
SENATE BILL 5270

State of Washington

52nd Legislature

1991 Regular Session

By Senators Rinehart, Conner, Sutherland, Williams, Gaspard, Murray, Bauer, Talmadge, Niemi, Madsen, A. Smith, Pelz, McMullen and Skratek.

Read first time January 25, 1991. Referred to Committee on Ways & Means.

1 AN ACT Relating to increasing the maximum income limits for retired
2 persons' property tax exemptions to twenty-five thousand dollars per
3 year and for retired persons' property tax deferrals to thirty thousand
4 dollars per year; amending RCW 84.38.020, 84.38.030, 84.36.381, and
5 84.36.383; creating a new section; and declaring an emergency.

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

7 **Sec. 1.** RCW 84.38.020 and 1984 c 220 s 20 are each amended to read
8 as follows:

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

12 (1) "Claimant" means a person who (~~is receiving a property tax~~
13 ~~exemption under RCW 84.36.381 through 84.36.389 and who~~) either elects
14 or is required under RCW 84.64.030 or 84.64.050 to defer payment of the
15 special assessments and/or real property taxes accrued on ((his)) the

1 claimant's residence by filing a declaration to defer as provided by
2 this chapter.

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

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

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

11 (4) "Special assessment" means the charge or obligation imposed by
12 a city, town, county, or other municipal corporation upon property
13 specially benefited by a local improvement, including assessments under
14 chapters 35.44, 36.88, 36.94, 53.08, 54.16, 56.20, 57.16, 86.09, and
15 87.03 RCW and any other relevant chapter.

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

18 **Sec. 2.** RCW 84.38.030 and 1988 c 222 s 11 are each amended to read
19 as follows:

20 A claimant may defer payment of special assessments and/or real
21 property taxes on (~~his property that is receiving an exemption under~~
22 ~~RCW 84.36.381 through 84.36.389 on~~) up to eighty percent of the amount
23 of ((his)) the claimant's equity value in ((~~said property~~)) the
24 claimant's residence if the following conditions are met:

25 (1) The claimant must meet all requirements for an exemption for
26 the residence under RCW 84.36.381, other than the income limits.

27 (2) The claimant must have a combined disposable income, as defined
28 in RCW 84.36.383, of thirty thousand dollars or less.

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

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

15 ~~((+3+))~~ (5) In the case of special assessment deferral, the
16 claimant must have opted for payment of such special assessments on the
17 installment method if such method was available.

18 **Sec. 3.** RCW 84.36.381 and 1987 c 301 s 1 are each amended to read
19 as follows:

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

24 (1) The property taxes must have been imposed upon a residence
25 which was occupied by the person claiming the exemption as a principal
26 place of residence as of January 1st of the year for which the
27 exemption is claimed: PROVIDED, That any person who sells, transfers,
28 or is displaced from his or her residence may transfer his or her
29 exemption status to a replacement residence, but no claimant shall

1 receive an exemption on more than one residence in any year: PROVIDED
2 FURTHER, That confinement of the person to a hospital or nursing home
3 shall not disqualify the claim of exemption if the residence is
4 temporarily unoccupied or if the residence is occupied by a spouse
5 and/or a person financially dependent on the claimant for support;

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

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

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

1 (5) (a) A person who otherwise qualifies under this section and has
2 a combined disposable income of (~~eighteen~~) twenty-five thousand
3 dollars or less shall be exempt from all excess property taxes; and

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

11 (ii) A person who otherwise qualifies under this section and has a
12 combined disposable income of (~~twelve~~) fifteen thousand dollars or
13 less shall be exempt from all regular property taxes on the greater of
14 (~~twenty-eight~~) thirty-four thousand dollars or fifty percent of the
15 valuation of his or her residence.

16 **Sec. 4.** RCW 84.36.383 and 1989 c 379 s 6 are each amended to read
17 as follows:

18 As used in RCW 84.36.381 through 84.36.389, except where the
19 context clearly indicates a different meaning:

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

1 notwithstanding the provisions of RCW 84.04.080, 84.04.090 or
2 84.40.250, such a residence shall be deemed real property.

3 (2) The term "real property" shall also include a mobile home which
4 has substantially lost its identity as a mobile unit by virtue of its
5 being fixed in location upon land owned or leased by the owner of the
6 mobile home and placed on a foundation (posts or blocks) with fixed
7 pipe, connections with sewer, water, or other utilities: PROVIDED,
8 That a mobile home located on land leased by the owner of the mobile
9 home shall be subject, for tax billing, payment, and collection
10 purposes, only to the personal property provisions of chapter 84.56 RCW
11 and RCW 84.60.040.

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

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

15 (5) "Combined disposable income" means the disposable income of the
16 person claiming the exemption, plus the disposable income of his or her
17 spouse, and the disposable income of each cotenant occupying the
18 residence for the preceding calendar year, less amounts paid by the
19 person claiming the exemption or his or her spouse during the previous
20 year for the treatment or care of either person received in the home or
21 in a nursing home.

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

28 (a) Capital gains;

29 (b) Amounts deducted for loss;

30 (c) Amounts deducted for depreciation;

1 (d) Pension and annuity receipts;

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

4 (f) Veterans benefits other than attendant-care and medical-aid
5 payments;

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

7 (h) Dividend receipts; and

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

9 (7) "Cotenant" means a person who resides with the person claiming
10 the exemption and who has an ownership interest in the residence.

11 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
12 preservation of the public peace, health, or safety, or support of the
13 state government and its existing public institutions, and shall take
14 effect immediately.

15 NEW SECTION. **Sec. 6.** Sections 1 and 2 of this act shall be
16 effective for taxes levied for collection in 1991 and thereafter.
17 Sections 3 and 4 of this act shall be effective for taxes levied for
18 collection in 1992 and thereafter.