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HOUSE BILL 1479

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State of Washington                      63rd Legislature                      2013 Regular Session

By Representatives Orcutt, Pike, Hargrove, Buys, and Morrell

Read first time 01/28/13. Referred to Committee on Finance.

1            AN ACT Relating to allowing leased land used for the placement of  
2 a mobile home to qualify for the senior, disabled, and veteran property  
3 tax exemption; amending RCW 84.36.381 and 84.36.383; and creating a new  
4 section.

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

6            **Sec. 1.** RCW 84.36.381 and 2012 c 10 s 73 are each amended to read  
7 as follows:

8            A person is 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. However, any person who  
15 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 may receive an exemption on more than one residence in any  
18 year. Moreover, confinement of the person to a hospital, nursing home,

1 assisted living facility, or adult family home does not disqualify the  
2 claim of exemption if:

3 (a) The residence is temporarily unoccupied;

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

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

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

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

24 (ii) A veteran of the armed forces of the United States entitled to  
25 and receiving compensation from the United States department of  
26 veterans affairs at a total disability rating for a service-connected  
27 disability.

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

33 (4) The amount that the person is exempt from an obligation to pay  
34 is calculated on the basis of combined disposable income, as defined in  
35 RCW 84.36.383. If the person claiming the exemption was retired for  
36 two months or more of the assessment year, the combined disposable  
37 income of such person must be calculated by multiplying the average  
38 monthly combined disposable income of such person during the months

1 such person was retired by twelve. If the income of the person  
2 claiming exemption is reduced for two or more months of the assessment  
3 year by reason of the death of the person's spouse or the person's  
4 domestic partner, or when other substantial changes occur in disposable  
5 income that are likely to continue for an indefinite period of time,  
6 the combined disposable income of such person must be calculated by  
7 multiplying the average monthly combined disposable income of such  
8 person after such occurrences by twelve. If it is necessary to  
9 estimate income to comply with this subsection, the assessor may  
10 require confirming documentation of such income prior to May 31 of the  
11 year following application;

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

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

21 (ii) A person who otherwise qualifies under this section and has a  
22 combined disposable income of twenty-five thousand dollars or less is  
23 exempt from all regular property taxes on the greater of sixty thousand  
24 dollars or sixty percent of the valuation of his or her residence;

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

1 value of the different residence on January 1st of the assessment year  
2 in which the person transfers the exemption.

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

6 (c) This subsection does not apply to subsequent improvements to  
7 the property in the year in which the improvements are made.  
8 Subsequent improvements to the property must be added to the value  
9 otherwise determined under this subsection at their true and fair value  
10 in the year in which they are made;

11 (7) Real property is exempt from taxation to the extent provided  
12 under this section if it is leased to the owner of a mobile home  
13 meeting the requirements of subsections (1) through (5) of this section  
14 who places such mobile home on the property if the benefit of the  
15 exemption inures to the mobile homeowner.

16 **Sec. 2.** RCW 84.36.383 and 2012 c 10 s 74 are each amended to read  
17 as follows:

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

20 (1) The term "residence" means a single family dwelling unit  
21 whether such unit be separate or part of a multiunit dwelling,  
22 including the land on which such dwelling stands not to exceed one  
23 acre, except that a residence includes any additional property up to a  
24 total of five acres that comprises the residential parcel if this  
25 larger parcel size is required under land use regulations. The term  
26 also includes a share ownership in a cooperative housing association,  
27 corporation, or partnership if the person claiming exemption can  
28 establish that his or her share represents the specific unit or portion  
29 of such structure in which he or she resides. The term also includes  
30 a single family dwelling situated upon lands the fee of which is vested  
31 in the United States or any instrumentality thereof including an Indian  
32 tribe or in the state of Washington, and notwithstanding the provisions  
33 of RCW 84.04.080 and 84.04.090, such a residence is deemed real  
34 property. The term also includes land leased by an owner of a mobile  
35 home if the benefit of the exemption for the value of the land inures  
36 to the owner of the mobile home.

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

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

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

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

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

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

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

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

32 (b) Amounts deducted for loss;

33 (c) Amounts deducted for depreciation;

34 (d) Pension and annuity receipts;

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

37 (f) Veterans benefits, other than:

38 (i) Attendant-care payments;

1           (ii) Medical-aid payments;  
2           (iii) Disability compensation, as defined in Title 38, part 3,  
3 section 3.4 of the code of federal regulations, as of January 1, 2008;  
4 and  
5           (iv) Dependency and indemnity compensation, as defined in Title 38,  
6 part 3, section 3.5 of the code of federal regulations, as of January  
7 1, 2008;  
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          (6) "Cotenant" means a person who resides with the person claiming  
12 the exemption and who has an ownership interest in the residence.  
13          (7) "Disability" has the same meaning as provided in 42 U.S.C. Sec.  
14 423(d)(1)(A) as amended prior to January 1, 2005, or such subsequent  
15 date as the department may provide by rule consistent with the purpose  
16 of this section.

17          NEW SECTION.   **Sec. 3.**   This act applies to taxes levied for  
18 collection in 2014 and thereafter.

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