
HOUSE BILL 2801

State of Washington

58th Legislature

2004 Regular Session

By Representatives Cairnes, Carrell, Kristiansen, Orcutt, Roach, Alexander, Benson, Woods, Holmquist, Ahern, Nixon, Cox, Sump, Newhouse, Mastin, Hinkle, Pearson, Bush, Chandler, Kessler, McDonald, Shabro, Schoesler, Campbell, Boldt, Mielke and Simpson, G.

Read first time 01/21/2004. Referred to Committee on Finance.

1 AN ACT Relating to property tax relief for senior citizens and
2 persons retired because of physical disability; amending RCW 84.36.381
3 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 84.36.381 and 1998 c 333 s 1 are each amended to read
6 as follows:

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

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

19 (a) The residence is temporarily unoccupied;

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

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

5 (2) The person claiming the exemption must have owned, at the time
6 of filing, in fee, as a life estate, or by contract purchase, the
7 residence on which the property taxes have been imposed or if the
8 person claiming the exemption lives in a cooperative housing
9 association, corporation, or partnership, such person must own a share
10 therein representing the unit or portion of the structure in which he
11 or she resides. For purposes of this subsection, a residence owned by
12 a marital community or owned by cotenants shall be deemed to be owned
13 by each spouse or cotenant, and any lease for life shall be deemed a
14 life estate;

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

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

1 (5)(a) A person who otherwise qualifies under this section and has
2 a combined disposable income of thirty-five thousand dollars or less
3 shall be exempt from all excess property taxes; and

4 (b)(i) A person who otherwise qualifies under this section and has
5 a combined disposable income of (~~((twenty-four))~~) twenty-eight thousand
6 dollars or less but greater than (~~((eighteen))~~) twenty-one thousand
7 dollars shall be exempt from all regular property taxes on the greater
8 of forty-seven thousand dollars or thirty-five percent of the valuation
9 of his or her residence, but not to exceed (~~((sixty))~~) seventy thousand
10 dollars of the valuation of his or her residence; or

11 (ii) A person who otherwise qualifies under this section and has a
12 combined disposable income of (~~((eighteen))~~) twenty-one thousand dollars
13 or less shall be exempt from all regular property taxes on the greater
14 of fifty-eight thousand dollars or sixty percent of the valuation of
15 his or her residence; and

16 (6)(a) For a person who otherwise qualifies under this section and
17 has a combined disposable income of thirty-five thousand dollars or
18 less, the valuation of the residence shall be the assessed value of the
19 residence on the later of January 1, 1995, or January 1st of the
20 assessment year the person first qualifies under this section. If the
21 person subsequently fails to qualify under this section only for one
22 year because of high income, this same valuation shall be used upon
23 requalification. If the person fails to qualify for more than one year
24 in succession because of high income or fails to qualify for any other
25 reason, the valuation upon requalification shall be the assessed value
26 on January 1st of the assessment year in which the person requalifies.
27 If the person transfers the exemption under this section to a different
28 residence, the valuation of the different residence shall be the
29 assessed value of the different residence on January 1st of the
30 assessment year in which the person transfers the exemption.

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

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

1 **Sec. 2.** RCW 84.36.383 and 1999 c 358 s 18 are each amended to read
2 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" means 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. A mobile home
22 located on land leased by the owner of the mobile home is subject, for
23 tax billing, payment, and collection purposes, only to the personal
24 property provisions of chapter 84.56 RCW and RCW 84.60.040.

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

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

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

35 (b) The treatment or care of either person received in the home or
36 in a nursing home; and

37 (c) Health care coverage, including dental coverage, vision

1 coverage, copayments, and deductions for medicare under Title XVIII of
2 the social security act.

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

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

12 (b) Amounts deducted for loss;

13 (c) Amounts deducted for depreciation;

14 (d) Pension and annuity receipts;

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

17 (f) Veterans benefits other than attendant-care and medical-aid
18 payments;

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

20 (h) Dividend receipts; and

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

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

24 NEW SECTION. Sec. 3. Sections 1 and 2 of this act apply to taxes
25 levied for collection in 2005 and thereafter.

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