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SENATE BILL 5737

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State of Washington

60th Legislature

2007 Regular Session

By Senators Fraser, Swecker, Rasmussen, Sheldon, Keiser, Franklin, Shin and Holmquist

Read first time 01/30/2007. Referred to Committee on Government Operations & Elections.

1 AN ACT Relating to providing property tax relief for owners of  
2 residential property who are senior citizens, persons retired because  
3 of disabilities, or veterans with service-connected disabilities;  
4 amending RCW 84.36.379, 84.36.381, and 84.36.385; providing an  
5 effective date; and declaring an emergency.

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

7 **Sec. 1.** RCW 84.36.379 and 2005 c 248 s 1 are each amended to read  
8 as follows:

9 The legislature finds that the property tax exemption authorized by  
10 Article VII, section 10 of the state Constitution should be made  
11 available on the basis of a retired person's ability to pay property  
12 taxes and that the best measure of a retired person's ability to pay  
13 taxes is that person's disposable income as defined in RCW 84.36.383.  
14 The legislature further finds that veterans with one hundred percent  
15 service-connected disabilities have given so much to our country that  
16 they deserve property tax relief.

17 The legislature further finds that senior citizens, persons retired  
18 because of disability, and veterans of the armed forces with service-  
19 connected disabilities are often persons with fixed incomes and are at

1 risk of being taxed out of their homes by rising property values.  
2 Therefore, the legislature finds that there should be a limit on  
3 property value increases for such persons for the purposes of property  
4 taxes. Regardless of income level, all persons with fixed incomes are  
5 susceptible to rising property taxes. In which event, additional  
6 protections are necessary in order to ensure that our retired and  
7 disabled citizens are not forced out of their homes and that such  
8 protections should be available to all seniors, persons retired because  
9 of disabilities, and veterans of the armed forces with service-  
10 connected disabilities.

11 **Sec. 2.** RCW 84.36.381 and 2005 c 248 s 2 are each amended to read  
12 as follows:

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

17 (1) The property taxes must have been imposed upon a residence  
18 which was occupied by the person claiming the exemption as a principal  
19 place of residence as of the time of filing: PROVIDED, That any person  
20 who sells, transfers, or is displaced from his or her residence may  
21 transfer his or her exemption status to a replacement residence, but no  
22 claimant shall receive an exemption on more than one residence in any  
23 year: PROVIDED FURTHER, That confinement of the person to a hospital,  
24 nursing home, boarding home, or adult family home shall not disqualify  
25 the claim of exemption if:

26 (a) The residence is temporarily unoccupied;

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

29 (c) The residence is rented for the purpose of paying nursing home,  
30 hospital, boarding home, or adult family home costs;

31 (2) The person claiming the exemption must have owned, at the time  
32 of filing, in fee, as a life estate, or by contract purchase, the  
33 residence on which the property taxes have been imposed or if the  
34 person claiming the exemption lives in a cooperative housing  
35 association, corporation, or partnership, such person must own a share  
36 therein representing the unit or portion of the structure in which he  
37 or she resides. For purposes of this subsection, a residence owned by

1 a marital community or owned by cotenants shall be deemed to be owned  
2 by each spouse or cotenant, and any lease for life shall be deemed a  
3 life estate;

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

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

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

33 (b)(i) A person who otherwise qualifies under this section and has  
34 a combined disposable income of thirty thousand dollars or less but  
35 greater than twenty-five thousand dollars shall be exempt from all  
36 regular property taxes on the greater of fifty thousand dollars or  
37 thirty-five percent of the valuation of his or her residence, but not

1 to exceed seventy thousand dollars of the valuation of his or her  
2 residence; or

3 (ii) A person who otherwise qualifies under this section and has a  
4 combined disposable income of twenty-five thousand dollars or less  
5 shall be exempt from all regular property taxes on the greater of sixty  
6 thousand dollars or sixty percent of the valuation of his or her  
7 residence;

