
SENATE BILL 6338

State of Washington

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By Senators Haugen, Oke, Berkey, Swecker, Eide, Mulliken, Spanel, Kline, Rasmussen, McAuliffe, Shin and Fairley

Read first time 01/11/2006. 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 disability; amending RCW
3 84.36.383, 84.38.020, and 84.38.030; and creating a new section.

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

5 **Sec. 1.** RCW 84.36.383 and 2004 c 270 s 2 are each amended to read
6 as follows:

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

9 (1) The term "residence" means a single family dwelling unit
10 whether such unit be separate or part of a multiunit dwelling,
11 including the land on which such dwelling stands not to exceed one
12 acre, except that a residence includes any additional property up to a
13 total of five acres that comprises the residential parcel if this
14 larger parcel size is required under land use regulations. The term
15 shall also include a share ownership in a cooperative housing
16 association, corporation, or partnership if the person claiming
17 exemption can establish that his or her share represents the specific
18 unit or portion of such structure in which he or she resides. The term
19 shall also include a single family dwelling situated upon lands the fee

1 of which is vested in the United States or any instrumentality thereof
2 including an Indian tribe or in the state of Washington, and
3 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a
4 residence shall be deemed real property.

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

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

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

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

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

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

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

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

36 (b) Amounts deducted for loss;

37 (c) Amounts deducted for depreciation;

38 (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 **Sec. 2.** RCW 84.38.020 and 1997 c 93 s 1 are each amended to read
15 as follows:

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

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

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

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

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

31 (4) "Local government" means any city, town, county, water-sewer
32 district, public utility district, port district, irrigation district,
33 flood control district, or any other municipal corporation, quasi-
34 municipal corporation, or other political subdivision authorized to
35 levy special assessments.

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

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

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

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

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

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

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

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

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

32 (5) The claimant must have and keep in force fire and casualty
33 insurance in sufficient amount to protect the interest of the state in
34 the claimant's equity value: PROVIDED, That if the claimant fails to
35 keep fire and casualty insurance in force to the extent of the state's
36 interest in the claimant's equity value, the amount deferred shall not

1 exceed one hundred percent of the claimant's equity value in the land
2 or lot only.

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

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

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