
HOUSE BILL 1708

State of Washington 58th Legislature 2003 Regular Session

By Representatives Campbell, Conway, Bush, Moeller, Edwards, Linville and Haigh

Read first time 02/05/2003. Referred to Committee on Finance.

1 AN ACT Relating to property tax exemptions for persons with
2 disabilities related to the performance of military duties; amending
3 RCW 84.36.379, 84.36.381, and 84.36.383; and creating a new section.

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

5 **Sec. 1.** RCW 84.36.379 and 2000 c 103 s 25 are each amended to read
6 as follows:

7 The legislature finds that the property tax exemption authorized by
8 Article VII, section 10 of the state Constitution should be made
9 available on the basis of a retired person's ability to pay property
10 taxes(~~(. —The legislature further finds)~~) and that the best measure of
11 a retired person's ability to pay taxes is that person's disposable
12 income as defined in RCW 84.36.383. The legislature further finds that
13 veterans with one hundred percent service-connected disabilities have
14 given so much to our country that they deserve property tax relief.

15 **Sec. 2.** RCW 84.36.381 and 1998 c 333 s 1 are each amended to read
16 as follows:

17 A person shall be exempt from any legal obligation to pay all or a

1 portion of the amount of excess and regular real property taxes due and
2 payable in the year following the year in which a claim is filed, and
3 thereafter, in accordance with the following:

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

12 (a) The residence is temporarily unoccupied;

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

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

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

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

35 (4) Except for veterans of the armed forces of the United States
36 with one hundred percent service-connected disabilities, the amount
37 that the person shall be exempt from an obligation to pay shall be
38 calculated on the basis of combined disposable income, as defined in

1 RCW 84.36.383. If the person claiming the exemption was retired for
2 two months or more of the assessment year, the combined disposable
3 income of such person shall be calculated by multiplying the average
4 monthly combined disposable income of such person during the months
5 such person was retired by twelve. If the income of the person
6 claiming exemption is reduced for two or more months of the assessment
7 year by reason of the death of the person's spouse, or when other
8 substantial changes occur in disposable income that are likely to
9 continue for an indefinite period of time, the combined disposable
10 income of such person shall be calculated by multiplying the average
11 monthly combined disposable income of such person after such
12 occurrences by twelve. If it is necessary to estimate income to comply
13 with this subsection, the assessor may require confirming documentation
14 of such income prior to May 31 of the year following application;

15 (5)(a) A person who otherwise qualifies under this section and has
16 a combined disposable income of thirty thousand dollars or less or who
17 is a veteran of the armed forces of the United States with a one
18 hundred percent service-connected disability shall be exempt from all
19 excess property taxes; and

20 (b)(i) A person who otherwise qualifies under this section and has
21 a combined disposable income of twenty-four thousand dollars or less
22 but greater than eighteen thousand dollars shall be exempt from all
23 regular property taxes on the greater of forty thousand dollars or
24 thirty-five percent of the valuation of his or her residence, but not
25 to exceed sixty thousand dollars of the valuation of his or her
26 residence; or

27 (ii) A person who otherwise qualifies under this section and has a
28 combined disposable income of eighteen thousand dollars or less or who
29 is a veteran of the armed forces of the United States with a one
30 hundred percent service-connected disability shall be exempt from all
31 regular property taxes on the greater of fifty thousand dollars or
32 sixty percent of the valuation of his or her residence; and

33 (6) For a person who otherwise qualifies under this section and has
34 a combined disposable income of thirty thousand dollars or less or who
35 is a veteran of the armed forces of the United States with a one
36 hundred percent service-connected disability, the valuation of the
37 residence shall be the assessed value of the residence on the later of
38 January 1, 1995, or January 1st of the assessment year the person first

1 qualifies under this section. If the person subsequently fails to
2 qualify under this section only for one year because of high income,
3 this same valuation shall be used upon requalification. If the person
4 fails to qualify for more than one year in succession because of high
5 income or fails to qualify for any other reason, the valuation upon
6 requalification shall be the assessed value on January 1st of the
7 assessment year in which the person requalifies. If the person
8 transfers the exemption under this section to a different residence,
9 the valuation of the different residence shall be the assessed value of
10 the different residence on January 1st of the assessment year in which
11 the person transfers the exemption.

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

15 This subsection does not apply to subsequent improvements to the
16 property in the year in which the improvements are made. Subsequent
17 improvements to the property shall be added to the value otherwise
18 determined under this subsection at their true and fair value in the
19 year in which they are made.

20 **Sec. 3.** RCW 84.36.383 and 1999 c 358 s 18 are each amended to read
21 as follows:

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

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

36 (2) The term "real property" shall also include a mobile home which
37 has substantially lost its identity as a mobile unit by virtue of its

1 being fixed in location upon land owned or leased by the owner of the
2 mobile home and placed on a foundation (posts or blocks) with fixed
3 pipe, connections with sewer, water, or other utilities. A mobile home
4 located on land leased by the owner of the mobile home is subject, for
5 tax billing, payment, and collection purposes, only to the personal
6 property provisions of chapter 84.56 RCW and RCW 84.60.040.

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

8 (4) "Combined disposable income" means the disposable income of the
9 person claiming the exemption, plus the disposable income of his or her
10 spouse, and the disposable income of each cotenant occupying the
11 residence for the assessment year, less amounts paid by the person
12 claiming the exemption or his or her spouse during the assessment year
13 for:

14 (a) Drugs supplied by prescription of a medical practitioner
15 authorized by the laws of this state or another jurisdiction to issue
16 prescriptions; and

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

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

25 (a) Capital gains, other than gain excluded from income under
26 section 121 of the federal internal revenue code to the extent it is
27 reinvested in a new principal residence;

28 (b) Amounts deducted for loss;

29 (c) Amounts deducted for depreciation;

30 (d) Pension and annuity receipts;

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

33 (f) Veterans benefits, other than attendant-care and medical-aid
34 payments, and benefits for a one hundred percent service-connected
35 disability;

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

37 (h) Dividend receipts; and

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

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

3 NEW SECTION. **Sec. 4.** This act applies to taxes levied for
4 collection in 2004 and thereafter.

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