
SENATE BILL 5201

State of Washington 60th Legislature 2007 Regular Session

By Senators McCaslin, Kilmer, Holmquist and Kline

Read first time 01/12/2007. Referred to Committee on Government Operations & Elections.

1 AN ACT Relating to property tax relief for senior citizens and
2 persons retired because of physical disability; amending RCW 84.36.381,
3 84.36.383, 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 84.36.381 and 2005 c 248 s 2 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:))~~ subsections (1)
11 through (6) of this section. Beginning in calendar year 2009, the
12 department shall annually adjust each combined disposable income amount
13 and each valuation amount in subsections (5) and (6) of this section
14 and RCW 84.38.030(3) to reflect inflation. The department may round
15 the adjusted amounts to the nearest thousand dollars. The adjusted
16 amounts apply for taxes due the following year. For purposes of this
17 section, "inflation" means the change in the consumer price index
18 compiled by the bureau of labor statistics, United States department of
19 labor for the state of Washington. If the bureau of labor statistics

1 develops more than one consumer price index for areas within the state,
2 the index covering the greatest number of people, covering areas
3 exclusively within the boundaries of the state, and including all items
4 shall be used as the consumer price index in this section.

5 (1) The property taxes must have been imposed upon a residence
6 which was occupied by the person claiming the exemption as a principal
7 place of residence as of the time of filing: PROVIDED, That any person
8 who sells, transfers, or is displaced from his or her residence may
9 transfer his or her exemption status to a replacement residence, but no
10 claimant shall receive an exemption on more than one residence in any
11 year: PROVIDED FURTHER, That confinement of the person to a hospital,
12 nursing home, boarding home, or adult family home shall not disqualify
13 the claim of exemption if:

14 (a) The residence is temporarily unoccupied;

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

17 (c) The residence is rented for the purpose of paying nursing home,
18 hospital, boarding home, or adult family home costs((+)).

19 (2) The person claiming the exemption must have owned, at the time
20 of filing, in fee, as a life estate, or by contract purchase, the
21 residence on which the property taxes have been imposed or if the
22 person claiming the exemption lives in a cooperative housing
23 association, corporation, or partnership, such person must own a share
24 therein representing the unit or portion of the structure in which he
25 or she resides. For purposes of this subsection, a residence owned by
26 a marital community or owned by cotenants shall be deemed to be owned
27 by each spouse or cotenant, and any lease for life shall be deemed a
28 life estate((+)).

29 (3) The person claiming the exemption must be (a) sixty-one years
30 of age or older on December 31st of the year in which the exemption
31 claim is filed, or must have been, at the time of filing, retired from
32 regular gainful employment by reason of disability, or (b) a veteran of
33 the armed forces of the United States with one hundred percent service-
34 connected disability as provided in 42 U.S.C. Sec. 423 (d)(1)(A) as
35 amended prior to January 1, 2005. However, any surviving spouse of a
36 person who was receiving an exemption at the time of the person's death
37 shall qualify if the surviving spouse is fifty-seven years of age or
38 older and otherwise meets the requirements of this section((+)).

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

17 (5)(a) A person who otherwise qualifies under this section and has
18 a combined disposable income of ((~~thirty-five~~)) forty thousand dollars
19 or less shall be exempt from all excess property taxes; and

20 (b)(i) A person who otherwise qualifies under this section and has
21 a combined disposable income of ((~~thirty~~)) thirty-five thousand dollars
22 or less but greater than ((~~twenty-five~~)) thirty thousand dollars shall
23 be exempt from all regular property taxes on the greater of ((~~fifty~~))
24 fifty-five thousand dollars or thirty-five percent of the valuation of
25 his or her residence, but not to exceed ((~~seventy~~)) seventy-five
26 thousand dollars of the valuation of his or her residence; or

27 (ii) A person who otherwise qualifies under this section and has a
28 combined disposable income of ((~~twenty-five~~)) thirty thousand dollars
29 or less shall be exempt from all regular property taxes on the greater
30 of ((~~sixty~~)) sixty-five thousand dollars or sixty percent of the
31 valuation of his or her residence((+)).

