

**HOUSE BILL 1004**

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**State of Washington**                      **52nd Legislature**                      **1991 Regular Session**

**By** Representatives O'Brien, Dellwo, Winsley, Beck, Brough and Nealey.

Read first time January 14, 1991. Referred to Committee on Revenue.

1            AN ACT Relating to property tax exemptions; and amending RCW  
2 84.36.381 and 84.36.383.

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

4            **Sec. 1.** RCW 84.36.381 and 1987 c 301 s 1 are each amended to read  
5 as follows:

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

10            (1) The property taxes must have been imposed upon a residence  
11 which was occupied by the person claiming the exemption as a principal  
12 place of residence as of January 1st of the year for which the  
13 exemption is claimed: PROVIDED, That any person who sells, transfers,  
14 or is displaced from his or her residence may transfer his or her

1 exemption status to a replacement residence, but no claimant shall  
2 receive an exemption on more than one residence in any year: PROVIDED  
3 FURTHER, That confinement of the person to a hospital or nursing home  
4 shall not disqualify the claim of exemption if the residence is  
5 temporarily unoccupied or if the residence is occupied by a spouse  
6 and/or a person financially dependent on the claimant for support;

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

17 (3) The person claiming the exemption must have been sixty-one  
18 years of age or older on January 1st of the year in which the exemption  
19 claim is filed, or must have been, at the time of filing, retired from  
20 regular gainful employment by reason of physical disability: PROVIDED,  
21 That any surviving spouse of a person who was receiving an exemption at  
22 the time of the person's death shall qualify if the surviving spouse is  
23 fifty-seven years of age or older and otherwise meets the requirements  
24 of this section;

25 (4) The amount that the person shall be exempt from an obligation  
26 to pay shall be calculated on the basis of combined disposable income,  
27 as defined in RCW 84.36.383. If the person claiming the exemption was  
28 retired for two months or more of the preceding year, the combined  
29 disposable income of such person shall be calculated by multiplying the

1 average monthly combined disposable income of such person during the  
2 months such person was retired by twelve.

3 (5) (a) A person who otherwise qualifies under this section and has  
4 a combined disposable income of (~~eighteen~~) twenty-two thousand  
5 dollars or less shall be exempt from all excess property taxes; and

6 (b) (i) A person who otherwise qualifies under this section and has  
7 a combined disposable income of fourteen thousand dollars or less but  
8 greater than twelve thousand dollars shall be exempt from all regular  
9 property taxes on the greater of twenty-four thousand dollars or thirty  
10 percent of the valuation of his or her residence, but not to exceed  
11 forty thousand dollars of the valuation of his or her residence; or

12 (ii) A person who otherwise qualifies under this section and has a  
13 combined disposable income of twelve thousand dollars or less shall be  
14 exempt from all regular property taxes on the greater of twenty-eight  
15 thousand dollars or fifty percent of the valuation of his or her  
16 residence.

17 **Sec. 2.** RCW 84.36.383 and 1989 c 379 s 6 are each amended to read  
18 as follows:

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

21 (1) The term "residence" shall mean a single family dwelling unit  
22 whether such unit be separate or part of a multiunit dwelling,  
23 including the land on which such dwelling stands not to exceed one  
24 acre. The term shall also include a share ownership in a cooperative  
25 housing association, corporation, or partnership if the person claiming  
26 exemption can establish that his or her share represents the specific  
27 unit or portion of such structure in which he or she resides. The term  
28 shall also include a single family dwelling situated upon lands the fee  
29 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, 84.04.090 or  
3 84.40.250, such a 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: PROVIDED,  
9 That a mobile home located on land leased by the owner of the mobile  
10 home shall be subject, for tax billing, payment, and collection  
11 purposes, only to the personal property provisions of chapter 84.56 RCW  
12 and RCW 84.60.040.

13 (3) The term "preceding calendar year" shall mean the calendar year  
14 preceding the year in which the claim for exemption is to be made.

15 (4) "Department" shall mean the state department of revenue.

16 (5) "Combined disposable income" means the disposable income of the  
17 person claiming the exemption, plus the disposable income of his or her  
18 spouse, and the disposable income of each cotenant occupying the  
19 residence for the preceding calendar year, less amounts paid by the  
20 person claiming the exemption or his or her spouse during the previous  
21 year for the treatment or care of either person in a nursing home or  
22 for in-home health care provided by a physician or authorized by a  
23 physician and provided by a health care provider.

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

30 (a) Capital gains;

- 1 (b) Amounts deducted for loss;
- 2 (c) Amounts deducted for depreciation;
- 3 (d) Pension and annuity receipts;
- 4 (e) Military pay and benefits other than attendant-care and  
5 medical-aid payments;
- 6 (f) Veterans benefits other than attendant-care and medical-aid  
7 payments;
- 8 (g) Federal social security act and railroad retirement benefits;
- 9 (h) Dividend receipts; and
- 10 (i) Interest received on state and municipal bonds.
- 11 (7) "Cotenant" means a person who resides with the person claiming  
12 the exemption and who has an ownership interest in the residence.