
SENATE BILL 5463

State of Washington

67th Legislature

2021 Regular Session

By Senator Wilson, L.

1 AN ACT Relating to exempting a portion of the valuation of
2 residential property from property taxation; amending RCW 84.48.010
3 and 84.69.020; adding a new section to chapter 84.36 RCW; adding a
4 new section to chapter 84.52 RCW; and providing a contingent
5 effective date.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.36
8 RCW to read as follows:

9 (1) The definitions in this subsection apply throughout this
10 section unless the context clearly requires otherwise.

11 (a) "Claimant" means an individual who has applied for or is
12 receiving a homestead exemption.

13 (b) "Homestead exemption" means an exemption from a portion of
14 state property taxes.

15 (c) "Manufactured/mobile home," "manufactured housing
16 cooperative," "mobile home park cooperative," and "park model" have
17 the same meanings as provided in RCW 59.20.030.

18 (d) "Residence" means a single-family dwelling unit whether such
19 unit is separate or part of a multiunit dwelling, including the land
20 on which such dwelling stands. "Residence" includes:

1 (i) A single-family dwelling situated upon lands the fee of which
2 is vested in or held in trust by the United States or any of its
3 instrumentalities, a federally recognized Indian tribe, the state of
4 Washington or any of its political subdivisions, or a municipal
5 corporation;

6 (ii) A single-family dwelling consisting of a manufactured/mobile
7 home or park model that has substantially lost its identity as a
8 mobile unit by virtue of its being fixed in location and placed on a
9 foundation with fixed pipe connections with sewer, water, or other
10 utilities; and

11 (iii) A single-family dwelling consisting of a floating home as
12 defined in RCW 82.45.032.

13 (2)(a) Subject to the conditions in this section, a portion of
14 the assessed value of a residence is exempt from the total state
15 property tax under RCW 84.52.065 (1) and (2). Beginning with taxes
16 levied for collection in calendar year 2022 and subject to the
17 adjustments and limitations in subsection (3) of this section, the
18 exemption from state property taxes is equal to:

19 (i) The first \$250,000 of valuation of each residential tax
20 parcel consisting of fewer than three residences; and

21 (ii) The first \$250,000 of valuation of each residence within a
22 multiunit residential dwelling wherein each residence is owned and
23 taxed separately or is owned by members of a cooperative housing
24 association, corporation, or partnership.

25 (b) For taxes levied for collection in calendar year 2023 and
26 each subsequent year thereafter, the amount of homestead exemption
27 must be increased from the prior year's exemption amount by the
28 percentage growth in the state levy for the prior calendar year. The
29 department is responsible for making a determination of any increase
30 in the amount of the homestead exemption and may round the dollar
31 amount of the homestead exemption to the nearest thousand dollars.

32 (3)(a) The county assessor must multiply the amount of the
33 homestead exemption for a tax year by the combined indicated ratio
34 fixed by the department for the county in which the residence is
35 located and used by the department to determine the equalized state
36 levy rate for that county for that tax year.

37 (b) The amount of the homestead exemption for a residence may not
38 result in a tax reduction that exceeds the amount of state property
39 taxes that would otherwise be levied on that residence.

1 (4) The homestead exemption is in addition to the exemption
2 provided in RCW 84.36.379 through 84.36.389.

3 (5) (a) The homestead exemption must be claimed and renewed on
4 declaration and renewal declaration forms developed by the department
5 or by the county assessor and approved by the department. Each county
6 assessor must make declaration and renewal declaration forms
7 available at the assessor's office, on the assessor's official
8 website, and by mail or email upon request.

