excess property  
11 taxes on the first one hundred thousand dollars of assessed value; and

12 (6) For a person who otherwise qualifies under this section and has  
13 a disposable income of fifty thousand dollars or less, the valuation of  
14 the residence shall be the assessed value of the residence on the later  
15 of January 1, 2004, or January 1st of the assessment year in which the  
16 person first qualifies under this section. If the person subsequently  
17 fails to qualify under this section only for one year because of high  
18 income, this same valuation shall be used upon requalification. If the  
19 person fails to qualify for more than one year in succession because of  
20 high income or fails to qualify for any other reason, the valuation  
21 upon requalification shall be the assessed value on January 1st of the  
22 assessment year in which the person requalifies. If the person  
23 transfers the exemption under this section to a different residence,  
24 the valuation of the different residence shall be the assessed value of  
25 the different residence on January 1st of the assessment year in which  
26 the person transfers the exemption.

27 In no event may the valuation under this subsection be greater than  
28 the true and fair value of the residence on January 1st of the  
29 assessment year.

30 This subsection does not apply to subsequent improvements to the  
31 property in the year in which the improvements are made. Subsequent  
32 improvements to the property shall be added to the value otherwise  
33 determined under this subsection at their true and fair value in the  
34 year in which they are made.

35 (7) No person may claim an exemption under this section if the  
36 person also claims an exemption under RCW 84.36.381.

37 **Sec. 3.** RCW 84.36.383 and 1999 c 358 s 18 are each amended to read  
38 as follows:

1 As used in RCW 84.36.381 through 84.36.389 and section 2 of this  
2 act, except where the context clearly indicates a different meaning:

3 (1) The term "residence" means a single family dwelling unit  
4 whether such unit be separate or part of a multiunit dwelling,  
5 including the land on which such dwelling stands not to exceed one  
6 acre. The term shall also include a share ownership in a cooperative  
7 housing association, corporation, or partnership if the person claiming  
8 exemption can establish that his or her share represents the specific  
9 unit or portion of such structure in which he or she resides. The term  
10 shall also include a single family dwelling situated upon lands the fee  
11 of which is vested in the United States or any instrumentality thereof  
12 including an Indian tribe or in the state of Washington, and  
13 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a  
14 residence shall be deemed real property.

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

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

24 (4) "Combined disposable income" means the disposable income of the  
25 person claiming the exemption, plus the disposable income of his or her  
26 spouse, and the disposable income of each cotenant occupying the  
27 residence for the assessment year, less amounts paid by the person  
28 claiming the exemption or his or her spouse during the assessment year  
29 for:

30 (a) Drugs supplied by prescription of a medical practitioner  
31 authorized by the laws of this state or another jurisdiction to issue  
32 prescriptions; and

33 (b) The treatment or care of either person received in the home or  
34 in a nursing home.

35 (5) "Disposable income" means adjusted gross income as defined in  
36 the federal internal revenue code, as amended prior to January 1, 1989,  
37 or such subsequent date as the director may provide by rule consistent  
38 with the purpose of this section, plus all of the following items to

1 the extent they are not included in or have been deducted from adjusted  
2 gross income:

3 (a) Capital gains, other than gain excluded from income under  
4 section 121 of the federal internal revenue code to the extent it is  
5 reinvested in a new principal residence;

6 (b) Amounts deducted for loss;

7 (c) Amounts deducted for depreciation;

8 (d) Pension and annuity receipts;

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

11 (f) Veterans benefits other than attendant-care and medical-aid  
12 payments;

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

14 (h) Dividend receipts; and

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

16 (6) "Cotenant" means a person who resides with the person claiming  
17 the exemption and who has an ownership interest in the residence.

18 (7) "Veteran" has the same meaning as provided under RCW 41.04.005.

19 **Sec. 4.** RCW 84.36.385 and 2001 c 185 s 8 are each amended to read  
20 as follows:

21 (1) A claim for exemption under RCW 84.36.381 or section 2 of this  
22 act as now or hereafter amended, shall be made and filed at any time  
23 during the year for exemption from taxes payable the following year and  
24 thereafter and solely upon forms as prescribed and furnished by the  
25 department of revenue. However, an exemption from tax under RCW  
26 84.36.381 or section 2 of this act shall continue for no more than four  
27 years unless a renewal application is filed as provided in subsection  
28 (3) of this section. The county assessor may also require, by written  
29 notice, a renewal application following an amendment of the income  
30 requirements set forth in RCW 84.36.381 or section 2 of this act.  
31 Renewal applications shall be on forms prescribed and furnished by the  
32 department of revenue.

