SSB 5875 - S AMD **160**
By Senator Carlyle

NOT ADOPTED 03/23/2017

On page 10, after line 24, insert the following:

"NEW SECTION. **Sec. 6.** A new section is added to chapter 82.32 RCW to read as follows:

(1) An additional tax is imposed on businesses who own parcels of real property valued at five million dollars or more. The tax is equal to the amount of the property tax reduction on each parcel of real property valued at over five million dollars owned by the business realized of the levy in RCW 84.52.065(2)(a) (section 2(2)(a) of this act). Any business that realized an increase in property tax, as a result the levy in RCW 84.52.065(2)(a) (section 2(2)(a) of this act), on a parcel of real property valued at five million dollars or more is exempt from the tax imposed under this section.

(2) In order to determine whether a business has an increase or a decrease in property tax as a result of RCW 84.52.065(2)(a) (section 2(2)(a) of this act), beginning with the levy of taxes for collection in 2019, the department must do a comparison, for all parcels owned by businesses valued at over five million dollars, comparing the property tax owed from RCW 84.52.065(2)(a) (section 2(2)(a) of this act) and the taxes that would otherwise be due from the levy in RCW 84.52.053 at the rate that existed on January 1, 2017.

(3) This chapter applies to this section except as otherwise provided in this section. The tax imposed by this section must be paid annually by May 25th. The department must adopt rules necessary to implement and collect the tax imposed under this section.

(4) Taxes collected under this section must be deposited into the education levy contingency account hereby created in the state treasury. Funds in the account must first be used to reimburse local school districts from lost revenue from the levy in RCW 84.52.065(2)(a) (section 2(2)(a) of this act) as a result the amendments in section 7 of this act. Any additional funds must distributed to the local school districts ratably based on the number of students to fund items not defined as basic education. Expenditures from the account must be appropriated.

Sec. 7. RCW 84.36.381 and 2015 3rd sp.s. c 30 s 2 are each amended to read as follows:

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

(1) The property taxes must have been imposed upon a residence which was occupied by the person claiming the exemption as a principal place of residence as of the time of filing. However, any person who sells, transfers, or is displaced from his or her residence may transfer his or her exemption status to a replacement residence, but no claimant may receive an exemption on more than one residence in any year. Moreover, confinement of the person to a hospital, nursing home, assisted living facility, or adult family home does not disqualify the claim of exemption if:

(a) The residence is temporarily unoccupied;

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

(c) The residence is rented for the purpose of paying nursing home, hospital, assisted living facility, or adult family home costs;

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

(3)(a) The person claiming the exemption must be:

(i) Sixty-one years of age or older on December 31st of the year in which the exemption claim is filed, or must have been, at the time of filing, retired from regular gainful employment by reason of disability; or

(ii) A veteran of the armed forces of the United States entitled to and receiving compensation from the United States department of veterans affairs at a total disability rating for a service-connected disability.

(b) However, any surviving spouse or surviving domestic partner of a person who was receiving an exemption at the time of the person's death will qualify if the surviving spouse or surviving domestic partner is fifty-seven years of age or older and otherwise meets the requirements of this section;

(4) The amount that the person is exempt from an obligation to pay is calculated on the basis of combined disposable income, as defined in RCW 84.36.383. If the person claiming the exemption was retired for two months or more of the assessment year, the combined disposable income of such person must be calculated by multiplying the average monthly combined disposable income of such person during the months such person was retired by twelve. If the income of the person claiming exemption is reduced for two or more months of the assessment year by reason of the death of the person's spouse or the person's domestic partner, or when other substantial changes occur in disposable income that are likely to continue for an indefinite period of time, the combined disposable income of such person must be calculated by multiplying the average monthly combined disposable income of such person after such occurrences by twelve. If it is necessary to estimate income to comply with this subsection, the assessor may require confirming documentation of such income prior to May 31 of the year following application;

(5)(a) A person who otherwise qualifies under this section and has a combined disposable income of forty thousand dollars or less is exempt from all excess property taxes; and

(b)(i) A person who otherwise qualifies under this section and has a combined disposable income of thirty-five thousand dollars or less but greater than thirty thousand dollars is exempt from all regular property taxes, except for the levy in RCW 84.52.065(2)(a) (section 2(2)(a) of this act), on the greater of fifty thousand dollars or thirty-five percent of the valuation of his or her residence, but not to exceed seventy thousand dollars of the valuation of his or her residence; ((~~or~~))

(ii) A person who otherwise qualifies under this section and has a combined disposable income of thirty thousand dollars or less is exempt from all regular property taxes, except for the levy in RCW 84.52.065(2)(a) (section 2(2)(a) of this act), on the greater of sixty thousand dollars or sixty percent of the valuation of his or her residence;

(iii) A person who otherwise qualifies under this section and has a combined disposable income of fifty-seven thousand dollars or less but greater than fifty-two thousand dollars is exempt from the levy in RCW 84.52.065(2)(a) (section 2(2)(a) of this act) on the greater of fifty thousand dollars or thirty-five percent of the valuation of his or her residence, but not to exceed seventy thousand dollars of the valuation of his or her residence; or

(iv) A person who otherwise qualifies under this section and has a combined disposable income of fifty-two thousand dollars or less is exempt from the levy in RCW 84.52.065(2)(a) (section 2(2)(a) of this act), on the greater of sixty thousand dollars or sixty percent of the valuation of his or her residence;

(6)(a) For a person who otherwise qualifies under this section and has a combined disposable income of forty thousand dollars or less, the valuation of the residence is the assessed value of the residence on the later of January 1, 1995, or January 1st of the assessment year the person first qualifies under this section. If the person subsequently fails to qualify under this section only for one year because of high income, this same valuation must be used upon requalification. If the person fails to qualify for more than one year in succession because of high income or fails to qualify for any other reason, the valuation upon requalification is the assessed value on January 1st of the assessment year in which the person requalifies. If the person transfers the exemption under this section to a different residence, the valuation of the different residence is the assessed value of the different residence on January 1st of the assessment year in which the person transfers the exemption.

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

(c) This subsection does not apply to subsequent improvements to the property in the year in which the improvements are made. Subsequent improvements to the property must be added to the value otherwise determined under this subsection at their true and fair value in the year in which they are made."

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On page 1, line 3 of the title, after "84.52.---," strike "and 28A.320.---; and" and insert ", 28A.320.---, and 84.36.381;"

On page 1, line 4 of the title, after "(uncodified)" insert "; and adding a new section to chapter 82.32 RCW"

<u>EFFECT:</u> (1) With respect to the local effort levy created in the bill, the senior and disabled veteran property tax exemption program income qualification thresholds are increased to $57,000 from $40,000. The resulting losses to the school districts from the increase in the amount of individuals qualifying for senior and disabled veteran property tax exemption will be reimbursed from a new tax.

(2) The new tax is a tax on businesses that own parcels of property valued at $5 million or more and which received a property tax reduction as a result of this act and SB 5607. The tax is equal to the reduced property tax on such parcels.

(3) Revenue from the tax are deposited into the education levy contingency account. Funds are first used to reimburse local school districts from the increase in the senior and disabled veterans property tax program. The remaining funds are distributed to the school districts ratable based on the number of students for nonbasic education spending.

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