
SENATE BILL 6473

State of Washington

60th Legislature

2008 Regular Session

By Senators Carrell, McDermott, McCaslin, Benton, Stevens, Marr, Schoesler, Shin, Rasmussen, Hewitt, Haugen, and Kilmer

Read first time 01/17/08. Referred to Committee on Ways & Means.

1 AN ACT Relating to the property tax exemption income eligibility
2 requirements for senior citizens and veterans with service-connected
3 disabilities; amending RCW 84.36.381, 84.36.383, and 84.38.030; and
4 creating a new section.

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

6 **Sec. 1.** RCW 84.36.381 and 2005 c 248 s 2 are each amended to read
7 as follows:

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

12 (1) The property taxes must have been imposed upon a residence
13 which was occupied by the person claiming the exemption as a principal
14 place of residence as of the time of filing: PROVIDED, That any person
15 who sells, transfers, or is displaced from his or her residence may
16 transfer his or her exemption status to a replacement residence, but no
17 claimant shall receive an exemption on more than one residence in any
18 year: PROVIDED FURTHER, That confinement of the person to a hospital,

1 nursing home, boarding home, or adult family home shall not disqualify
2 the claim of exemption if:

3 (a) The residence is temporarily unoccupied;

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

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

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

18 (3) The person claiming the exemption must be (a) sixty-one years
19 of age or older on December 31st of the year in which the exemption
20 claim is filed, or must have been, at the time of filing, retired from
21 regular gainful employment by reason of disability, or (b) a veteran of
22 the armed forces of the United States with one hundred percent service-
23 connected disability as provided in 42 U.S.C. Sec. 423 (d)(1)(A) as
24 amended prior to January 1, 2005. However, any surviving spouse of a
25 person who was receiving an exemption 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 (4) The amount that the person shall be exempt from an obligation
29 to pay shall be calculated on the basis of combined disposable income,
30 as defined in RCW 84.36.383. If the person claiming the exemption was
31 retired for two months or more of the assessment year, the combined
32 disposable income of such person shall be calculated by multiplying the
33 average monthly combined disposable income of such person during the
34 months such person was retired by twelve. If the income of the person
35 claiming exemption is reduced for two or more months of the assessment
36 year by reason of the death of the person's spouse, or when other
37 substantial changes occur in disposable income that are likely to
38 continue for an indefinite period of time, the combined disposable

1 income of such person shall be calculated by multiplying the average
2 monthly combined disposable income of such person after such
3 occurrences by twelve. If it is necessary to estimate income to comply
4 with this subsection, the assessor may require confirming documentation
5 of such income prior to May 31 of the year following application;

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

9 (b)(i) A person who otherwise qualifies under this section and has
10 a combined disposable income of (~~(thirty)~~) thirty-five thousand dollars
11 or less but greater than (~~(twenty-five)~~) thirty thousand dollars shall
12 be exempt from all regular property taxes on the greater of (~~(fifty)~~)
13 fifty-five thousand dollars or thirty-five percent of the valuation of
14 his or her residence, but not to exceed (~~(seventy)~~) seventy-five
15 thousand dollars of the valuation of his or her residence; or

16 (ii) A person who otherwise qualifies under this section and has a
17 combined disposable income of (~~(twenty-five)~~) thirty thousand dollars
18 or less shall be exempt from all regular property taxes on the greater
19 of sixty thousand dollars or (~~(sixty)~~) sixty-five percent of the
20 valuation of his or her residence;

21 (6) For a person who otherwise qualifies under this section and has
22 a combined disposable income of (~~(thirty-five)~~) forty thousand dollars
23 or less, the valuation of the residence shall be the assessed value of
24 the residence on the later of January 1, 1995, or January 1st of the
25 assessment year the person first qualifies under this section. If the
26 person subsequently fails to qualify under this section only for one
27 year because of high income, this same valuation shall be used upon
28 requalification. If the person fails to qualify for more than one year
29 in succession because of high income or fails to qualify for any other
30 reason, the valuation upon requalification shall be the assessed value
31 on January 1st of the assessment year in which the person requalifies.
32 If the person transfers the exemption under this section to a different
33 residence, the valuation of the different residence shall be the
34 assessed value of the different residence on January 1st of the
35 assessment year in which the person transfers the exemption.

