

SENATE BILL 5085

State of Washington

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By Senators Rasmussen, Roach, Vognild, Williams, Gaspard, Wojahn, Snyder, Stratton, Pelz and A. Smith.

Read first time January 18, 1991. Referred to Committee on Ways & Means.

1 AN ACT Relating to exemptions and deferrals for senior citizens and
2 persons retired for reasons of physical disability; amending RCW
3 84.36.381, 84.36.385, and 84.38.030; and creating new sections.

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

5 **Sec. 1.** RCW 84.36.381 and 1987 c 301 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 two years following the year in which a claim is
10 filed(~~(, and 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: PROVIDED, That any person who sells, transfers,
15 or is displaced from his or her residence may transfer his or her

1 exemption status to a replacement residence, but no claimant shall
2 receive an exemption on more than one residence in any year: PROVIDED
3 FURTHER, That confinement of the person to a hospital or nursing home
4 shall not disqualify the claim of exemption if the residence is
5 temporarily unoccupied or if the residence is occupied by a spouse
6 and/or a person financially dependent on the claimant for support;

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

17 (3) The person claiming the exemption must have been sixty-one
18 years of age or older on January 1st of the year in which the exemption
19 claim is filed, or must have been, at the time of filing, retired from
20 regular gainful employment by reason of physical disability: PROVIDED,
21 That any surviving spouse of a person who was receiving an exemption at
22 the time of the person's death shall qualify if the surviving spouse is
23 fifty-seven years of age or older and otherwise meets the requirements
24 of this section;

25 (4) The amount that the person shall be exempt from an obligation
26 to pay shall be calculated on the basis of combined disposable income,
27 as defined in RCW 84.36.383. If the person claiming the exemption was
28 retired for two months or more of the preceding year, the combined
29 disposable income of such person shall be calculated by multiplying the

1 average monthly combined disposable income of such person during the
2 months such person was retired by twelve.

3 (5)(a) A person who otherwise qualifies under this section and has
4 a combined disposable income of (~~(eighteen)~~) thirty thousand dollars or
5 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 (~~(fourteen)~~) twenty-three thousand
8 dollars or less but greater than (~~(twelve)~~) twenty thousand dollars
9 shall be exempt from all regular property taxes on the greater of
10 (~~(twenty-four)~~) forty thousand dollars or (~~(thirty)~~) forty percent of
11 the valuation of his or her residence, but not to exceed (~~(forty)~~) one
12 hundred thousand dollars of the valuation of his or her residence; or

13 (ii) A person who otherwise qualifies under this section and has a
14 combined disposable income of (~~(twelve)~~) twenty thousand dollars or
15 less shall be exempt from all regular property taxes on the greater of
16 (~~(twenty-eight)~~) forty thousand dollars or fifty percent of the
17 valuation of his or her residence, but not to exceed one hundred
18 thousand dollars of the valuation of his or her residence.

19 **Sec. 2.** RCW 84.36.385 and 1988 c 222 s 10 are each amended to read
20 as follows:

21 A claim for exemption under RCW 84.36.381 (~~(as now or hereafter~~
22 ~~amended,~~) shall be made and filed at any time during the year for
23 exemption from taxes payable in the following two years (~~(and~~
24 ~~thereafter)~~) and solely upon forms as prescribed and furnished by the
25 department of revenue.

26 A person granted an exemption under RCW 84.36.381 shall inform the
27 county assessor of any change in status affecting the person's
28 entitlement to the exemption on forms prescribed and furnished by the
29 department of revenue.

1 If the assessor finds that the applicant does not meet the
2 qualifications as set forth in RCW 84.36.381, (~~as now or hereafter~~
3 ~~amended,~~) the claim or exemption shall be denied but such denial shall
4 be subject to appeal under the provisions of RCW 84.48.010(5). If the
5 applicant had received exemption in prior years based on erroneous
6 information, the taxes shall be collected subject to penalties as
7 provided in RCW 84.40.130 for a period of not to exceed three years.

8 The department and each local assessor is hereby directed to
9 publicize the qualifications and manner of making claims under RCW
10 84.36.381 through 84.36.389, through communications media, including
11 such paid advertisements or notices as it deems appropriate. Notice of
12 the qualifications, method of making applications, the penalties for
13 not reporting a change in status, and availability of further
14 information shall be included on or with property tax statements and
15 revaluation notices for all residential property including mobile
16 homes, except rental properties.

17 **Sec. 3.** RCW 84.38.030 and 1988 c 222 s 11 are each amended to read
18 as follows:

19 (1) A claimant may defer payment of special assessments and/or real
20 property taxes (~~on his property that is receiving an exemption under~~
21 ~~RCW 84.36.381 through 84.36.389~~) on up to eighty percent of the amount
22 of his or her equity value in (~~said property~~) property that is
23 receiving an exemption under RCW 84.36.381 through 84.36.389 and such
24 additional property, up to a total of five acres, that comprises the
25 residential parcel, if the following conditions are met:

26 (~~(1)~~) (a) The claimant must have owned, at the time of filing,
27 the residence on which the special assessment and/or real property
28 taxes have been imposed. For purposes of this subsection, a residence
29 owned by a marital community or owned by cotenants shall be deemed to

1 be owned by each spouse or cotenant. A claimant who has only a share
2 ownership in cooperative housing, a life estate, a lease for life, or
3 a revocable trust does not satisfy the ownership requirement.

4 ~~((2))~~ (b) The claimant must have and keep in force fire and
5 casualty insurance in sufficient amount to protect the interest of the
6 state in the claimant's equity value: PROVIDED, That if the claimant
7 fails to keep fire and casualty insurance in force to the extent of the
8 state's interest in the claimant's equity value, the amount deferred
9 shall not exceed one hundred percent of the claimant's equity value in
10 the land or lot only.

11 ~~((3))~~ (c) In the case of special assessment deferral, the
12 claimant must have opted for payment of such special assessments on the
13 installment method if such method was available.

14 (2) A claimant whose residence qualifies for deferral under this
15 section may defer payment of special assessments and/or real property
16 taxes upon the total acreage, not to exceed five acres, included in the
17 residential parcel.

18 (3) A taxing authority or special purpose district whose special
19 assessment and/or real property tax is deferrable under this chapter
20 shall not foreclose upon property that is eligible for deferral but
21 shall require the owner to file a declaration to defer the special
22 assessment and/or real property tax.

23 NEW SECTION. Sec. 4. In calendar year 1992, the county
24 assessor of each county shall compile data on the number of persons
25 using the property tax exemption program, the number of persons using
26 the property tax deferral program, the income of the claimants, and the
27 value of the residence for which an exemption or deferral is claimed.
28 The county assessor shall report the results to the department of
29 revenue no later than March 1, 1993.

1 NEW SECTION. **Sec. 5.** This act shall apply to property taxes
2 collected in 1992, and thereafter.