33 (2) A person granted an exemption under RCW 84.36.381 or section 2  
34 of this act shall inform the county assessor of any change in status  
35 affecting the person's entitlement to the exemption on forms prescribed  
36 and furnished by the department of revenue.

37 (3) Each person exempt from taxes under RCW 84.36.381 (~~in 1993 and~~  
38 ~~thereafter,~~) or section 2 of this act shall file with the county

1 assessor a renewal application not later than December 31 of the year  
2 the assessor notifies such person of the requirement to file the  
3 renewal application.

4 (4)(a) An application for exemption under section 2 of this act  
5 must be accompanied by the following documentation to substantiate the  
6 request for the exemption and any other documentation required by the  
7 county in which the exemption is sought:

8 (i) The deceased veteran's DD 214 report of separation, or its  
9 equivalent, that must be under honorable conditions;

10 (ii) A copy of the applicant's certificate of marriage to the  
11 deceased;

12 (iii) A copy of the deceased veteran's death certificate; and

13 (iv) A letter from the United States veterans' administration  
14 certifying that the death of the veteran meets the requirements of  
15 section 2(3) of this act.

16 (b) The Washington state department of veterans affairs shall  
17 assist an eligible widow or widower in the preparation and submission  
18 of an application and the procurement of necessary substantiating  
19 documentation to satisfy the pertinent county assessor's or other  
20 designated official's requirements for obtaining the property tax  
21 exemption under section 2 of this act.

22 (5) Beginning in 1992 and in each of the three succeeding years,  
23 the county assessor shall notify approximately one-fourth of those  
24 persons exempt from taxes under RCW 84.36.381 or section 2 of this act  
25 in the current year who have not filed a renewal application within the  
26 previous four years, of the requirement to file a renewal application.

27 ~~((+5))~~ (6) If the assessor finds that the applicant does not meet  
28 the qualifications as set forth in RCW 84.36.381 or section 2 of this  
29 act, as now or hereafter amended, the claim or exemption shall be  
30 denied but such denial shall be subject to appeal under the provisions  
31 of RCW 84.48.010(5) and in accordance with the provisions of RCW  
32 84.40.038. If the applicant had received exemption in prior years  
33 based on erroneous information, the taxes shall be collected subject to  
34 penalties as provided in RCW 84.40.130 for a period of not to exceed  
35 three years.

36 ~~((+6))~~ (7) The department and each local assessor is hereby  
37 directed to publicize the qualifications and manner of making claims  
38 under RCW 84.36.381 through 84.36.389 and section 2 of this act,  
39 through communications media, including such paid advertisements or

1 notices as it deems appropriate. Notice of the qualifications, method  
2 of making applications, the penalties for not reporting a change in  
3 status, and availability of further information shall be included on or  
4 with property tax statements and revaluation notices for all  
5 residential property including mobile homes, except rental properties.

6 **Sec. 5.** RCW 84.36.387 and 1992 c 206 s 14 are each amended to read  
7 as follows:

8 (1) All claims for exemption shall be made and signed by the person  
9 entitled to the exemption, by his or her attorney in fact or in the  
10 event the residence of such person is under mortgage or purchase  
11 contract requiring accumulation of reserves out of which the holder of  
12 the mortgage or contract is required to pay real estate taxes, by such  
13 holder or by the owner, either before two witnesses or the county  
14 assessor or his deputy in the county where the real property is  
15 located: PROVIDED, That if a claim for exemption is made by a person  
16 living in a cooperative housing association, corporation, or  
17 partnership, such claim shall be made and signed by the person entitled  
18 to the exemption and by the authorized agent of such cooperative.

19 (2) If the taxpayer is unable to submit his own claim, the claim  
20 shall be submitted by a duly authorized agent or by a guardian or other  
21 person charged with the care of the person or property of such  
22 taxpayer.

23 (3) All claims for exemption and renewal applications shall be  
24 accompanied by such documented verification of income as shall be  
25 prescribed by rule adopted by the department of revenue.

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 (5) The tax liability of a cooperative housing association,  
29 corporation, or partnership shall be reduced by the amount of tax  
30 exemption to which a claimant residing therein is entitled and such  
31 cooperative shall reduce any amount owed by the claimant to the  
32 cooperative by such exact amount of tax exemption or, if no amount be  
33 owed, the cooperative shall make payment to the claimant of such exact  
34 amount of exemption.

