H-1951.1

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**SUBSTITUTE HOUSE BILL 1629**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** House Finance (originally sponsored by Representatives Reeves, Walen, Ryu, Kirby, Barkis, Leavitt, Kilduff, Stanford, Appleton, Lovick, Ortiz-Self, Frame, Shea, and Bergquist)

AN ACT Relating to providing property tax relief for disabled veterans; amending RCW 36.21.100, 84.36.381, and 84.36.389; and creating new sections.

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

**Sec.**  RCW 36.21.100 and 1991 c 218 s 4 are each amended to read as follows:

(1) Every county assessor ((~~shall~~)) must report to the department of revenue on the property tax levies and related matters within the county annually at a date and in a form prescribed by the department of revenue. The report ((~~shall~~)) must include, but need not be limited to, the results of sales-assessment ratio studies performed by the assessor. The ratio studies ((~~shall~~)) must be based on use classes of real property and ((~~shall~~)) must be performed under a plan approved by the department of revenue.

(2) By July 1, 2020, and every year thereafter, every county assessor must submit annual data to the department of revenue on:

(a) The number of veterans that apply for the property tax exemption program under RCW 84.36.381; and

(b) The number of veterans that are receiving property tax relief under any other local property tax relief program for veterans.

**Sec.**  RCW 84.36.381 and 2018 c 46 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.~~)):

(A) A combined service-connected evaluation rating of eighty percent or higher; or

(B) A total disability rating for a service-connected disability without regard to evaluation percent.

(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, the additional state property tax imposed under RCW 84.52.065(2), and the portion of the regular property taxes authorized pursuant to RCW 84.55.050 and approved by the voters, if the legislative authority of the county or city imposing the additional regular property taxes identified this exemption in the ordinance placing the RCW 84.55.050 measure on the ballot; 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 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 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.

**Sec.**  RCW 84.36.389 and 1979 ex.s. c 214 s 4 are each amended to read as follows:

(1) The director of the department of revenue ((~~shall~~)) must adopt such rules and regulations and prescribe such forms as may be necessary and appropriate for implementation and administration of this chapter subject to chapter 34.05 RCW, the administrative procedure act.

(2) The department may conduct such audits of the administration of RCW 84.36.381 through 84.36.389 and the claims for exemption filed thereunder as it considers necessary. The powers of the department under chapter 84.08 RCW apply to these audits.

(3) Any information or facts concerning confidential income data obtained by the assessor or the department, or their agents or employees, under subsection (2) of this section ((~~shall~~)) may be used only to administer RCW 84.36.381 through 84.36.389. Notwithstanding any provision of law to the contrary, absent written consent by the person about whom the information or facts have been obtained, the confidential income data ((~~shall~~)) may not be disclosed by the assessor or the assessor's agents or employees to anyone other than the department or the department's agents or employees nor by the department or the department's agents or employees to anyone other than the assessor or the assessor's agents or employees except in a judicial proceeding pertaining to the taxpayer's entitlement to the tax exemption under RCW 84.36.381 through 84.36.389. Any violation of this subsection is a misdemeanor.

(4) By January 15, 2021, and every two years thereafter, the department must submit a report to the legislature, in compliance with RCW 43.01.036, describing veteran use of the property tax exemption program provided in RCW 84.36.381. The report, at a minimum, must identify the number of veterans who apply for the program by county and the number of veterans living in each county. The department may access and reference data from the state and federal departments of veterans affairs, from county assessors, and from any other state or local source to comply with this subsection.

NEW SECTION. **Sec.**  This act applies to taxes levied for collection in 2020 and thereafter.

NEW SECTION. **Sec.**  The provisions of RCW 82.32.805 and 82.32.808 do not apply to this act.

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