9 (b) The claimant or his or her designated agent or legal guardian
10 must sign the declaration or renewal declaration declaring that the
11 property for which a homestead exemption is sought is the claimant's
12 principal residence within the meaning of subsection (6) (a) and (b)
13 of this section. If the claimant resides in a cooperative housing
14 association, corporation, or partnership, the declaration or renewal
15 declaration must also be signed by the authorized agent of such
16 cooperative. If the claimant holds a life estate in the residence for
17 which a homestead exemption is claimed and the claimant is not shown
18 on the tax rolls as the taxpayer for that residence, the remainderman
19 or other person shown on the tax rolls as the taxpayer must also sign
20 the declaration or renewal declaration. All signatures on a
21 declaration or renewal declaration must be made under penalty of
22 perjury.

23 (c) Notice of the homestead exemption and where to obtain further
24 information about the exemption must be included on or with property
25 tax statements and revaluation notices for residential property. The
26 department and each county assessor are required to publicize the
27 qualifications and manner of making claims for the homestead
28 exemption, including such paid advertisements or notices as deemed
29 appropriate in the sole discretion of the department and county
30 assessors.

31 (6) The following conditions apply to homestead exemptions:

32 (a) The residence must be occupied by the claimant as his or her
33 principal place of residence as of the date of the signed declaration
34 or renewal declaration under subsection (5) of this section. A
35 claimant who sells, transfers, or is displaced from his or her
36 residence may transfer his or her exemption status to a replacement
37 residence, but no claimant may receive a homestead exemption on more
38 than one residence in any calendar year. However, the confinement of
39 the claimant to a hospital, nursing home, assisted living facility,
40 or adult family home will not disqualify the claim of exemption if:

1 (i) The residence is temporarily unoccupied;

2 (ii) The residence is occupied by either a spouse, state
3 registered domestic partner, or a person financially dependent on the
4 claimant for support, or both; or

5 (iii) The residence is rented for the purpose of paying the
6 claimant's costs of a nursing home, hospital, assisted living
7 facility, or adult family home.

8 (b) At the time of signing the declaration or renewal
9 declaration:

10 (i) The claimant must have owned, in fee or by contract purchase,
11 or have held a life estate in, the residence for which the homestead
12 exemption is claimed; or

13 (ii) If the claimant resides in a cooperative housing
14 association, corporation, or partnership, including a mobile home
15 park cooperative or manufactured housing cooperative, the claimant
16 must own a share in the cooperative representing the unit or dwelling
17 in which he or she resides or the lot on which his or her
18 manufactured/mobile home or park model is situated.

19 (c) For purposes of this subsection, a residence owned by a
20 marital community, state registered domestic partners, or cotenants
21 is deemed to be owned by each spouse, domestic partner, or cotenant,
22 and any lease for life is deemed a life estate.

23 (d) Except as provided in (e) of this subsection, the declaration
24 form identified in subsection (5) of this section must be signed and
25 returned to the county assessor no later than June 30th for exemption
26 from state taxes payable the following year.

27 (e) A homestead exemption continues for no more than six
28 consecutive years unless a renewal declaration is filed with the
29 county assessor. At least once every six years the county assessor
30 must, no later than March 1st, notify claimants currently receiving a
31 homestead exemption of the requirement to file a renewal declaration.
32 The county assessor may also require a renewal declaration following
33 any change in state law regarding the qualifications or conditions
34 for the homestead exemption. Each claimant receiving a homestead
35 exemption must file with the county assessor a renewal declaration no
36 later than June 30th of the year the assessor notifies such person of
37 the requirement to file the renewal declaration.

38 (f) (i) The assessed value of a dwelling owned by a cooperative
39 housing association, corporation, or partnership must be reduced, for
40 purposes of state property taxes levied on the dwelling, by the

1 amount of homestead exemption to which a claimant residing in that
2 dwelling is entitled. The cooperative must pass the full amount of
3 its property tax savings under this section to its members in
4 proportion to each member's homestead exemption. The cooperative may
5 meet its obligation under this subsection (6)(f)(i) by reducing the
6 amount owed by the members to the cooperative or, if no amount be
7 owed, by making payment to the members.

