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**SUBSTITUTE HOUSE BILL 2639**

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**State of Washington**

**52nd Legislature**

**1992 Regular Session**

**By** House Committee on Revenue (originally sponsored 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 02/03/92.

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 management and residents of the nonprofit homes  
9 for the aging provider community, recognized senior citizen advocacy  
10 organizations not associated with the nonprofit homes of the aging  
11 provider community, the county assessors, city officials, and county  
12 officials. The department shall submit a report to the house of  
13 representatives revenue committee and to the senate ways and means  
14 committee by November 30, 1992, that examines the property tax  
15 exemption for nonprofit homes for the aging. The study may include  
16 issues such as:

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

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

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

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

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

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

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

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

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

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