8 (6) For a person who otherwise qualifies under subsections (1)  
9 through (3) of this section (~~((and has a combined disposable income of~~  
10 ~~thirty five thousand dollars or less))~~), the valuation of the residence  
11 shall be the assessed value of the residence on the later of January 1,  
12 1995, or January 1st of the assessment year the person first qualifies  
13 under this section. (~~((If the person subsequently fails to qualify~~  
14 ~~under this section only for one year because of high income, this same~~  
15 ~~valuation shall be used upon requalification. If the person fails to~~  
16 ~~qualify for more than one year in succession because of high income or~~  
17 ~~fails to qualify for any other reason, the valuation upon~~  
18 ~~requalification shall be the assessed value on January 1st of the~~  
19 ~~assessment year in which the person requalifies.))~~) If the person  
20 transfers the exemption under this section to a different residence,  
21 the valuation of the different residence shall be the assessed value of  
22 the different residence on January 1st of the assessment year in which  
23 the person transfers the exemption.

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

27 This subsection does not apply to subsequent improvements to the  
28 property in the year in which the improvements are made. Subsequent  
29 improvements to the property shall be added to the value otherwise  
30 determined under this subsection at their true and fair value in the  
31 year in which they are made.

32 **Sec. 3.** RCW 84.36.385 and 2001 c 185 s 8 are each amended to read  
33 as follows:

34 (1)(a) A claim for exemption under RCW 84.36.381 as now or  
35 hereafter amended, shall be made and filed at any time during the year  
36 for exemption from taxes payable the following year and thereafter and

1 solely upon forms as prescribed and furnished by the department of  
2 revenue. (~~However,~~)

3 (b) An exemption from tax under RCW 84.36.381(5), as now or  
4 hereafter amended, shall continue for no more than four years unless a  
5 renewal application is filed as provided in subsection (3) of this  
6 section. The county assessor may also require, by written notice, a  
7 renewal application following an amendment of the income requirements  
8 set forth in RCW 84.36.381. Renewal applications shall be on forms  
9 prescribed and furnished by the department of revenue.

10 (c) An exemption from tax under RCW 84.36.381(6), as now or  
11 hereafter amended, shall continue until the death of the person  
12 claiming the exemption or upon the sale of the property.

13 (2) A person granted an exemption under RCW 84.36.381 shall inform  
14 the county assessor of any change in status affecting the person's  
15 entitlement to the exemption on forms prescribed and furnished by the  
16 department of revenue.

17 (3) Each person exempt from taxes under RCW 84.36.381(5) in 1993  
18 and thereafter, shall file with the county assessor a renewal  
19 application not later than December 31 of the year the assessor  
20 notifies such person of the requirement to file the renewal  
21 application.

22 (4) Beginning in 1992 and in each of the three succeeding years,  
23 the county assessor shall notify approximately one-fourth of those  
24 persons exempt from taxes under RCW 84.36.381(5) in the current year  
25 who have not filed a renewal application within the previous four  
26 years, of the requirement to file a renewal application.

27 (5) If the assessor finds that the applicant does not meet the  
28 qualifications as set forth in RCW 84.36.381, as now or hereafter  
29 amended, the claim or exemption shall be denied but such denial shall  
30 be subject to appeal under the provisions of RCW 84.48.010(5) and in  
31 accordance with the provisions of RCW 84.40.038. If the applicant had  
32 received exemption in prior years based on erroneous information, the  
33 taxes shall be collected subject to penalties as provided in RCW  
34 84.40.130 for a period of not to exceed three years.

35 (6) The department and each local assessor is hereby directed to  
36 publicize the qualifications and manner of making claims under RCW  
37 84.36.381 through 84.36.389, through communications media, including  
38 such paid advertisements or notices as it deems appropriate. Notice of

1 the qualifications, method of making applications, the penalties for  
2 not reporting a change in status, and availability of further  
3 information shall be included on or with property tax statements and  
4 revaluation notices for all residential property including mobile  
5 homes, except rental properties.

6 NEW SECTION. **Sec. 4.** This act is necessary for the immediate  
7 preservation of the public peace, health, or safety, or support of the  
8 state government and its existing public institutions, and takes effect  
9 July 1, 2007.

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