
SENATE BILL 5002

State of Washington 58th Legislature 2003 Regular Session

By Senators Kastama, Rasmussen, Eide, Winsley, Benton and Kohl-Welles

Read first time 01/13/2003. Referred to Committee on Ways & Means.

1 AN ACT Relating to property tax exemptions and deferrals for senior
2 citizens and persons retired for reasons of physical disability;
3 amending RCW 84.36.381, 84.36.383, 84.38.020, and 84.38.030; and
4 creating a new section.

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

6 **Sec. 1.** RCW 84.36.381 and 1998 c 333 s 1 are each amended to read
7 as follows:

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

12 (1) The property taxes must have been imposed upon a residence
13 which was occupied by the person claiming the exemption as a principal
14 place of residence as of the time of filing: PROVIDED, That any person
15 who sells, transfers, or is displaced from his or her residence may
16 transfer his or her exemption status to a replacement residence, but no
17 claimant shall receive an exemption on more than one residence in any
18 year: PROVIDED FURTHER, That confinement of the person to a hospital

1 (~~or~~), nursing home, adult family home, or boarding home that provides
2 enhanced adult residential care or assisted living services, as defined
3 in RCW 74.39A.009, shall not disqualify the claim of exemption if:

4 (a) The residence is temporarily unoccupied;

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

7 (c) The residence is rented for the purpose of paying costs of a
8 nursing home (~~or~~), hospital (~~costs~~), adult family home, or boarding
9 home that provides enhanced adult residential care or assisted living
10 services, as defined in RCW 74.39A.009;

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

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

29 (4) The amount that the person shall be exempt from an obligation
30 to pay shall be calculated on the basis of combined disposable income,
31 as defined in RCW 84.36.383. If the person claiming the exemption was
32 retired for two months or more of the assessment year, the combined
33 disposable income of such person shall be calculated by multiplying the
34 average monthly combined disposable income of such person during the
35 months such person was retired by twelve. If the income of the person
36 claiming exemption is reduced for two or more months of the assessment
37 year by reason of the death of the person's spouse, or when other
38 substantial changes occur in disposable income that are likely to

1 continue for an indefinite period of time, the combined disposable
2 income of such person shall be calculated by multiplying the average
3 monthly combined disposable income of such person after such
4 occurrences by twelve. If it is necessary to estimate income to comply
5 with this subsection, the assessor may require confirming documentation
6 of such income prior to May 31 of the year following application;

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

10 (b)(i) A person who otherwise qualifies under this section and has
11 a combined disposable income of (~~(twenty-four)~~) twenty-eight thousand
12 dollars or less but greater than (~~(eighteen)~~) twenty-one thousand
13 dollars shall be exempt from all regular property taxes on the greater
14 of (~~(forty)~~) forty-six thousand dollars or thirty-five percent of the
15 valuation of his or her residence, but not to exceed (~~(sixty)~~) sixty-
16 nine thousand dollars of the valuation of his or her residence; or

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

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

37 In no event may the valuation under this subsection be greater than

1 the true and fair value of the residence on January 1st of the
2 assessment year.

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

8 **Sec. 2.** RCW 84.36.383 and 1999 c 358 s 18 are each amended to read
9 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" means 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, except that a residence includes any additional property up to a
16 total of five acres that comprises the residential parcel if this
17 larger parcel size is required under land use regulations. The term
18 shall also include a share ownership in a cooperative housing
19 association, corporation, or partnership if the person claiming
20 exemption can establish that his or her share represents the specific
21 unit or portion of such structure in which he or she resides. The term
22 shall also include a single family dwelling situated upon lands the fee
23 of which is vested in the United States or any instrumentality thereof
24 including an Indian tribe or in the state of Washington, and
25 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a
26 residence shall be deemed real property.

