

1 AN ACT Relating to providing property tax relief for active duty
2 military personnel injured in the line of duty; and amending RCW
3 84.36.379, 84.36.381, 84.36.383, and 84.36.385.

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

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

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

17 **Sec. 2.** RCW 84.36.381 and 2012 c 10 s 73 are each amended to read
18 as follows:

1 A person is exempt from any legal obligation to pay all or a
2 portion of the amount of excess and regular real property taxes due and
3 payable in the year following the year in which a claim is filed, and
4 thereafter, in accordance with the following:

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. However, any person who
8 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 may receive an exemption on more than one residence in any
11 year. Moreover, confinement of the person to a hospital, nursing home,
12 assisted living facility, or adult family home does not disqualify the
13 claim of exemption if:

14 (a) The residence is temporarily unoccupied;

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

17 (c) The residence is rented for the purpose of paying nursing home,
18 hospital, assisted living facility, 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 state registered domestic partnership or owned
27 by cotenants is deemed to be owned by each spouse or each domestic
28 partner or each cotenant, and any lease for life is deemed a life
29 estate;

30 (3)(a) The person claiming the exemption must be:

31 (i) Sixty-one years of age or older on December 31st of the year in
32 which the exemption claim is filed, or must have been, at the time of
33 filing, retired from regular gainful employment by reason of
34 disability; (~~(or)~~)

35 (ii) A veteran of the armed forces of the United States entitled to
36 and receiving compensation from the United States department of
37 veterans affairs at a total disability rating for a service-connected
38 disability; or

1 (iii) An active duty member of the armed forces national guard, or
2 reserves who experienced a catastrophic injury within the thirty-six
3 months preceding the date on which the application for exemption was
4 filed.

5 (b) However, any surviving spouse or surviving domestic partner of
6 a person who was receiving an exemption at the time of the person's
7 death will qualify if the surviving spouse or surviving domestic
8 partner is fifty-seven years of age or older and otherwise meets the
9 requirements of this section;

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

27 (5)(a) A person who otherwise qualifies under this section and has
28 a combined disposable income of thirty-five thousand dollars or less is
29 exempt from all excess property taxes; and

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

36 (ii) A person who otherwise qualifies under this section and has a
37 combined disposable income of twenty-five thousand dollars or less is

1 exempt from all regular property taxes on the greater of sixty thousand
2 dollars or sixty percent of the valuation of his or her residence;

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

18 (b) In no event may the valuation under this subsection be greater
19 than the true and fair value of the residence on January 1st of the
20 assessment year.

21 (c) This subsection does not apply to subsequent improvements to
22 the property in the year in which the improvements are made.
23 Subsequent improvements to the property must be added to the value
24 otherwise determined under this subsection at their true and fair value
25 in the year in which they are made.

26 **Sec. 3.** RCW 84.36.383 and 2012 c 10 s 74 are each amended to read
27 as follows:

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

30 (1) The term "residence" means a single family dwelling unit
31 whether such unit be separate or part of a multiunit dwelling,
32 including the land on which such dwelling stands not to exceed one
33 acre, except that a residence includes any additional property up to a
34 total of five acres that comprises the residential parcel if this
35 larger parcel size is required under land use regulations. The term
36 also includes a share ownership in a cooperative housing association,
37 corporation, or partnership if the person claiming exemption can

1 establish that his or her share represents the specific unit or portion
2 of such structure in which he or she resides. The term also includes
3 a single family dwelling situated upon lands the fee of which is vested
4 in the United States or any instrumentality thereof including an Indian
5 tribe or in the state of Washington, and notwithstanding the provisions
6 of RCW 84.04.080 and 84.04.090, such a residence is deemed real
7 property.

8 (2) The term "real property" also includes a mobile home which has
9 substantially lost its identity as a mobile unit by virtue of its being
10 fixed in location upon land owned or leased by the owner of the mobile
11 home and placed on a foundation (posts or blocks) with fixed pipe,
12 connections with sewer, water, or other utilities. A mobile home
13 located on land leased by the owner of the mobile home is subject, for
14 tax billing, payment, and collection purposes, only to the personal
15 property provisions of chapter 84.56 RCW and RCW 84.60.040.

