

2 EHB 1322 - S COMM AMD
3 By Committee on Ways & Means

4
5 Strike everything after the enacting clause and insert the
6 following:

7 **"PART I**
8 **ELIMINATE CONTINGENT EFFECTIVE DATE ON 1994 SP.S. C 8 AND**
9 **ELIMINATE VALUATION INCREASE LIMIT**

10 **Sec. 1.** RCW 84.36.381 and 1994 sp.s. c 8 s 1 are each amended to
11 read as follows:

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

16 (1) The property taxes must have been imposed upon a residence
17 which was occupied by the person claiming the exemption as a principal
18 place of residence as of the time of filing: PROVIDED, That any person
19 who sells, transfers, or is displaced from his or her residence may
20 transfer his or her exemption status to a replacement residence, but no
21 claimant shall receive an exemption on more than one residence in any
22 year: PROVIDED FURTHER, That confinement of the person to a hospital
23 or nursing home shall not disqualify the claim of exemption if:

- 24 (a) The residence is temporarily unoccupied;
25 (b) The residence is occupied by a spouse and/or a person
26 financially dependent on the claimant for support; or
27 (c) The residence is rented for the purpose of paying nursing home
28 or hospital costs;

29 (2) The person claiming the exemption must have owned, at the time
30 of filing, in fee, as a life estate, or by contract purchase, the
31 residence on which the property taxes have been imposed or if the
32 person claiming the exemption lives in a cooperative housing
33 association, corporation, or partnership, such person must own a share
34 therein representing the unit or portion of the structure in which he
35 or she resides. For purposes of this subsection, a residence owned by

1 a marital community or owned by cotenants shall be deemed to be owned
2 by each spouse or cotenant, and any lease for life shall be deemed a
3 life estate;

4 (3) The person claiming the exemption must be sixty-one years of
5 age or older on December 31st of the year in which the exemption claim
6 is filed, or must have been, at the time of filing, retired from
7 regular gainful employment by reason of physical disability: PROVIDED,
8 That any surviving spouse of a person who was receiving an exemption at
9 the time of the person's death shall qualify if the surviving spouse is
10 fifty-seven years of age or older and otherwise meets the requirements
11 of this section;

12 (4) The amount that the person shall be exempt from an obligation
13 to pay shall be calculated on the basis of combined disposable income,
14 as defined in RCW 84.36.383. If the person claiming the exemption was
15 retired for two months or more of the assessment year, the combined
16 disposable income of such person shall be calculated by multiplying the
17 average monthly combined disposable income of such person during the
18 months such person was retired by twelve. If the income of the person
19 claiming exemption is reduced for two or more months of the assessment
20 year by reason of the death of the person's spouse, or when other
21 substantial changes occur in disposable income that are likely to
22 continue for an indefinite period of time, the combined disposable
23 income of such person shall be calculated by multiplying the average
24 monthly combined disposable income of such person after such
25 occurrences by twelve. If it is necessary to estimate income to comply
26 with this subsection, the assessor may require confirming documentation
27 of such income prior to May 31 of the year following application;

28 (5)(a) A person who otherwise qualifies under this section and has
29 a combined disposable income of twenty-eight thousand dollars or less
30 shall be exempt from all excess property taxes; and

31 (b)(i) A person who otherwise qualifies under this section and has
32 a combined disposable income of eighteen thousand dollars or less but
33 greater than fifteen thousand dollars shall be exempt from all regular
34 property taxes on the greater of thirty thousand dollars or thirty
35 percent of the valuation of his or her residence, but not to exceed
36 fifty thousand dollars of the valuation of his or her residence; or

37 (ii) A person who otherwise qualifies under this section and has a
38 combined disposable income of fifteen thousand dollars or less shall be
39 exempt from all regular property taxes on the greater of thirty-four

1 thousand dollars or fifty percent of the valuation of his or her
2 residence((÷