32 (6) For a person who otherwise qualifies under this section and has
33 a combined disposable income of ((~~thirty-five~~)) forty thousand dollars
34 or less, the valuation of the residence shall be the assessed value of
35 the residence on the later of January 1, 1995, or January 1st of the
36 assessment year the person first qualifies under this section. If the
37 person subsequently fails to qualify under this section only for one
38 year because of high income, this same valuation shall be used upon

1 requalification. If the person fails to qualify for more than one year
2 in succession because of high income or fails to qualify for any other
3 reason, the valuation upon requalification shall be the assessed value
4 on January 1st of the assessment year in which the person requalifies.
5 If the person transfers the exemption under this section to a different
6 residence, the valuation of the different residence shall be the
7 assessed value of the different residence on January 1st of the
8 assessment year in which the person transfers the exemption.

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

12 This subsection does not apply to subsequent improvements to the
13 property in the year in which the improvements are made. Subsequent
14 improvements to the property shall be added to the value otherwise
15 determined under this subsection at their true and fair value in the
16 year in which they are made.

17 **Sec. 2.** RCW 84.36.383 and 2006 c 62 s 1 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" means 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, except that a residence includes any additional property up to a
25 total of five acres that comprises the residential parcel if this
26 larger parcel size is required under land use regulations. The term
27 shall also include a share ownership in a cooperative housing
28 association, corporation, or partnership if the person claiming
29 exemption can establish that his or her share represents the specific
30 unit or portion of such structure in which he or she resides. The term
31 shall also include a single family dwelling situated upon lands the fee
32 of which is vested in the United States or any instrumentality thereof
33 including an Indian tribe or in the state of Washington, and
34 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a
35 residence shall be deemed real property.

36 (2) The term "real property" shall also include a mobile home which
37 has substantially lost its identity as a mobile unit by virtue of its

1 being fixed in location upon land owned or leased by the owner of the
2 mobile home and placed on a foundation (posts or blocks) with fixed
3 pipe, connections with sewer, water, or other utilities. A mobile home
4 located on land leased by the owner of the mobile home is subject, for
5 tax billing, payment, and collection purposes, only to the personal
6 property provisions of chapter 84.56 RCW and RCW 84.60.040.

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

8 (4) "Combined disposable income" means the disposable income of the
9 person claiming the exemption, plus the disposable income of his or her
10 spouse, and the disposable income of each cotenant occupying the
11 residence for the assessment year, less amounts paid by the person
12 claiming the exemption or his or her spouse during the assessment year
13 for:

14 (a) Drugs supplied by prescription of a medical practitioner
15 authorized by the laws of this state or another jurisdiction to issue
16 prescriptions;

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

19 (c) Health care insurance premiums for medicare under Title XVIII
20 of the social security act;

21 (d) Durable medical equipment and mobility enhancing equipment, as
22 defined in RCW 82.08.0283; and

23 (e) Long-term care insurance, as defined in RCW 48.84.020.

24 (5) "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, other than gain excluded from income under
31 section 121 of the federal internal revenue code to the extent it is
32 reinvested in a new principal residence;

33 (b) Amounts deducted for loss;

34 (c) Amounts deducted for depreciation;

35 (d) Pension and annuity receipts;

36 (e) Military pay and benefits other than attendant-care and
37 medical-aid payments;

1 (f) Veterans benefits other than attendant-care and medical-aid
2 payments;

3 (g) Federal social security act and railroad retirement benefits;

4 (h) Dividend receipts; and

5 (i) Interest received on state and municipal bonds.

6 (6) "Cotenant" means a person who resides with the person claiming
7 the exemption and who has an ownership interest in the residence.

8 (7) "Disability" has the same meaning as provided in 42 U.S.C. Sec.
9 423(d)(1)(A) as amended prior to January 1, 2004, or such subsequent
10 date as the director may provide by rule consistent with the purpose of
11 this section.

12 **Sec. 3.** RCW 84.38.030 and 2006 c 62 s 3 are each amended to read
13 as follows:

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

18 (1) The claimant must meet all requirements for an exemption for
19 the residence under RCW 84.36.381, other than the age and income limits
20 under RCW 84.36.381.

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

28 (3) The claimant must have a combined disposable income, as defined
29 in RCW 84.36.383, of (~~forty~~) forty-five thousand dollars or less.

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

1 (5) The claimant must have and keep in force fire and casualty
2 insurance in sufficient amount to protect the interest of the state in
3 the claimant's equity value: PROVIDED, That if the claimant fails to
4 keep fire and casualty insurance in force to the extent of the state's
5 interest in the claimant's equity value, the amount deferred shall not
6 exceed one hundred percent of the claimant's equity value in the land
7 or lot only.

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

11 NEW SECTION. **Sec. 4.** This act applies to taxes levied for
12 collection in 2008 and thereafter.

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