
HOUSE BILL 1743

State of Washington 59th Legislature 2005 Regular Session

By Representatives Santos, Roach, P. Sullivan, McCoy, Simpson,
Hasegawa and McCune

Read first time 02/03/2005. Referred to Committee on Finance.

1 AN ACT Relating to senior citizen property taxes; amending RCW
2 84.36.381, 84.36.383, 84.38.030, and 84.64.050; adding a new section to
3 chapter 84.36 RCW; adding a new section to chapter 84.55 RCW; 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 2004 c 270 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 nursing home, boarding home, or adult family home shall not disqualify
2 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 nursing home,
7 hospital, boarding home, or adult family home costs;

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

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

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

1 occurrences by twelve. If it is necessary to estimate income to comply
2 with this subsection, the assessor may require confirming documentation
3 of such income prior to May 31 of the year following application;

4 (5)(a) A person who otherwise qualifies under this section and has
5 a combined disposable income (~~(of thirty five thousand dollars or)~~)
6 equal to or less than income threshold 3 shall be exempt from all
7 excess property taxes; and

8 (b)(i) A person who otherwise qualifies under this section and has
9 a combined disposable income (~~(of thirty thousand dollars)~~) equal to or
10 less than income threshold 2, but greater than (~~(twenty five thousand~~
11 ~~dollars)~~) income threshold 1 shall be exempt from all regular property
12 taxes on the greater of fifty thousand dollars or thirty-five percent
13 of the valuation of his or her residence, but not to exceed seventy
14 thousand dollars of the valuation of his or her residence; or

15 (ii) A person who otherwise qualifies under this section and has a
16 combined disposable income (~~(of twenty five thousand dollars)~~) equal to
17 or less than income threshold 1 shall be exempt from all regular
18 property taxes on the greater of sixty thousand dollars or sixty
19 percent of the valuation of his or her residence;

20 (6) For a person who otherwise qualifies under this section and has
21 a combined disposable income (~~(of thirty five thousand dollars)~~) equal
22 to or less than income threshold 3, the valuation of the residence
23 shall be the assessed value of the residence on the later of January 1,
24 1995, or January 1st of the assessment year the person first qualifies
25 under this section. If the person subsequently fails to qualify under
26 this (~~(section)~~) subsection only for one year because of high income,
27 this same valuation shall be used upon requalification. If the person
28 fails to qualify for more than one year in succession because of high
29 income or fails to qualify for any other reason, the valuation upon
30 requalification under this subsection shall be the assessed value on
31 January 1st of the assessment year in which the person
32 requalifies(~~(-)~~);

33 (7) For a person who otherwise qualifies under this section and has
34 a combined disposable income of fifty thousand dollars or less but
35 greater than income threshold 3, the valuation of the residence shall
36 be the assessed value of the residence for the previous year, plus two
37 percent. For counties that do not revalue property annually, the
38 valuation of the residence shall be the previous assessed value plus

1 two percent for each year since the previous revaluation of the
2 residence. If the person subsequently fails to qualify under this
3 subsection only for one year because of high income, the valuation of
4 the residence upon requalification shall be calculated as if the person
5 had been qualified the previous year. If the person fails to qualify
6 for more than one year in succession because of high income or fails to
7 qualify for any other reason, the valuation upon requalification shall
8 be the assessed value on January 1st of the assessment year in which
9 the person requalifies;

10 (8) If the person transfers the exemption under this section to a
11 different residence, the valuation of the different residence, for the
12 purposes of subsection (6) or (7) of this section, shall be the
13 assessed value of the different residence on January 1st of the
14 assessment year in which the person transfers the exemption(~~(-)~~); and

15 (9)(a) In no event may the valuation under (~~this~~) subsection (6)
16 or (7) of this section be greater than the true and fair value of the
17 residence on January 1st of the assessment year.

18 (~~This subsection does~~) (b) Subsections (6) and (7) of this
19 section do not apply to subsequent improvements to the property in the
20 year in which the improvements are made. Subsequent improvements to
21 the property shall be added to the value otherwise determined under
22 this subsection at their true and fair value in the year in which they
23 are made.

24 **Sec. 2.** RCW 84.36.383 and 2004 c 270 s 2 are each amended to read
25 as follows:

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

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

1 including an Indian tribe or in the state of Washington, and
2 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a
3 residence shall be deemed real property.