3 ~~(6) For a person who otherwise qualifies under this section and has
4 a combined disposable income of twenty-eight thousand dollars or less,
5 the taxable value of the residence shall not exceed the lesser of (a)
6 the assessed value of the residence as reduced by the exemption under
7 subsection (5) of this section, if any, or (b) the taxable value of the
8 residence for the previous year, increased by the inflation factor for
9 the assessment year. For counties that do not revalue property
10 annually, the amount under (b) of this subsection shall be the previous
11 taxable value increased by the inflation factor for each assessment
12 year since the previous revaluation of the residence. As used in this
13 section, "inflation factor" means the percentage change used by the
14 federal government in adjusting social security payments for inflation
15 at the beginning of each year. The department shall provide inflation
16 factors to the county assessors annually)).~~

17 NEW SECTION. **Sec. 2.** 1994 sp.s. c 8 s 3 (uncodified) is repealed.

18 NEW SECTION. **Sec. 3.** Chapter 8, Laws of 1994 sp. sess. shall take
19 effect July 1, 1995, and shall be effective for taxes levied in 1995
20 for collection in 1996 and thereafter.

21 **Sec. 4.** RCW 84.36.383 and 1991 c 213 s 4 are each amended to read
22 as follows:

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

25 (1) The term "residence" shall mean a single family dwelling unit
26 whether such unit be separate or part of a multiunit dwelling,
27 including the land on which such dwelling stands not to exceed one
28 acre. The term shall also include a share ownership in a cooperative
29 housing association, corporation, or partnership if the person claiming
30 exemption can establish that his or her share represents the specific
31 unit or portion of such structure in which he or she resides. The term
32 shall also include a single family dwelling situated upon lands the fee
33 of which is vested in the United States or any instrumentality thereof
34 including an Indian tribe or in the state of Washington, and
35 notwithstanding the provisions of RCW 84.04.080((÷)) or 84.04.090 ((~~or~~
36 84.40.250)), such a residence shall be deemed real property.

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

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

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

13 (5) "Combined disposable income" means the disposable income of the
14 person claiming the exemption, plus the disposable income of his or her
15 spouse, and the disposable income of each cotenant occupying the
16 residence for the preceding calendar year, less amounts paid by the
17 person claiming the exemption or his or her spouse during the previous
18 year for:

19 (a) Drugs supplied by prescription of a medical practitioner
20 authorized by the laws of this state or another jurisdiction to issue
21 prescriptions; and

22 (b) The treatment or care of either person received in the home or
23 in a nursing home.

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

30 (a) Capital gains, other than nonrecognized gain on the sale of a
31 principal residence under section 1034 of the federal internal revenue
32 code, or gain excluded from income under section 121 of the federal
33 internal revenue code to the extent it is reinvested in a new principal
34 residence;

35 (b) Amounts deducted for loss;

36 (c) Amounts deducted for depreciation;

37 (d) Pension and annuity receipts;

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

1 (f) Veterans benefits other than attendant-care and medical-aid
2 payments;

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

4 (h) Dividend receipts; and

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

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

8 **Sec. 5.** RCW 84.36.383 and 1994 sp.s. c 8 s 2 are each amended to
9 read as follows:

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

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

24 (2) The term "real property" shall also include a mobile home which
25 has substantially lost its identity as a mobile unit by virtue of its
26 being fixed in location upon land owned or leased by the owner of the
27 mobile home and placed on a foundation (posts or blocks) with fixed
28 pipe, connections with sewer, water, or other utilities: PROVIDED,
29 That a mobile home located on land leased by the owner of the mobile
30 home shall be subject, for tax billing, payment, and collection
31 purposes, only to the personal property provisions of chapter 84.56 RCW
32 and RCW 84.60.040.

33 (3) "Department" shall mean the state department of revenue.

34 (4) "Combined disposable income" means the disposable income of the
35 person claiming the exemption, plus the disposable income of his or her
36 spouse, and the disposable income of each cotenant occupying the
37 residence for the assessment year, less amounts paid by the person

1 claiming the exemption or his or her spouse during the assessment year
2 for:

3 (a) Drugs supplied by prescription of a medical practitioner
4 authorized by the laws of this state or another jurisdiction to issue
5 prescriptions; and

6 (b) The treatment or care of either person received in the home or
7 in a nursing home.

