
SENATE BILL 5328

State of Washington

53rd Legislature

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By Senators Haugen, Winsley, Skratek, Quigley, M. Rasmussen, Oke and Moyer

Read first time 01/22/93. Referred to Committee on Ways & Means.

1 AN ACT Relating to the deferral of property taxes for senior
2 citizens; amending RCW 84.38.020 and 84.38.030; adding a new section to
3 chapter 84.38 RCW; adding a new chapter to Title 84 RCW; and creating
4 a new section.

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

6 NEW SECTION. **Sec. 1.** With the rapid rise in residential property
7 values, it has become increasingly difficult for many older homeowners
8 to pay the increased taxes resulting from this rise in valuation and
9 they are being forced to either borrow money to pay the unexpected
10 increases in the tax or to sell their homes because of an inability to
11 pay the tax. The legislature intends to allow these senior citizens to
12 defer payment of property taxes on their residences to the extent that
13 the taxes exceed a reasonable increase. This deferral program is
14 intended to assist persons in maintaining their homes by easing the
15 increases in tax.

16 NEW SECTION. **Sec. 2.** Unless the context clearly requires
17 otherwise, the definitions in this section apply throughout this
18 chapter.

1 (1) "Claimant" means a person who elects to defer payment of the
2 real property taxes accrued on his or her residence by filing a
3 declaration to defer as provided in this chapter. When two or more
4 individuals of a household file or seek to file a declaration to defer,
5 they may determine between them as to whom the claimant shall be.

6 (2) "Cotenant" means a person who resides with the claimant and who
7 has an ownership interest in the residence.

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

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

13 (5) "Real property" includes a mobile home which has substantially
14 lost its identity as a mobile unit by virtue of its being fixed in
15 location upon land owned or leased by the owner of the mobile home and
16 placed on a foundation (posts or blocks) with fixed pipe connections
17 with sewer, water, or other utilities: PROVIDED, That a mobile home
18 located on land leased by the owner of the mobile home shall be
19 subject, for tax billing, payment, and collection purposes, only to the
20 personal property provisions of chapter 84.56 RCW and RCW 84.60.040.

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

23 (7) "Residence" has the meaning given in RCW 84.36.383 except that
24 it includes land in excess of one acre if the land cannot be subdivided
25 under existing zoning laws.

26 NEW SECTION. **Sec. 3.** (1) A claimant may defer that portion of the
27 real property taxes on the claimant's principal residence that exceeds
28 the authorized tax limit. The authorized tax limit is the amount of
29 tax levied on the property for the previous year, plus an increase
30 equal to the rate of inflation for the previous year, plus an increase
31 equal to the amount of tax levied on physical improvements made on the
32 property in the previous year. For property that is not revaluated
33 annually, the authorized tax limit shall be computed for each year of
34 the revaluation cycle assuming that the amount of tax paid in the
35 preceding year equaled the authorized tax limit. The department shall
36 determine the rates of inflation under this chapter for each year. In
37 making the determination, the department may use any recognized

1 inflation index, including the consumer price index as published by the
2 bureau of labor statistics of the federal department of labor.

3 (2) Deferral of taxes under this chapter is subject to the
4 following conditions:

5 (a) The claimant must be sixty-five years of age or older on
6 December 31st of the year in which the claim is filed.

7 (b) The claimant must have owned, at the time of filing, the
8 residence on which the real property taxes have been imposed. For
9 purposes of this subsection, a residence owned by a marital community
10 or owned by cotenants shall be deemed to be owned by each spouse or
11 cotenant. A claimant who has only a share ownership in cooperative
12 housing, a life estate, a lease for life, or a revocable trust does not
13 satisfy the ownership requirement.

14 (c) The property taxes must have been imposed upon a residence
15 which was occupied by the claimant as a principal place of residence as
16 of January 1st of the year for which the deferral is claimed.

17 (d) The claimant must have and keep in force fire and casualty
18 insurance in sufficient amount to protect the interest of the state in
19 the claimant's equity value. If the claimant fails to keep fire and
20 casualty insurance in force to the extent of the state's interest in
21 the claimant's equity value, the amount deferred shall not exceed one
22 hundred percent of the claimant's equity value in the land or lot only.

23 (e) The total amount of taxes deferred under this chapter and
24 chapter 84.38 RCW, including interest thereon, must not exceed eighty
25 percent of the claimant's equity value in the residence.

26 NEW SECTION. **Sec. 4.** (1) Each claimant electing to defer payment
27 of real property tax obligations under this chapter shall file with the
28 county assessor, on forms prescribed by the department and supplied by
29 the assessor, a written declaration thereof. The declaration to defer
30 real property taxes for any year shall be filed no later than thirty
31 days before the tax is due. The department may waive this requirement
32 for good cause.

