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SENATE BILL 6369

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State of Washington

58th Legislature

2004 Regular Session

By Senators Haugen, Spanel, Eide, Thibaudeau, Oke, Keiser, McAuliffe and Kohl-Welles

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1 AN ACT Relating to property tax exemptions for persons confined in  
2 adult family homes and certain boarding homes; and amending RCW  
3 84.36.381 and 84.36.383.

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, adult family home, or boarding home that provides

1 enhanced adult residential care or assisted living services, as defined  
2 in RCW 74.39A.009, shall not disqualify the claim of exemption if:

3 (a) The residence is temporarily unoccupied;

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

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

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

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

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

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

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

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

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

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

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

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

6 **Sec. 2.** RCW 84.36.383 and 1999 c 358 s 18 are each amended to read  
7 as follows:

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

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

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

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

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

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

4 (b) The treatment or care of either person received in the home or  
5 in a nursing home, adult family home, or boarding home that provides  
6 enhanced adult residential care or assisted living services, as defined  
7 in RCW 74.39A.009.

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 gain excluded from income under  
15 section 121 of the federal internal revenue code to the extent it is  
16 reinvested in a new principal residence;

17 (b) Amounts deducted for loss;

18 (c) Amounts deducted for depreciation;

19 (d) Pension and annuity receipts;

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

22 (f) Veterans benefits other than attendant-care and medical-aid  
23 payments;

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

25 (h) Dividend receipts; and

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

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

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