

2 ESSB 5001 - S AMD - 442
3 By Senator Sheldon

4 ADOPTED 5/23/95

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

7 "Sec. 1. RCW 84.36.381 and 1994 sp.s. c 8 s 1 are each amended to
8 read as follows:

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

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

21 (a) The residence is temporarily unoccupied;

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

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

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

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

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

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

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

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

1 ~~(6) ((For a person who otherwise qualifies under this section and~~
2 ~~has a combined disposable income of twenty-eight thousand dollars or~~
3 ~~less, the taxable value of the residence shall not exceed the lesser of~~
4 ~~(a) the assessed value of the residence as reduced by the exemption~~
5 ~~under subsection (5) of this section, if any, or (b) the taxable value~~
6 ~~of the residence for the previous year, increased by the inflation~~
7 ~~factor for the assessment year. For counties that do not revalue~~
8 ~~property annually, the amount under (b) of this subsection shall be the~~
9 ~~previous taxable value increased by the inflation factor for each~~
10 ~~assessment year since the previous revaluation of the residence. As~~
11 ~~used in this section, "inflation factor" means the percentage change~~
12 ~~used by the federal government in adjusting social security payments~~
13 ~~for inflation at the beginning of each year. The department shall~~
14 ~~provide inflation factors to the county assessors annually))~~ For a
15 person who otherwise qualifies under this section and has a combined
16 disposable income of twenty-eight thousand dollars or less, the
17 valuation of the residence shall be the true and fair value of the
18 residence on the later of January 1, 1995, or January 1st of the year
19 the person first qualifies under this section. If the person
20 subsequently fails to qualify under this section only for one year
21 because of high income, this same valuation shall be used upon
22 requalification. If the person fails to qualify for more than one year
23 in succession because of high income or fails to qualify for any other
24 reason, the valuation upon requalification shall be the true and fair
25 value on January 1st of the year in which the person requalifies. If
26 the person transfers the exemption under this section to a different
27 residence, the valuation of the different residence shall be the true
28 and fair value of the different residence on January 1st of the year in
29 which the person transfers the exemption.

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

33 This subsection does not apply to subsequent improvements to the
34 property in the year in which the improvements are made. Subsequent
35 improvements to the property shall be added to the value otherwise
36 determined under this subsection at their true and fair value in the
37 year in which they are made.

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

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

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

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

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

27 (4) "Combined disposable income" means the disposable income of the
28 person claiming the exemption, plus the disposable income of his or her
29 spouse, and the disposable income of each cotenant occupying the
30 residence for the assessment year, less amounts paid by the person
31 claiming the exemption or his or her spouse during the assessment year
32 for:

33 (a) Drugs supplied by prescription of a medical practitioner
34 authorized by the laws of this state or another jurisdiction to issue
35 prescriptions; and

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

38 (5) "Disposable income" means adjusted gross income as defined in
39 the federal internal revenue code, as amended prior to January 1, 1989,

1 or such subsequent date as the director may provide by rule consistent
2 with the purpose of this section, plus all of the following items to
3 the extent they are not included in or have been deducted from adjusted
4 gross income:

5 (a) Capital gains, other than nonrecognized gain on the sale of a
6 principal residence under section 1034 of the federal internal revenue
7 code, or gain excluded from income under section 121 of the federal
8 internal revenue code to the extent it is reinvested in a new principal
9 residence;

10 (b) Amounts deducted for loss;

11 (c) Amounts deducted for depreciation;

12 (d) Pension and annuity receipts;

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

15 (f) Veterans benefits other than attendant-care and medical-aid
16 payments;

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

18 (h) Dividend receipts; and

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

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

22 NEW SECTION. **Sec. 3.** A new section is added to chapter 84.40 RCW
23 to read as follows:

24 The assessor shall maintain an assessed valuation in accordance
25 with the approved revaluation cycle for a residence owned by a person
26 qualifying for exemption under RCW 84.36.381 in addition to the
27 valuation required under RCW 84.36.381(6). Upon a change in the true
28 and fair value of the residence, the assessor shall notify the person
29 qualifying for exemption under RCW 84.36.381 of the new true and fair
30 value and that the new true and fair value will be used to compute
31 property taxes if the property fails to qualify for exemption under RCW
32 84.36.381.

33 NEW SECTION. **Sec. 4.** The department of revenue shall review the
34 effect of the valuation freeze in RCW 84.36.381(6) on taxpayers who are
35 not eligible for the freeze. The department shall develop alternative
36 methods that could be used to prevent tax shifts as a result of the

1 freeze, and report on those alternatives to the fiscal committees of
2 the senate and house of representatives on or before December 31, 1995.

3 NEW SECTION. **Sec. 5.** 1994 sp.s. c 8 s 3 (uncodified) is repealed.

4 NEW SECTION. **Sec. 6.** Chapter 8, Laws of 1994 sp. sess. shall take
5 effect July 1, 1995, and shall be effective for taxes levied in 1995
6 for collection in 1996 and thereafter.

7 NEW SECTION. **Sec. 7.** This act shall apply to taxes levied in 1995
8 for collection in 1996 and thereafter.

9 NEW SECTION. **Sec. 8.** If any provision of this act or its
10 application to any person or circumstance is held invalid, the
11 remainder of the act or the application of the provision to other
12 persons or circumstances is not affected.

13 NEW SECTION. **Sec. 9.** This act is necessary for the immediate
14 preservation of the public peace, health, or safety, or support of the
15 state government and its existing public institutions, and shall take
16 effect July 1, 1995."

17 **ESSB 5001** - S AMD - 442
18 By Senator Sheldon

19 ADOPTED 5/23/95

20 On page 1, line 2 of the title, after "disability;" strike the
21 remainder of the title and insert "amending RCW 84.36.381 and
22 84.36.383; adding a new section to chapter 84.40 RCW; creating new
23 sections; repealing 1994 sp.s. c 8 s 3 (uncodified); providing an
24 effective date; and declaring an emergency."

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