33 (2) The declaration shall designate the property to which the
34 deferral applies and shall include a statement setting forth (a) a list
35 of all members of the claimant's household who have an ownership
36 interest in the residence, (b) the claimant's equity value in the
37 residence, and (c) any other relevant information required by the rules

1 of the department. Each copy shall be signed by the claimant subject
2 to the penalties for false swearing under RCW 9A.72.040.

3 (3) The county assessor shall determine if each claimant shall be
4 granted a deferral for each year, but the claimant is entitled to
5 appeal this determination to the county board of equalization whose
6 decision shall be final as to the deferral of that year.

7 NEW SECTION. **Sec. 5.** A declaration of deferral may be made by a
8 duly authorized agent or by a guardian or other person charged with
9 care of the person or property of a claimant.

10 NEW SECTION. **Sec. 6.** If the claimant declaring his or her
11 intention to defer real property taxes under this chapter ceases to
12 reside permanently on the property for which the declaration to defer
13 is made between the date of filing the declaration and December 15th of
14 that year, the deferral otherwise allowable under this chapter shall
15 not be allowed for that claimant. However, this section shall not
16 apply where the claimant dies, leaving a surviving spouse, or other
17 cotenant, who would have qualified for the deferral and who elects to
18 continue the deferral.

19 NEW SECTION. **Sec. 7.** If any residence is under mortgage or
20 purchase contract requiring accumulation of reserves out of which the
21 holder of the mortgage or contract is required to pay real estate
22 taxes, the holder shall cosign the declaration of deferral either
23 before a notary public or the county assessor or the county assessor's
24 deputy in the county where the real property is located.

25 NEW SECTION. **Sec. 8.** Whenever a person's real property taxes are
26 deferred under this chapter, the amount deferred and required to be
27 paid pursuant to section 11 of this act shall become a lien in favor of
28 the state upon his or her property and shall have priority as provided
29 in chapters 35.50 and 84.60 RCW: PROVIDED, That the interest of a
30 mortgage or purchase contract holder who is required to cosign a
31 declaration of deferral under section 7 of this act shall have priority
32 to the deferred lien. This lien may accumulate up to eighty percent of
33 the amount of the claimant's equity value in the property and shall
34 bear interest from the time it could have been paid before delinquency

1 until the obligation is paid. The rate of interest shall be variable
2 and shall be computed as provided in RCW 82.32.050(2).

3 In the case of a mobile home, the department of licensing shall
4 show the state's lien on the certificate of ownership for the mobile
5 home. In the case of all other property, the department of revenue
6 shall file a notice of the deferral with the county recorder or
7 auditor.

8 NEW SECTION. **Sec. 9.** The county assessor shall:

9 (1) Immediately transmit one copy of each declaration to defer to
10 the department. The department may audit any declaration and shall
11 notify the assessor as soon as possible of any claim where any factor
12 appears to disqualify the claimant for the deferral sought.

13 (2) Compute the dollar tax rate for the county as if any deferrals
14 provided by this chapter did not exist.

15 (3) As soon as possible notify the department of revenue and the
16 county treasurer of the amount of real property taxes deferred for that
17 year.

18 NEW SECTION. **Sec. 10.** After receipt of the notification from the
19 county assessor of the amount of deferred real property taxes, the
20 department shall pay, from amounts appropriated for that purpose, to
21 the treasurers of such taxing districts the amounts, equivalent to the
22 amount of real property taxes deferred, to be distributed to the taxing
23 districts which levied the taxes so deferred.

24 NEW SECTION. **Sec. 11.** Real property tax obligations deferred
25 under this chapter shall become payable together with interest as
26 provided in section 8 of this act:

27 (1) Upon the sale of property which has a deferred real property
28 tax lien upon it;

29 (2) Upon the death of the claimant with an outstanding deferred
30 real property tax lien, except as provided in section 13 of this act;

31 (3) Upon the condemnation of property with a deferred real property
32 tax lien upon it by a public or private body exercising eminent domain
33 power, except as otherwise provided in RCW 84.60.070;

34 (4) At such time as the claimant ceases to reside permanently in
35 the residence upon which the deferral has been granted; or

1 (5) Upon the failure of any condition set forth in section 3(2) of
2 this act.

