

SENATE BILL 5249

State of Washington 52nd Legislature 1991 Regular Session

By Senators Sutherland, A. Smith, Bauer and Williams.

Read first time January 24, 1991. Referred to Committee on Ways & Means.

1 AN ACT Relating to a property tax exemption for low-income housing;
2 amending RCW 84.36.383 and 84.38.020; adding a new section to chapter
3 84.36 RCW; and providing a contingent effective date.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.36 RCW
6 to read 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 low-income person claiming the exemption or
13 a low-income tenant as a principal place of residence as of January 1st
14 of the year for which the exemption is claimed: PROVIDED, That any
15 person who sells, transfers, or is displaced from his or her residence

1 may transfer his or her exemption status to a replacement residence,
2 but no claimant shall receive an exemption on more than one residence
3 occupied by the owner and one residence occupied by each low-income
4 tenant in any year;

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

15 (3) The amount that the person shall be exempt from an obligation
16 to pay shall be calculated on the basis of combined disposable income,
17 as defined in RCW 84.36.383 of the owner, if the owner occupies the
18 residence, or the low-income tenant, if the low-income tenant occupies
19 the residence;

20 (4) (a) A person who otherwise qualifies under this section and
21 has, or whose low-income tenant has, a combined disposable income of
22 eighteen thousand dollars or less shall be exempt from all excess
23 property taxes; and

24 (b) (i) A person who otherwise qualifies under this section and
25 has, or whose low-income tenants has, a combined disposable income of
26 fourteen thousand dollars or less but greater than twelve thousand
27 dollars shall be exempt from all regular property taxes on the greater
28 of twenty-four thousand dollars or thirty percent of the valuation of
29 the residence, but not to exceed forty thousand dollars of the
30 valuation of the residence; or

1 (ii) A person who otherwise qualifies under this section and has,
2 or whose low-income tenant has, a combined disposable income of twelve
3 thousand dollars or less shall be exempt from all regular property
4 taxes on the greater of twenty-eight thousand dollars or fifty percent
5 of the valuation of the residence;

6 (5) Any exemption authorized by this section that is based on the
7 income of the low-income tenant shall only be allowed if the tax
8 savings are fully reflected in the rental payments paid by the low-
9 income tenant.

10 **Sec. 2.** RCW 84.36.383 and 1989 c 379 s 6 are each amended to read
11 as follows:

12 As used in section 1 of this act and RCW 84.36.381 through
13 84.36.389, except where the context clearly indicates a different
14 meaning:

15 (1) The term "residence" shall mean a single family dwelling unit
16 whether such unit be separate or part of a multiunit dwelling,
17 including the land on which such dwelling stands not to exceed one
18 acre. The term shall also include a share ownership in a cooperative
19 housing association, corporation, or partnership if the person claiming
20 exemption can establish that his or her share represents the specific
21 unit or portion of such structure in which he or she resides. The term
22 shall also include a single family dwelling situated upon lands the fee
23 of which is vested in the United States or any instrumentality thereof
24 including an Indian tribe or in the state of Washington, and
25 notwithstanding the provisions of RCW 84.04.080, 84.04.090 or
26 84.40.250, such a residence shall be deemed real property.

27 (2) The term "real property" shall also include a mobile home which
28 has substantially lost its identity as a mobile unit by virtue of its
29 being fixed in location upon land owned or leased by the owner of the

1 mobile home and placed on a foundation (posts or blocks) with fixed
2 pipe, connections with sewer, water, or other utilities: PROVIDED,
3 That a mobile home located on land leased by the owner of the mobile
4 home shall be subject, for tax billing, payment, and collection
5 purposes, only to the personal property provisions of chapter 84.56 RCW
6 and RCW 84.60.040.

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

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

10 (5) "Combined disposable income" means the disposable income of the
11 person claiming the exemption or the person's low-income tenant, plus
12 the disposable income of his or her spouse, and the disposable income
13 of each cotenant occupying the residence for the preceding calendar
14 year, less amounts paid by the person claiming the exemption or his or
15 her spouse during the previous year for the treatment or care of either
16 person in a nursing home.

17 (6) "Disposable income" means adjusted gross income as defined in
18 the federal internal revenue code, as amended prior to January 1, 1989,
19 or such subsequent date as the director may provide by rule consistent
20 with the purpose of this section, plus all of the following items to
21 the extent they are not included in or have been deducted from adjusted
22 gross income:

23 (a) Capital gains;

24 (b) Amounts deducted for loss;

25 (c) Amounts deducted for depreciation;

26 (d) Pension and annuity receipts;

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

29 (f) Veterans benefits other than attendant-care and medical-aid
30 payments;

1 (g) Federal social security act and railroad retirement benefits;
2 (h) Dividend receipts; and
3 (i) Interest received on state and municipal bonds.

4 (7) "Cotenant" means a person who resides with the person claiming
5 the exemption and who has an ownership interest in the residence or any
6 person who resides with a low-income tenant.

7 (8) "Low-income tenant" means a person who resides at a residence
8 for which the owner is claiming a tax exemption under section 1 of this
9 act and whose income is used as the basis for the exemption.

10 **Sec. 3.** RCW 84.38.020 and 1984 c 220 s 20 are each amended to
11 read as follows:

12 Unless a different meaning is plainly required by the context, the
13 following words and phrases as hereinafter used in this chapter shall
14 have the following meanings:

15 (1) "Claimant" means a person who is receiving a property tax
16 exemption under section 1 of this act or RCW 84.36.381 through
17 84.36.389 and who either elects or is required under RCW 84.64.030 or
18 84.64.050 to defer payment of the special assessments and/or real
19 property taxes accrued on his or her residence by filing a declaration
20 to defer as provided by this chapter.

21 When two or more individuals of a household file or seek to file a
22 declaration to defer, they may determine between them as to who the
23 claimant shall be.

24 (2) "Department" means the state department of revenue.

25 (3) "Equity value" means the amount by which the fair market value
26 of a residence as determined from the records of the county assessor
27 exceeds the total amount of any liens or other obligations against the
28 property.

1 (4) "Special assessment" means the charge or obligation imposed by
2 a city, town, county, or other municipal corporation upon property
3 specially benefited by a local improvement, including assessments under
4 chapters 35.44, 36.88, 36.94, 53.08, 54.16, 56.20, 57.16, 86.09, and
5 87.03 RCW and any other relevant chapter.

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

8 NEW SECTION. **Sec. 4.** This act shall take effect upon the
9 effective date of an amendment to Article VII of the Washington state
10 Constitution to authorize a property tax exemption for low-income
11 housing. If such an amendment is not validly submitted to and approved
12 by the voters at the November 1991 general election, this act shall be
13 null and void in its entirety.