8 (5) "Disposable income" means adjusted gross income as defined in
9 the federal internal revenue code, as amended prior to January 1, 1989,
10 or such subsequent date as the director may provide by rule consistent
11 with the purpose of this section, plus all of the following items to
12 the extent they are not included in or have been deducted from adjusted
13 gross income:

14 (a) Capital gains, other than nonrecognized gain on the sale of a
15 principal residence under section 1034 of the federal internal revenue
16 code, or gain excluded from income under section 121 of the federal
17 internal revenue code to the extent it is reinvested in a new principal
18 residence;

19 (b) Amounts deducted for loss;

20 (c) Amounts deducted for depreciation;

21 (d) Pension and annuity receipts;

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

24 (f) Veterans benefits other than attendant-care and medical-aid
25 payments;

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

27 (h) Dividend receipts; and

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

29 (6) "Cotenant" means a person who resides with the person claiming
30 the exemption and who has an ownership interest in the residence.

31 NEW SECTION. **Sec. 6.** Section 4 of this act applies to taxes
32 levied in 1995 for collection in 1996 and thereafter.

33 **PART II**

34 **FREEZE VALUATION ON QUALIFICATION - CONTINGENT ON FUNDING**

35 **Sec. 7.** RCW 84.36.381 and 1995 c . . . s 1 (section 1 of this act)
36 are each amended to read as follows:

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

5 (1) The property taxes must have been imposed upon a residence
6 which was occupied by the person claiming the exemption as a principal
7 place of residence as of the time of filing: PROVIDED, That any person
8 who sells, transfers, or is displaced from his or her residence may
9 transfer his or her exemption status to a replacement residence, but no
10 claimant shall receive an exemption on more than one residence in any
11 year: PROVIDED FURTHER, That confinement of the person to a hospital
12 or nursing home shall not disqualify the claim of exemption if:

13 (a) The residence is temporarily unoccupied;

14 (b) The residence is occupied by a spouse and/or a person
15 financially dependent on the claimant for support; or

16 (c) The residence is rented for the purpose of paying nursing home
17 or hospital costs;

18 (2) The person claiming the exemption must have owned, at the time
19 of filing, in fee, as a life estate, or by contract purchase, the
20 residence on which the property taxes have been imposed or if the
21 person claiming the exemption lives in a cooperative housing
22 association, corporation, or partnership, such person must own a share
23 therein representing the unit or portion of the structure in which he
24 or she resides. For purposes of this subsection, a residence owned by
25 a marital community or owned by cotenants shall be deemed to be owned
26 by each spouse or cotenant, and any lease for life shall be deemed a
27 life estate;

28 (3) The person claiming the exemption must be sixty-one years of
29 age or older on December 31st of the year in which the exemption claim
30 is filed, or must have been, at the time of filing, retired from
31 regular gainful employment by reason of physical disability: PROVIDED,
32 That any surviving spouse of a person who was receiving an exemption at
33 the time of the person's death shall qualify if the surviving spouse is
34 fifty-seven years of age or older and otherwise meets the requirements
35 of this section;

36 (4) The amount that the person shall be exempt from an obligation
37 to pay shall be calculated on the basis of combined disposable income,
38 as defined in RCW 84.36.383. If the person claiming the exemption was
39 retired for two months or more of the assessment year, the combined

1 disposable income of such person shall be calculated by multiplying the
2 average monthly combined disposable income of such person during the
3 months such person was retired by twelve. If the income of the person
4 claiming exemption is reduced for two or more months of the assessment
5 year by reason of the death of the person's spouse, or when other
6 substantial changes occur in disposable income that are likely to
7 continue for an indefinite period of time, the combined disposable
8 income of such person shall be calculated by multiplying the average
9 monthly combined disposable income of such person after such
10 occurrences by twelve. If it is necessary to estimate income to comply
11 with this subsection, the assessor may require confirming documentation
12 of such income prior to May 31 of the year following application;

13 (5)(a) A person who otherwise qualifies under this section and has
14 a combined disposable income of twenty-eight thousand dollars or less
15 shall be exempt from all excess property taxes; and