3 NEW SECTION. **Sec. 12.** (1) The county treasurer shall collect all
4 the amounts deferred together with interest under this chapter, in the
5 manner provided for in chapter 84.56 RCW. For purposes of collection
6 of deferred taxes, the provisions of chapters 84.56, 84.60, and 84.64
7 RCW shall be applicable.

8 (2) When any deferred real property taxes together with interest
9 are collected the moneys shall be credited to a special account in the
10 county treasury. The county treasurer shall remit the amount of
11 deferred real property taxes together with interest to the department
12 within thirty days from the date of collection.

13 (3) The department shall deposit the deferred taxes in the state
14 general fund.

15 NEW SECTION. **Sec. 13.** (1) Upon the death of the claimant, a
16 surviving spouse of the claimant or other cotenant may elect to
17 continue the property in its deferred tax status if the property is the
18 residence of the spouse or cotenant and the spouse or cotenant meets
19 the requirements of this chapter.

20 (2) The election under this section to continue the property in its
21 deferred status shall be filed in the same manner as an original claim
22 for deferral is filed under this chapter, not later than ninety days
23 from the date of the claimant's death. Thereupon, the property with
24 respect to which the deferral of real property taxes is claimed shall
25 continue to be treated as deferred property.

26 NEW SECTION. **Sec. 14.** Any person may at any time pay a part or
27 all of the deferred taxes, but such payment shall not affect the
28 deferred tax status of the property.

29 NEW SECTION. **Sec. 15.** Nothing in this chapter is intended to
30 prevent the collection, by foreclosure, of personal property taxes
31 which become a lien against tax-deferred property.

32 NEW SECTION. **Sec. 16.** The department and each local assessor
33 shall publicize the benefits authorized under this chapter and the
34 qualifications and manner of making claims under this chapter through

1 communications media, including such paid advertisements or notices as
2 it deems appropriate. Notice of the benefits, qualifications, method
3 of making applications, and availability of further information shall
4 be included on or with property tax statements and revaluation notices
5 for all residential property including mobile homes, except rental
6 properties.

7 NEW SECTION. **Sec. 17.** The department shall design forms and adopt
8 rules under chapter 34.05 RCW to administer this chapter.

9 NEW SECTION. **Sec. 18.** A new section is added to chapter 84.38 RCW
10 to read as follows:

11 The department and each local assessor shall publicize the benefits
12 authorized under this chapter and the qualifications and manner of
13 making claims under this chapter through communications media,
14 including such paid advertisements or notices as it deems appropriate.
15 Notice of the benefits, qualifications, method of making applications,
16 and availability of further information shall be included on or with
17 property tax statements and revaluation notices for all residential
18 property including mobile homes, except rental properties.

19 **Sec. 19.** RCW 84.38.020 and 1991 c 213 s 1 are each amended to read
20 as follows:

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

24 (1) "Claimant" means a person who either elects or is required
25 under RCW ((~~84.64.030~~ or)) 84.64.050 to defer payment of the special
26 assessments and/or real property taxes accrued on the claimant's
27 residence by filing a declaration to defer as provided by this chapter.

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

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

32 (3) "Equity value" means the amount by which the fair market value
33 of a residence as determined from the records of the county assessor
34 exceeds the total amount of any liens or other obligations against the
35 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 (6) "Residence" has the meaning given in RCW 84.36.383 except that
9 it includes land in excess of one acre if the land cannot be subdivided
10 under existing zoning laws.

11 **Sec. 20.** RCW 84.38.030 and 1991 c 213 s 2 are each amended to read
12 as follows:

13 A claimant may defer payment of special assessments and/or real
14 property taxes on up to eighty percent of the amount of the claimant's
15 equity value in the claimant's residence if the following conditions
16 are met:

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

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

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

28 (4) The claimant must have and keep in force fire and casualty
29 insurance in sufficient amount to protect the interest of the state in
30 the claimant's equity value: PROVIDED, That if the claimant fails to
31 keep fire and casualty insurance in force to the extent of the state's
32 interest in the claimant's equity value, the amount deferred shall not
33 exceed one hundred percent of the claimant's equity value in the land
34 or lot only.

35 (5) In the case of special assessment deferral, the claimant must
36 have opted for payment of such special assessments on the installment
37 method if such method was available.

1 (6) The total amount of taxes deferred under this chapter and
2 chapter 84.-- RCW (sections 1 through 16 of this act), including
3 interest thereon, must not exceed eighty percent of the claimant's
4 equity value in the residence.

5 NEW SECTION. Sec. 21. This act shall apply to taxes payable in
6 1994, and thereafter.

7 NEW SECTION. Sec. 22. Sections 1 through 17 of this act shall
8 constitute a new chapter in Title 84 RCW.

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