
SUBSTITUTE HOUSE BILL 1026

State of Washington

52nd Legislature

1991 Regular Session

By House Committee on Revenue (originally sponsored by Representatives Wang, Holland, Fraser, Heavey, R. Meyers, Dorn, Anderson, Wineberry, Sprenkle, Jones, Prentice, Kremen, Leonard, Pruitt, Cantwell, G. Fisher, Valle, Winsley, Rasmussen and Scott; by request of Governor Gardner).

Read first time March 11, 1991.

1 AN ACT Relating to valuation for property tax purposes; amending
2 RCW 84.36.381 and 84.36.383; providing an effective date; and declaring
3 an emergency.

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

5 **Sec. 1.** RCW 84.36.381 and 1987 c 301 s 1 are each amended to read
6 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 January 1st of the year for which the
14 exemption is claimed: PROVIDED, That any person who sells, transfers,
15 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~~) eighteen thousand dollars
8 or less but greater than (~~twelve~~) fifteen thousand dollars shall be
9 exempt from all regular property taxes on the greater of
10 (~~twenty-four~~) thirty thousand dollars or thirty percent of the
11 valuation of his or her residence, but not to exceed (~~forty~~) fifty
12 thousand dollars of the valuation of his or her residence; or

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

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

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

22 (1) The term "residence" shall mean a single family dwelling unit
23 whether such unit be separate or part of a multiunit dwelling,
24 including the land on which such dwelling stands not to exceed one
25 acre. The term shall also include a share ownership in a cooperative
26 housing association, corporation, or partnership if the person claiming
27 exemption can establish that his or her share represents the specific
28 unit or portion of such structure in which he or she resides. The term
29 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, 84.04.090 or
4 84.40.250, such a 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: PROVIDED,
10 That a mobile home located on land leased by the owner of the mobile
11 home shall be subject, for tax billing, payment, and collection
12 purposes, only to the personal property provisions of chapter 84.56 RCW
13 and RCW 84.60.040.

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

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

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

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.

13 NEW SECTION. **Sec. 3.** Sections 1 and 2 of this act are
14 necessary for the immediate preservation of the public peace, health,
15 or safety, or support of the state government and its existing public
16 institutions, and shall take effect July 1, 1991.