16 (b)(i) A person who otherwise qualifies under this section and has
17 a combined disposable income of eighteen thousand dollars or less but
18 greater than fifteen thousand dollars shall be exempt from all regular
19 property taxes on the greater of thirty thousand dollars or thirty
20 percent of the valuation of his or her residence, but not to exceed
21 fifty thousand dollars of the valuation of his or her residence; or

22 (ii) A person who otherwise qualifies under this section and has a
23 combined disposable income of fifteen thousand dollars or less shall be
24 exempt from all regular property taxes on the greater of thirty-four
25 thousand dollars or fifty percent of the valuation of his or her
26 residence; and

27 (6) For a person who otherwise qualifies under this section and has
28 a combined disposable income of twenty-eight thousand dollars or less,
29 the valuation of the residence shall be the true and fair value of the
30 residence on the later of January 1, 1995, or January 1st of the year
31 the person first qualifies under this section. If the person
32 subsequently fails to qualify under this section only for one year
33 because of high income, this same valuation shall be used upon
34 requalification. If the person fails to qualify for more than one year
35 in succession because of high income or fails to qualify for any other
36 reason, the valuation upon requalification shall be the true and fair
37 value on January 1st of the year in which the person requalifies. If
38 the person transfers the exemption under this section to a different
39 residence, the valuation of the different residence shall be the true

1 and fair value of the different residence on January 1st of the year in
2 which the person transfers the exemption.

3 In no event may the valuation under this subsection be greater than
4 the true and fair value of the residence on January 1st of the
5 assessment year.

6 This subsection does not apply to subsequent improvements to the
7 property in the year in which the improvements are made. Subsequent
8 improvements to the property shall be added to the value otherwise
9 determined under this subsection at their true and fair value in the
10 year in which they are made.

11 NEW SECTION. Sec. 8. A new section is added to chapter 84.40 RCW
12 to read as follows:

13 The assessor shall maintain an assessed valuation in accordance
14 with the approved revaluation cycle for a residence owned by a person
15 qualifying for exemption under RCW 84.36.381 in addition to the
16 valuation required under RCW 84.36.381(6). Upon a change in the true
17 and fair value of the residence, the assessor shall notify the person
18 qualifying for exemption under RCW 84.36.381 of the new true and fair
19 value and that the new true and fair value will be used to compute
20 property taxes if the property fails to qualify for exemption under RCW
21 84.36.381.

22 NEW SECTION. Sec. 9. Sections 7 and 8 of this act apply to taxes
23 levied in 1995 for collection in 1996 and thereafter.

PART III
EFFECTIVE DATE

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3 NEW SECTION. **Sec. 10.** (1) Sections 1 through 3 and 7 through 9 of
4 this act are necessary for the immediate preservation of the public
5 peace, health, or safety, or support of the state government and its
6 existing public institutions, and shall take effect July 1, 1995,
7 except sections 7 through 9 of this act shall take effect only if
8 specific funding for the administrative costs of section 7 of this act,
9 referencing this act by bill number, is provided by June 30, 1995, in
10 the omnibus appropriations act. If such funding is not provided,
11 sections 7 through 9 of this act shall be null and void.

12 (2) Section 5 of this act shall take effect on the effective date
13 of chapter 8, Laws of 1994 sp. sess. and shall apply to taxes levied
14 for collection in the following year and thereafter.

15 NEW SECTION. **Sec. 11.** Part headings as used in this act
16 constitute no part of the law.

17 NEW SECTION. **Sec. 12.** If any provision of this act or its
18 application to any person or circumstance is held invalid, the
19 remainder of the act or the application of the provision to other
20 persons or circumstances is not affected."

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22 By Committee on Ways & Means

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24 On page 1, line 2 of the title, after "disability;" strike the
25 remainder of the title and insert "amending RCW 84.36.381, 84.36.383,
26 84.36.383, and 84.36.381; adding a new section to chapter 84.40 RCW;
27 creating new sections; repealing 1994 sp.s. c 8 s 3 (uncodified);
28 providing an effective date; providing contingent effective dates; and
29 declaring an emergency."

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