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

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

13 (4) "Combined disposable income" means the disposable income of the
14 person claiming the exemption, plus the disposable income of his or her
15 spouse, and the disposable income of each cotenant occupying the
16 residence for the assessment year, less amounts paid by the person
17 claiming the exemption or his or her spouse during the assessment year
18 for:

19 (a) Drugs supplied by prescription of a medical practitioner
20 authorized by the laws of this state or another jurisdiction to issue
21 prescriptions;

22 (b) The treatment or care of either person received in the home or
23 in a nursing home, boarding home, or adult family home; and

24 (c) Health care insurance premiums for medicare under Title XVIII
25 of the social security act.

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

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

35 (b) Amounts deducted for loss;

36 (c) Amounts deducted for depreciation;

37 (d) Pension and annuity receipts;

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

3 (f) Veterans benefits other than attendant-care and medical-aid
4 payments;

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

6 (h) Dividend receipts; and

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

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

10 (7) "Disability" has the same meaning as provided in 42 U.S.C. Sec.
11 423(d)(1)(A) as amended prior to January 1, 2004, or such subsequent
12 date as the director may provide by rule consistent with the purpose of
13 this section.

14 (8) If a person received property tax relief under RCW 84.36.381
15 for property taxes levied for collection in 2002 or 2003 then:

16 (a) "Income threshold 1" means the greater of eighteen thousand
17 dollars or thirty-three percent of county median family income;

18 (b) "Income threshold 2" means the greater of twenty-four thousand
19 dollars or forty-four percent of county median family income;

20 (c) "Income threshold 3" means the greater of thirty thousand
21 dollars or fifty-five percent of county median family income.

22 (9) If a person did not receive property tax relief under RCW
23 84.36.381 for property taxes levied for collection in 2002 or 2003
24 then:

25 (a) "Income threshold 1" means thirty-three percent of county
26 median family income;

27 (b) "Income threshold 2" means forty-four percent of county median
28 family income;

29 (c) "Income threshold 3" means fifty-five percent of county median
30 family income;

31 (10) "County median family income" means the county median family
32 income that is used for determination of eligibility for housing
33 assistance payment programs under section 8 of the United States
34 housing act of 1937, as in effect on January 1st of the year in which
35 tax relief is received.

36 **Sec. 3.** RCW 84.38.030 and 2004 c 270 s 3 are each amended to read
37 as follows:

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

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

8 (2) The claimant must be sixty years of age or older on December
9 31st of the year in which the deferral claim is filed, or must have
10 been, at the time of filing, retired from regular gainful employment by
11 reason of physical disability: PROVIDED, That any surviving spouse of
12 a person who was receiving a deferral at the time of the person's death
13 shall qualify if the surviving spouse is fifty-seven years of age or
14 older and otherwise meets the requirements of this section.

15 (3) The claimant must have a combined disposable income, as defined
16 in RCW 84.36.383, of forty thousand dollars or less.

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

24 (5) The claimant must have and keep in force fire and casualty
25 insurance in sufficient amount to protect the interest of the state in
26 the claimant's equity value: PROVIDED, That if the claimant fails to
27 keep fire and casualty insurance in force to the extent of the state's
28 interest in the claimant's equity value, the amount deferred shall not
29 exceed one hundred percent of the claimant's equity value in the land
30 or lot only.

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

34 (7) A deferral under this chapter must have been granted for the
35 claimant's residence for taxes levied for collection in 2004. Eligible
36 deferrals may be renewed as provided in this chapter, but new deferrals
37 may not be granted for taxes levied for collection after 2004.

1 **Sec. 4.** RCW 84.64.050 and 1999 c 18 s 7 are each amended to read
2 as follows:

3 After the expiration of three years from the date of delinquency,
4 when any property remains on the tax rolls for which no certificate of
5 delinquency has been issued, the county treasurer shall proceed to
6 issue certificates of delinquency on the property to the county for all
7 years' taxes, interest, and costs: PROVIDED, That the county
8 treasurer, with the consent of the county legislative authority, may
9 elect to issue a certificate for fewer than all years' taxes, interest,
10 and costs to a minimum of the taxes, interest, and costs for the
11 earliest year.

12 Certificates of delinquency shall be prima facie evidence that:

13 (1) The property described was subject to taxation at the time the
14 same was assessed;

15 (2) The property was assessed as required by law;

16 (3) The taxes or assessments were not paid at any time before the
17 issuance of the certificate;

18 (4) Such certificate shall have the same force and effect as a lis
19 pendens required under chapter 4.28 RCW.