8 (ii) A mobile home park cooperative or manufactured housing
9 cooperative is entitled to any unused portion of the homestead
10 exemption of its members. A mobile home park cooperative or
11 manufactured housing cooperative receiving the unused portion of the
12 homestead exemption of its members must pass the full amount of its
13 property tax savings to its members in proportion to each member's
14 unused homestead exemption. The cooperative may meet its obligation
15 under this subsection (6)(f)(ii) by reducing the amount owed by the
16 members to the cooperative or, if no amount be owed, by making
17 payment to the members. For purposes of this subsection (6)(f)(ii),
18 "unused portion of the homestead exemption" means the amount by which
19 the maximum allowable homestead exemption exceeds the assessed value
20 of the manufactured/mobile home or park model owned by a member of
21 the mobile home park cooperative or manufactured housing cooperative.

22 (g) A claimant granted a homestead exemption must immediately
23 inform the county assessor, on forms created or approved by the
24 department, of any change in status affecting the claimant's
25 entitlement to a homestead exemption.

26 (h) Where a claimant has a life estate in his or her residence
27 and a remainderman or other person would have otherwise paid the
28 state property tax exempted on the residence as a result of the
29 claimant's homestead exemption, such remainderman or other person
30 must reduce the amount owed by the claimant to the remainderman or
31 other person by the amount of the tax savings from the claimant's
32 homestead exemption. If no amount is owed by the claimant to the
33 remainderman or other person, the remainderman or other person must
34 make payment to the claimant in the full amount of the tax savings
35 from the claimant's homestead exemption.

36 (7)(a)(i) If the assessor finds that the claimant's residence
37 does not meet the qualifications for a homestead exemption, the
38 assessor must deny or cancel the homestead exemption.

39 (ii) If the assessor receives a declaration or renewal
40 declaration after the deadline in subsection (6)(d) or (e) of this

1 section, the assessor must deny the homestead exemption unless the
2 assessor determines that the claimant qualifies for the homestead
3 exemption and that good cause exists to excuse the late filing. A
4 claimant whose homestead exemption was denied or canceled because the
5 declaration or renewal declaration was filed after the deadline in
6 subsection (6)(d) or (e) of this subsection may seek a refund of
7 state property taxes paid as a result of the denial or cancellation,
8 as provided in RCW 84.69.020. For purposes of this subsection
9 (7)(a)(ii), good cause may be shown by one or more of the following
10 circumstances:

11 (A) Death or serious illness of the claimant or a member of the
12 claimant's immediate family, as defined in RCW 42.17A.005, within two
13 weeks of the due date of the declaration or renewal declaration;

14 (B) The declaration or renewal declaration was mailed timely but
15 inadvertently sent to the wrong address;

16 (C) The claimant received incorrect, ambiguous, or misleading
17 written advice regarding the qualifications or filing requirements
18 for the homestead exemption from the county assessor's staff;

19 (D) Natural disaster, such as flood or earthquake, occurring
20 within two weeks of the due date of the declaration or renewal
21 declaration;

22 (E) Delay or loss of the declaration or renewal declaration by
23 the postal service, and documented by the postal service;

24 (F) The claimant was not sent a notice of the requirement to file
25 a renewal declaration within the six-year period as required by
26 subsection (6)(e) of this section; or

27 (G) Other circumstances as the department may provide by rule.

28 (b) A denial or cancellation under this subsection is subject to
29 appeal under the provisions of RCW 84.48.010 and in accordance with
30 the provisions of RCW 84.40.038.

31 (c) If the assessor determines that the claimant had received a
32 homestead exemption in error in prior years, the county treasurer
33 must collect all state property taxes that would have been paid on
34 the claimant's residence for the prior years had the homestead
35 exemption not been claimed, not to exceed six years. Interest, but
36 not penalties, applies to such taxes and is computed at the same
37 rates and in the same way as interest is computed on delinquent
38 taxes. Taxes and interest imposed under this subsection (7)(c): (i)
39 Must be extended on the tax roll; (ii) are due within 30 days after
40 the date of the treasurer's billing for such taxes and interest; and

1 (iii) constitute a lien on the real property to which the tax and
2 interest applies as provided in chapter 84.60 RCW.

