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HOUSE BILL 2432

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State of Washington

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By Representatives Campbell, Morrell, McCune, McCoy, Appleton, Talcott, Linville, Conway, Sump, Springer, Green, Ericks, Dunn and Sells

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1 AN ACT Relating to property tax exemptions for persons with  
2 disabilities related to the performance of military duties; amending  
3 RCW 84.36.381 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 84.36.381 and 2005 c 248 (HB 1019) s 2 are each  
6 amended to read 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 nursing home, boarding home, or adult family home shall not disqualify  
19 the claim of exemption if:

1 (a) The residence is temporarily unoccupied;

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

4 (c) The residence is rented for the purpose of paying nursing home,  
5 hospital, boarding home, or adult family home costs;

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

16 (3) The person claiming the exemption must be (a) sixty-one years  
17 of age or older on December 31st of the year in which the exemption  
18 claim is filed, or must have been, at the time of filing, retired from  
19 regular gainful employment by reason of disability, or (b) a veteran of  
20 the armed forces of the United States with a one hundred percent  
21 service connected disability as ((provided in 42 U.S.C. Sec. 423  
22 (d)(1)(A) as amended prior)) determined pursuant to 38 U.S.C. Sec. 1110  
23 et seq. as existing on January 1, ((2005)) 2006. However, any  
24 surviving spouse of a person who was receiving an exemption at the time  
25 of the person's death shall qualify if the surviving spouse is fifty-  
26 seven years of age or older and otherwise meets the requirements of  
27 this section;

28 (4) Except for veterans of the armed forces of the United States  
29 with one hundred percent service connected disabilities, the amount  
30 that the person shall be exempt from an obligation to pay shall be  
31 calculated on the basis of combined disposable income, as defined in  
32 RCW 84.36.383. If the person claiming the exemption was retired for  
33 two months or more of the assessment year, the combined disposable  
34 income of such person shall be calculated by multiplying the average  
35 monthly combined disposable income of such person during the months  
36 such person was retired by twelve. If the income of the person  
37 claiming exemption is reduced for two or more months of the assessment  
38 year by reason of the death of the person's spouse, or when other

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

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

13 (b)(i) A person who otherwise qualifies under this section and has  
14 a combined disposable income of thirty thousand dollars or less but  
15 greater than twenty-five thousand dollars shall be exempt from all  
16 regular property taxes on the greater of fifty thousand dollars or  
17 thirty-five percent of the valuation of his or her residence, but not  
18 to exceed seventy thousand dollars of the valuation of his or her  
19 residence; or

20 (ii) A person who otherwise qualifies under this section and has a  
21 combined disposable income of twenty-five thousand dollars or less or  
22 who is a veteran of the armed forces of the United States with a one  
23 hundred percent service connected disability shall be exempt from all  
24 regular property taxes on the greater of sixty thousand dollars or  
25 sixty percent of the valuation of his or her residence;

26 (6) For a person who otherwise qualifies under this section and has  
27 a combined disposable income of thirty-five thousand dollars or less or  
28 who is a veteran of the armed forces of the United States with a one  
29 hundred percent service connected disability, the valuation of the  
30 residence shall be the assessed value of the residence on the later of  
31 January 1, 1995, or January 1st of the assessment year the person first  
32 qualifies under this section. If the person subsequently fails to  
33 qualify under this section only for one year because of high income,  
34 this same valuation shall be used upon requalification. If the person  
35 fails to qualify for more than one year in succession because of high  
36 income or fails to qualify for any other reason, the valuation upon  
37 requalification shall be the assessed value on January 1st of the  
38 assessment year in which the person requalifies. If the person

1 transfers the exemption under this section to a different residence,  
2 the valuation of the different residence shall be the assessed value of  
3 the different residence on January 1st of the assessment year in which  
4 the person transfers the exemption.

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

8 This subsection does not apply to subsequent improvements to the  
9 property in the year in which the improvements are made. Subsequent  
10 improvements to the property shall be added to the value otherwise  
11 determined under this subsection at their true and fair value in the  
12 year in which they are made.

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

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

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

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

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

1 (4) "Combined disposable income" means the disposable income of the  
2 person claiming the exemption, plus the disposable income of his or her  
3 spouse, and the disposable income of each cotenant occupying the  
4 residence for the assessment year, less amounts paid by the person  
5 claiming the exemption or his or her spouse during the assessment year  
6 for:

7 (a) Drugs supplied by prescription of a medical practitioner  
8 authorized by the laws of this state or another jurisdiction to issue  
9 prescriptions;

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

12 (c) Health care insurance premiums for medicare under Title XVIII  
13 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 (7) "Disability" has the same meaning as provided in 42 U.S.C. Sec.  
37 423(d)(1)(A) as amended prior to January 1, 2004, or such subsequent

1 date as the director may provide by rule consistent with the purpose of  
2 this section.

3 NEW SECTION. **Sec. 3.** This act applies to taxes levied for  
4 collection in 2007 and thereafter.

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