20 The county treasurer may include in the certificate of delinquency
21 any assessments which are due on the property and are the
22 responsibility of the county treasurer to collect. For purposes of
23 this chapter, "taxes, interest, and costs" include any assessments
24 which are so included by the county treasurer, and "interest" means
25 interest and penalties unless the context requires otherwise.

26 The treasurer shall file the certificates when completed with the
27 clerk of the court at no cost to the treasurer, and the treasurer shall
28 thereupon, with legal assistance from the county prosecuting attorney,
29 proceed to foreclose in the name of the county, the tax liens embraced
30 in such certificates. Notice and summons must be served or notice
31 given in a manner reasonably calculated to inform the owner or owners,
32 and any person having a recorded interest in or lien of record upon the
33 property, of the foreclosure action to appear within thirty days after
34 service of such notice and defend such action or pay the amount due.
35 Either (a) personal service upon the owner or owners and any person
36 having a recorded interest in or lien of record upon the property, or
37 (b) publication once in a newspaper of general circulation, which is
38 circulated in the area of the property and mailing of notice by

1 certified mail to the owner or owners and any person having a recorded
2 interest in or lien of record upon the property, or, if a mailing
3 address is unavailable, personal service upon the occupant of the
4 property, if any, is sufficient. If such notice is returned as
5 unclaimed, the treasurer shall send notice by regular first class mail.
6 The notice shall include the legal description on the tax rolls, the
7 year or years for which assessed, the amount of tax and interest due,
8 and the name of owner, or reputed owner, if known, and the notice must
9 include the local street address, if any, for informational purposes
10 only. The certificates of delinquency issued to the county may be
11 issued in one general certificate in book form including all property,
12 and the proceedings to foreclose the liens against the property may be
13 brought in one action and all persons interested in any of the property
14 involved in the proceedings may be made codefendants in the action, and
15 if unknown may be therein named as unknown owners, and the publication
16 of such notice shall be sufficient service thereof on all persons
17 interested in the property described therein, except as provided above.
18 The person or persons whose name or names appear on the treasurer's
19 rolls as the owner or owners of the property shall be considered and
20 treated as the owner or owners of the property for the purpose of this
21 section, and if upon the treasurer's rolls it appears that the owner or
22 owners of the property are unknown, then the property shall be
23 proceeded against, as belonging to an unknown owner or owners, as the
24 case may be, and all persons owning or claiming to own, or having or
25 claiming to have an interest therein, are hereby required to take
26 notice of the proceedings and of any and all steps thereunder:
27 PROVIDED, That prior to the sale of the property, the treasurer shall
28 order or conduct a title search of the property to be sold to determine
29 the legal description of the property to be sold and the record title
30 holder, and if the record title holder or holders differ from the
31 person or persons whose name or names appear on the treasurer's rolls
32 as the owner or owners, the record title holder or holders shall be
33 considered and treated as the owner or owners of the property for the
34 purpose of this section, and shall be entitled to the notice provided
35 for in this section. Such title search shall be included in the costs
36 of foreclosure.

37 ~~((The county treasurer shall not sell property which is eligible~~

1 ~~for deferral of taxes under chapter 84.38 RCW but shall require the~~
2 ~~owner of the property to file a declaration to defer taxes under~~
3 ~~chapter 84.38 RCW.)~~)

4 NEW SECTION. **Sec. 5.** A new section is added to chapter 84.36 RCW
5 to read as follows:

6 The valuation of a residence determined under RCW 84.36.381(7)
7 shall apply for the levies of all taxing districts, unless the
8 legislative authority of a county adopts an ordinance or resolution
9 providing that valuations under RCW 84.36.381(7) do not apply within
10 the county. If such an ordinance or resolution is adopted, valuations
11 under RCW 84.36.381(7) shall not apply to the levy of any taxing
12 district upon property within the county, except the levy by the state.
13 If the ordinance or resolution is repealed, valuation of a residence
14 determined under RCW 84.36.381(7) shall apply for the levies of all
15 taxing districts upon property within the county.

16 NEW SECTION. **Sec. 6.** A new section is added to chapter 84.55 RCW
17 to read as follows:

18 The levy for a taxing district in any year shall be reduced as
19 necessary to prevent exemptions under RCW 84.36.381(7) from resulting
20 in a higher tax rate than would have occurred in the absence of the
21 exemptions under RCW 84.36.381(7).

22 NEW SECTION. **Sec. 7.** Section 1 of this act applies to taxes
23 levied for collection in 2005 and thereafter.

--- END ---