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

17 (4) "Combined disposable income" means the disposable income of the
18 person claiming the exemption, plus the disposable income of his or her
19 spouse or domestic partner, and the disposable income of each cotenant
20 occupying the residence for the assessment year, less amounts paid by
21 the person claiming the exemption or his or her spouse or domestic
22 partner during the assessment year for:

23 (a) Drugs supplied by prescription of a medical practitioner
24 authorized by the laws of this state or another jurisdiction to issue
25 prescriptions;

26 (b) The treatment or care of either person received in the home or
27 in a nursing home, assisted living facility, or adult family home; and

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

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

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

- 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; combat pay and payments from the traumatic
6 service members' group life insurance, or similar insurance, for a
7 serious traumatic injury in the line of duty;
8 (f) Veterans benefits, other than:
9 (i) Attendant-care payments;
10 (ii) Medical-aid payments;
11 (iii) Disability compensation, as defined in Title 38, part 3,
12 section 3.4 of the code of federal regulations, as of January 1, 2008;
13 and
14 (iv) Dependency and indemnity compensation, as defined in Title 38,
15 part 3, section 3.5 of the code of federal regulations, as of January
16 1, 2008;
17 (g) Federal social security act and railroad retirement benefits;
18 (h) Dividend receipts; and
19 (i) Interest received on state and municipal bonds.

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

22 (7) "Disability" has the same meaning as provided in 42 U.S.C. Sec.
23 423(d)(1)(A) as amended prior to January 1, 2005, or such subsequent
24 date as the department may provide by rule consistent with the purpose
25 of this section.

26 (8) "Catastrophic injury" means an injury to a service member of
27 the armed forces national guard, or reserves incurred in the line of
28 duty in a combat zone that results in any impairment of mind or body
29 which continuously renders it impossible for the service member to
30 follow any substantially gainful occupation which results in total
31 disability. Proof of catastrophic injury may be provided from a
32 commanding officer or medical provider on forms developed by the
33 department.

34 **Sec. 4.** RCW 84.36.385 and 2011 c 174 s 106 are each amended to
35 read as follows:

36 (1) A claim for exemption under RCW 84.36.381 as now or hereafter
37 amended, may be made and filed at any time during the year for

1 exemption from taxes payable the following year and thereafter and
2 solely upon forms as prescribed and furnished by the department of
3 revenue. However, an exemption from tax under RCW 84.36.381 continues
4 for no more than six years unless a renewal application is filed as
5 provided in subsection (3) of this section.

6 (2) A person granted an exemption under RCW 84.36.381 must inform
7 the county assessor of any change in status affecting the person's
8 entitlement to the exemption on forms prescribed and furnished by the
9 department of revenue.

10 (3) Each person exempt from taxes under RCW 84.36.381 in 1993 and
11 thereafter((7)) must file with the county assessor a renewal
12 application not later than December 31 of the year the assessor
13 notifies such person of the requirement to file the renewal
14 application. Renewal applications must be on forms prescribed and
15 furnished by the department of revenue.

16 (4) At least once every six years, the county assessor must notify
17 those persons receiving an exemption from taxes under RCW 84.36.381 of
18 the requirement to file a renewal application. The county assessor may
19 also require a renewal application following an amendment of the income
20 requirements set forth in RCW 84.36.381.

21 (5) If the assessor finds that the applicant does not meet the
22 qualifications as set forth in RCW 84.36.381, as now or hereafter
23 amended, the claim or exemption must be denied but such denial is
24 subject to appeal under the provisions of RCW 84.48.010 and in
25 accordance with the provisions of RCW 84.40.038. If the applicant had
26 received exemption in prior years based on erroneous information, the
27 taxes must be collected subject to penalties as provided in RCW
28 84.40.130 for a period of not to exceed five years.

29 (6) For persons qualifying under RCW 84.36.381(3)(a) and in lieu of
30 the provisions in subsections (1), (3), and (4) of this section, the
31 exemption applies to taxes payable in the year following the year in
32 which an application for exemption is filed and the subsequent year.
33 A person may not claim an exemption under RCW 84.36.381(3)(a)(iii)
34 beyond this period unless it is on the basis of a subsequent
35 catastrophic injury.

36 (7) The department and each local assessor is hereby directed to
37 publicize the qualifications and manner of making claims under RCW
38 84.36.381 through 84.36.389, through communications media, including

1 such paid advertisements or notices as it deems appropriate. Notice of
2 the qualifications, method of making applications, the penalties for
3 not reporting a change in status, and availability of further
4 information must be included on or with property tax statements and
5 revaluation notices for all residential property including mobile
6 homes, except rental properties.

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