

1 **HB 2208 - H AMD 049**

2 By Representative Sheldon

3 On page 2, after line 11, insert:

4 "NEW SECTION. **Sec. 3.** The intent of the legislature is to
5 provide property tax relief by setting base years for property tax
6 valuation computation, limiting property tax valuation increases to
7 two percent per year over the base year until ownership of the
8 property changes, and limiting the tax assessed on owner-occupied
9 property claimed as a principal place of residence.

10
11 NEW SECTION. **Sec. 4.** A new section is added to chapter 84.36
12 RCW to read as follows:

13 Unless the context clearly requires otherwise, the definitions
14 in this section apply throughout this section and sections 5 and 6
15 of this act.

16 (1) "Base value" means the following, as appropriate:

17 (a) The assessed value for 1993 determined under RCW 84.40.030
18 of property acquired in or before 1993;

19 (b) The assessed value determined under RCW 84.40.030 of the
20 property for the year in which the property is acquired; or

21 (c) The assessed true and fair value as determined under RCW
22 84.40.030 for all property that has changed or transferred
23 ownership since the last assessment.

24 (2)(a) "Adjusted value" means the lesser of the following:

25 (i) The assessed true and fair value of property, as
26 determined under RCW 84.40.030; or

27 (ii) The base value of the property increased on January 1st
28 of each year thereafter by a maximum of two percent, compounded
29 annually, plus the portion of the true and fair value attributable
30 to any construction or alteration not included in the most recent

1 assessment, other than improvements exempt under RCW 84.36.400 for
2 the assessment year.

3 (b) This subsection does not apply to special levies or levies
4 approved under RCW 84.55.050.

5 (3)(a) "Change of ownership" and "transfer of ownership" are
6 equivalent, and mean a transfer of a present interest in real
7 property, including a transfer of the beneficial use of real
8 property.

9 (b) "Change of ownership" and "transfer of ownership" include,
10 except as provided in (c) of this subsection:

11 (i) Contracting to convey the title to or ownership of real
12 property upon the fulfillment of one or more stated conditions if
13 the right to possession of the property is transferred currently;

14 (ii) The creation, transfer, or termination of a joint tenancy
15 interest;

16 (iii) The creation, transfer, or termination of a tenancy-in-
17 common interest;

18 (iv) The vesting of a right of possession or enjoyment of a
19 remainder or reversionary interest that occurs upon the termination
20 of a life estate or other similar precedent property interest;

21 (v) An interest that vests in persons other than the trustor
22 if a revocable trust becomes irrevocable; and

23 (vi) The transfer of stock of a cooperative housing
24 corporation, vested with legal title to real property, that conveys
25 to the transferee the exclusive right to occupancy and possession
26 of the property or a portion of the property.

27 (c) "Change of ownership" does not include:

28 (i) A transfer between co-owners that results in a change in
29 the method of holding title to the real property transferred
30 without changing the proportional interests of the co-owners in the
31 real property, such as a partition of a tenancy in common;

32 (ii) A transfer for the purpose of merely perfecting title to
33 the real property;

1 (iii) The creation, assignment, termination, or reconveyance
2 of a security interest in real property, or the substitution of a
3 trustee under a security instrument;

4 (iv) A transfer of real property by the trustor, or by the
5 trustor's spouse, or by both, into a trust for so long as the
6 transferor is the sole present beneficiary of the trust, or the
7 trust is revocable, or any transfer of real property by a trustee
8 of such trust back to the trustor;

9 (v) A transfer of real property by an instrument whose terms
10 reserve to the transferor an estate for years or an estate for
11 life. However, the termination of such an estate for years or life
12 estate shall constitute a change of ownership;

13 (vi) A transfer of real property between or among the same
14 parties for the purpose of correcting or reforming a deed to
15 express the true intention of the parties, if the original
16 relationship between the grantor and grantee is not changed; or

17 (vii) An interspousal transfer of real property, including,
18 but not limited to:

19 (A) Transfers to a trustee for the beneficial use of a spouse,
20 or the surviving spouse of a deceased transferor, or by a trustee
21 of the trust to the spouse of the trustor;

22 (B) Transfers that take effect upon the death of a spouse;

23 (C) Transfers to a spouse or former spouse in connection with
24 a property settlement agreement or decree of dissolution of
25 marriage or legal separation; and

26 (D) The creation, transfer, or termination, solely between
27 spouses, of any co-owner's interest.

28
29 NEW SECTION. Sec. 5. A new section is added to chapter 84.36
30 RCW to read as follows:

31 (1)(a) In addition to the limitations under this title, a
32 specific property tax exemption is created whereby:

1 (i) The tax payable on property used as an owner-occupied
2 principal place of residence may not exceed one-half of one percent
3 of the property's adjusted value, as determined either under
4 section 4 of this act or by applicable law, or both; and

5 (ii) A taxing district may not increase the actual monetary
6 property tax assessed against property used as an owner-occupied
7 principal place of residence by more than an additional one-half of
8 one percent per year.

9 (b) This subsection does not apply to special levies or levies
10 approved under RCW 84.55.050.

11 (2) The following specific conditions, as appropriate, must be
12 satisfied by an owner-occupant claiming exemption for a principal
13 residence under this section:

14 (a) The residence must be occupied by the person claiming
15 exemption under this section as a principal place of residence in
16 the year in which taxes are due;

17 (b) The claimant must notify the assessor in writing of the
18 claimant's request for exemption under this section for a claim of
19 exemption to be considered valid. The exemption shall be effective
20 from the date of filing of a request for the exemption at the
21 assessor's office by the claimant or duly authorized
22 representative; and

23 (c) The person claiming exemption must have owned, at the time
24 of filing, the property in fee, as a life estate, or by contract a
25 share in a cooperative housing association, corporation, or
26 partnership. A share in the ownership of the property in fee, as
27 a life estate, or by contract in a cooperative housing association,
28 corporation, or partnership representing a marital community or
29 owned by cotenants shall be deemed to be owned by each spouse or
30 cotenant, and any lease for life shall be deemed a life estate.

31 (3) Confinement of the claimant to a hospital or nursing home
32 does not disqualify the claim of exemption if:

33 (a) The residence is temporarily unoccupied;

1 (b) The residence is occupied by a person who is either or
2 both a spouse or a person financially dependent on the claimant for
3 support; or

4 (c) The residence is rented for the specific purpose of paying
5 nursing home or hospital costs.

6 (4) A person who is displaced from a principal residence may
7 transfer a claimed exemption status to a similar replacement
8 residence.

9 (5) A claimed exemption shall continue annually until change
10 of ownership of the affected property, or until rescinded by the
11 claimant.

12 (6) A claimant may not receive more than one active owner-
13 occupant exemption at any time. A new claim for such an exemption
14 invalidates any prior such exemption.

15
16 NEW SECTION. **Sec. 6.** A new section is added to chapter 84.40
17 RCW to read as follows:

18 (1) All property tax assessments shall be computed using the
19 adjusted value of a property.

20 (2) The definitions in section 4 of this act apply to this
21 section.

22
23 NEW SECTION. **Sec. 7.** Funds accumulated due to implementation
24 of chapter 2, Laws of 1994 may be used to offset the effects of
25 implementation of this act."

26
27 Renumber sections and parts consecutively, correct any
28 internal references accordingly, and correct the title.