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

1 This subsection does not apply to subsequent improvements to the
2 property in the year in which the improvements are made. Subsequent
3 improvements to the property shall be added to the value otherwise
4 determined under this subsection at their true and fair value in the
5 year in which they are made.

6 **Sec. 2.** RCW 84.36.383 and 2006 c 62 s 1 are each amended to read
7 as follows:

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

10 (1) The term "residence" means a single family dwelling unit
11 whether such unit be separate or part of a multiunit dwelling,
12 including the land on which such dwelling stands not to exceed one
13 acre, except that a residence includes any additional property up to a
14 total of five acres that comprises the residential parcel if this
15 larger parcel size is required under land use regulations. The term
16 shall also include a share ownership in a cooperative housing
17 association, corporation, or partnership if the person claiming
18 exemption can establish that his or her share represents the specific
19 unit or portion of such structure in which he or she resides. The term
20 shall also include a single family dwelling situated upon lands the fee
21 of which is vested in the United States or any instrumentality thereof
22 including an Indian tribe or in the state of Washington, and
23 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a
24 residence shall be deemed real property.

25 (2) The term "real property" shall also include a mobile home which
26 has substantially lost its identity as a mobile unit by virtue of its
27 being fixed in location upon land owned or leased by the owner of the
28 mobile home and placed on a foundation (posts or blocks) with fixed
29 pipe, connections with sewer, water, or other utilities. A mobile home
30 located on land leased by the owner of the mobile home is subject, for
31 tax billing, payment, and collection purposes, only to the personal
32 property provisions of chapter 84.56 RCW and RCW 84.60.040.

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

34 (4) "Combined disposable income" means the disposable income of the
35 person claiming the exemption, plus the disposable income of his or her
36 spouse, and the disposable income of each cotenant occupying the

1 residence for the assessment year, less amounts paid by the person
2 claiming the exemption or his or her spouse during the assessment year
3 for:

4 (a) Drugs supplied by prescription of a medical practitioner
5 authorized by the laws of this state or another jurisdiction to issue
6 prescriptions;

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

9 (c) Health care insurance premiums for medicare under Title XVIII
10 of the social security act.

11 (5) "Disposable income" means adjusted gross income as defined in
12 the federal internal revenue code, as amended prior to January 1, 1989,
13 or such subsequent date as the director may provide by rule consistent
14 with the purpose of this section, plus all of the following items to
15 the extent they are not included in or have been deducted from adjusted
16 gross income:

17 (a) Capital gains, other than gain excluded from income under
18 section 121 of the federal internal revenue code to the extent it is
19 reinvested in a new principal residence;

20 (b) Amounts deducted for loss;

21 (c) Amounts deducted for depreciation;

22 (d) Pension and annuity receipts;

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

25 (f) Veterans benefits, other than:

26 (i) Attendant-care ((and)) payments;

27 (ii) Medical-aid payments;

28 (iii) Disability compensation, as defined in Title 38, part 3,
29 section 3.4 of the code of federal regulations, as of January 1, 2008;
30 and

31 (iv) Dependency and indemnity compensation, as defined in Title 38,
32 part 3, section 3.5 of the code of federal regulations, as of January
33 1, 2008;

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

35 (h) Dividend receipts; and

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

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

1 (7) "Disability" has the same meaning as provided in 42 U.S.C. Sec.
2 423(d)(1)(A) as amended prior to January 1, 2004, or such subsequent
3 date as the director may provide by rule consistent with the purpose of
4 this section.

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

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

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

14 (2) The claimant must be sixty years of age or older on December
15 31st of the year in which the deferral claim is filed, or must have
16 been, at the time of filing, retired from regular gainful employment by
17 reason of physical disability: PROVIDED, That any surviving spouse of
18 a person who was receiving a deferral at the time of the person's death
19 shall qualify if the surviving spouse is fifty-seven years of age or
20 older and otherwise meets the requirements of this section.

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

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

30 (5) The claimant must have and keep in force fire and casualty
31 insurance in sufficient amount to protect the interest of the state in
32 the claimant's equity value: PROVIDED, That if the claimant fails to
33 keep fire and casualty insurance in force to the extent of the state's
34 interest in the claimant's equity value, the amount deferred shall not
35 exceed one hundred percent of the claimant's equity value in the land
36 or lot only.

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

4 NEW SECTION. **Sec. 4.** This act applies to taxes levied for
5 collection in 2009 and thereafter.

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