35 (6) A remainderman or other person who would have otherwise paid  
36 the tax on real property that is the subject of an exemption granted  
37 under RCW 84.36.381 or section 2 of this act for an estate for life  
38 shall reduce the amount which would have been payable by the life

1 tenant to the remainderman or other person to the extent of the  
2 exemption. If no amount is owed or separately stated as an obligation  
3 between these persons, the remainderman or other person shall make  
4 payment to the life tenant in the exact amount of the exemption.

5 **Sec. 6.** RCW 84.36.387 and 2003 c 53 s 408 are each amended to read  
6 as follows:

7 (1) All claims for exemption shall be made and signed by the person  
8 entitled to the exemption, by his or her attorney in fact or in the  
9 event the residence of such person is under mortgage or purchase  
10 contract requiring accumulation of reserves out of which the holder of  
11 the mortgage or contract is required to pay real estate taxes, by such  
12 holder or by the owner, either before two witnesses or the county  
13 assessor or his or her deputy in the county where the real property is  
14 located: PROVIDED, That if a claim for exemption is made by a person  
15 living in a cooperative housing association, corporation, or  
16 partnership, such claim shall be made and signed by the person entitled  
17 to the exemption and by the authorized agent of such cooperative.

18 (2) If the taxpayer is unable to submit his or her own claim, the  
19 claim shall be submitted by a duly authorized agent or by a guardian or  
20 other person charged with the care of the person or property of such  
21 taxpayer.

22 (3) All claims for exemption and renewal applications shall be  
23 accompanied by such documented verification of income as shall be  
24 prescribed by rule adopted by the department of revenue.

25 (4) Any person signing a false claim with the intent to defraud or  
26 evade the payment of any tax is guilty of perjury under chapter 9A.72  
27 RCW.

28 (5) The tax liability of a cooperative housing association,  
29 corporation, or partnership shall be reduced by the amount of tax  
30 exemption to which a claimant residing therein is entitled and such  
31 cooperative shall reduce any amount owed by the claimant to the  
32 cooperative by such exact amount of tax exemption or, if no amount be  
33 owed, the cooperative shall make payment to the claimant of such exact  
34 amount of exemption.

35 (6) A remainderman or other person who would have otherwise paid  
36 the tax on real property that is the subject of an exemption granted  
37 under RCW 84.36.381 or section 2 of this act for an estate for life  
38 shall reduce the amount which would have been payable by the life

1 tenant to the remainderman or other person to the extent of the  
2 exemption. If no amount is owed or separately stated as an obligation  
3 between these persons, the remainderman or other person shall make  
4 payment to the life tenant in the exact amount of the exemption.

5 **Sec. 7.** RCW 84.36.389 and 1979 ex.s. c 214 s 4 are each amended to  
6 read as follows:

7 (1) The director of the department of revenue shall adopt such  
8 rules and regulations and prescribe such forms as may be necessary and  
9 appropriate for implementation and administration of this chapter  
10 subject to chapter 34.05 RCW, the administrative procedure act.

11 (2) The department may conduct such audits of the administration of  
12 RCW 84.36.381 through 84.36.389 and section 2 of this act and the  
13 claims for exemption filed thereunder as it considers necessary. The  
14 powers of the department under chapter 84.08 RCW apply to these audits.

15 (3) Any information or facts concerning confidential income data  
16 obtained by the assessor or the department, or their agents or  
17 employees, under subsection (2) of this section shall be used only to  
18 administer RCW 84.36.381 through 84.36.389 and section 2 of this act.  
19 Notwithstanding any provision of law to the contrary, absent written  
20 consent by the person about whom the information or facts have been  
21 obtained, the confidential income data shall not be disclosed by the  
22 assessor or the assessor's agents or employees to anyone other than the  
23 department or the department's agents or employees nor by the  
24 department or the department's agents or employees to anyone other than  
25 the assessor or the assessor's agents or employees except in a judicial  
26 proceeding pertaining to the taxpayer's entitlement to the tax  
27 exemption under RCW 84.36.381 through 84.36.389 and section 2 of this  
28 act. Any violation of this subsection is a misdemeanor.

29 NEW SECTION. **Sec. 8.** This act applies to taxes levied for  
30 collection in 2005 and thereafter.

31 NEW SECTION. **Sec. 9.** Section 5 of this act expires July 1, 2004.

32 NEW SECTION. **Sec. 10.** Section 6 of this act takes effect July 1,  
33 2004. "

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1        On page 1, line 2 of the title, after "veterans;" strike the  
2 remainder of the title and insert "amending RCW 84.36.379, 84.36.383,  
3 84.36.385, 84.36.387, 84.36.387, and 84.36.389; adding a new section to  
4 chapter 84.36 RCW; creating a new section; providing an effective date;  
5 and providing an expiration date."

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