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

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

36 (4) "Combined disposable income" means the disposable income of the
37 person claiming the exemption, plus the disposable income of his or her

1 spouse, and the disposable income of each cotenant occupying the
2 residence for the assessment year, less amounts paid by the person
3 claiming the exemption or his or her spouse during the assessment year
4 for:

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

8 (b) The treatment or care of either person received in the home or
9 in a nursing home, adult family home, or boarding home that provides
10 enhanced adult residential care or assisted living services, as defined
11 in RCW 74.39A.009; and

12 (c) Health care insurance of either person, including any deduction
13 for medicare under Title XVIII of the social security act.

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

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

23 (b) Amounts deducted for loss;

24 (c) Amounts deducted for depreciation;

25 (d) Pension and annuity receipts;

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

28 (f) Veterans benefits other than attendant-care and medical-aid
29 payments and benefits for disabilities related to the performance of
30 military duties;

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

32 (h) Dividend receipts; and

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

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

36 **Sec. 3.** RCW 84.38.020 and 1997 c 93 s 1 are each amended to read
37 as follows:

1 Unless a different meaning is plainly required by the context, the
2 following words and phrases as hereinafter used in this chapter shall
3 have the following meanings:

4 (1) "Claimant" means a person who either elects or is required
5 under RCW 84.64.050 to defer payment of the special assessments and/or
6 real property taxes accrued on the claimant's residence by filing a
7 declaration to defer as provided by this chapter.

8 When two or more individuals of a household file or seek to file a
9 declaration to defer, they may determine between them as to who the
10 claimant shall be.

11 (2) "Department" means the state department of revenue.

12 (3) "Equity value" means the amount by which the fair market value
13 of a residence as determined from the records of the county assessor
14 exceeds the total amount of any liens or other obligations against the
15 property.

16 (4) "Local government" means any city, town, county, water-sewer
17 district, public utility district, port district, irrigation district,
18 flood control district, or any other municipal corporation, quasi-
19 municipal corporation, or other political subdivision authorized to
20 levy special assessments.

21 (5) "Real property taxes" means ad valorem property taxes levied on
22 a residence in this state in the preceding calendar year.

23 (6) "Residence" has the meaning given in RCW 84.36.383(~~(, except~~
24 ~~that a residence includes any additional property up to a total of five~~
25 ~~acres that comprises the residential parcel if this larger parcel size~~
26 ~~is required under land use regulations))).~~

27 (7) "Special assessment" means the charge or obligation imposed by
28 a local government upon property specially benefited.

29 **Sec. 4.** RCW 84.38.030 and 1995 c 329 s 2 are each amended to read
30 as follows:

31 A claimant may defer payment of special assessments and/or real
32 property taxes on up to eighty percent of the amount of the claimant's
33 equity value in the claimant's residence if the following conditions
34 are met:

35 (1) The claimant must meet all requirements for an exemption for
36 the residence under RCW 84.36.381, other than the age and income limits
37 under RCW 84.36.381 (~~(and the parcel size limit under RCW 84.36.383))~~).

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

8 (3) The claimant must have a combined disposable income, as defined
9 in RCW 84.36.383, of (~~thirty-four~~) thirty-nine thousand dollars or
10 less.

11 (4) The claimant must have owned, at the time of filing, the
12 residence on which the special assessment and/or real property taxes
13 have been imposed. For purposes of this subsection, a residence owned
14 by a marital community or owned by cotenants shall be deemed to be
15 owned by each spouse or cotenant. A claimant who has only a share
16 ownership in cooperative housing, a life estate, a lease for life, or
17 a revocable trust does not satisfy the ownership requirement.

18 (5) The claimant must have and keep in force fire and casualty
19 insurance in sufficient amount to protect the interest of the state in
20 the claimant's equity value: PROVIDED, That if the claimant fails to
21 keep fire and casualty insurance in force to the extent of the state's
22 interest in the claimant's equity value, the amount deferred shall not
23 exceed one hundred percent of the claimant's equity value in the land
24 or lot only.

25 (6) In the case of special assessment deferral, the claimant must
26 have opted for payment of such special assessments on the installment
27 method if such method was available.

28 NEW SECTION. **Sec. 5.** This act applies to taxes levied for
29 collection in 2004 and thereafter.

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