3 (8) The department may conduct audits of the administration of
4 this section and claims filed for the homestead exemption as the
5 department considers necessary. The powers of the department under
6 chapter 84.08 RCW apply to these audits.

7 (9) The homestead exemption under this section applies to the
8 total state property tax levied under RCW 84.52.065. The exemption
9 does not apply to any local property taxes.

10 (10) The department may adopt such rules in accordance with
11 chapter 34.05 RCW, and prescribe such forms, as the department deems
12 necessary and appropriate to implement and administer this section.

13 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.52
14 RCW to read as follows:

15 Pursuant to the provisions of Article VII, section . . . (Senate
16 Joint Resolution No. . . . (S-0947/21)), the state levy must be
17 reduced as necessary to prevent the value exempted under the
18 homestead exemption in section 1 of this act from resulting in a
19 higher tax rate than would have occurred in the absence of the
20 homestead exemption.

21 **Sec. 3.** RCW 84.48.010 and 2017 c 155 s 1 are each amended to
22 read as follows:

23 (1) Prior to July 15th, the county legislative authority must
24 form a board for the equalization of the assessment of the property
25 of the county. The members of the board must receive a per diem
26 amount as set by the county legislative authority for each day of
27 actual attendance of the meeting of the board of equalization to be
28 paid out of the current expense fund of the county. However, when the
29 county legislative authority constitutes the board they may only
30 receive their compensation as members of the county legislative
31 authority. The board of equalization must meet in open session for
32 this purpose annually on the 15th day of July or within fourteen days
33 of certification of the county assessment rolls, whichever is later,
34 and, having each taken an oath fairly and impartially to perform
35 their duties as members of such board, they must examine and compare
36 the returns of the assessment of the property of the county and
37 proceed to equalize the same, so that each tract or lot of real
38 property and each article or class of personal property must be

1 entered on the assessment list at its true and fair value, according
2 to the measure of value used by the county assessor in such
3 assessment year, which is presumed to be correct under RCW
4 84.40.0301, and subject to the following rules:

5 (a) They must raise the valuation of each tract or lot or item of
6 real property which is returned below its true and fair value to such
7 price or sum as to be the true and fair value thereof, after at least
8 five days' notice must have been given in writing to the owner or
9 agent.

10 (b) They must reduce the valuation of each tract or lot or item
11 which is returned above its true and fair value to such price or sum
12 as to be the true and fair value thereof.

13 (c) They must raise the valuation of each class of personal
14 property which is returned below its true and fair value to such
15 price or sum as to be the true and fair value thereof, and they must
16 raise the aggregate value of the personal property of each individual
17 whenever the aggregate value is less than the true valuation of the
18 taxable personal property possessed by such individual, to such sum
19 or amount as to be the true value thereof, after at least five days'
20 notice must have been given in writing to the owner or agent thereof.

21 (d) They must reduce the valuation of each class of personal
22 property enumerated on the detail and assessment list of the current
23 year, which is returned above its true and fair value, to such price
24 or sum as to be the true and fair value thereof; and they must reduce
25 the aggregate valuation of the personal property of such individual
26 who has been assessed at too large a sum to such sum or amount as was
27 the true and fair value of the personal property.

28 (e) The board may review all claims for either real or personal
29 property tax exemption, or homestead exemptions under section 1 of
30 this act, as determined by the county assessor, and must consider any
31 taxpayer appeals from the decision of the assessor thereon to
32 determine (i) if the taxpayer is entitled to an exemption, and (ii)
33 if so, the amount thereof.

34 (2) The board must notify the taxpayer and assessor of the
35 board's decision within forty-five days of any hearing on the
36 taxpayer's appeal of the assessor's valuation of real or personal
37 property.

38 (3) The clerk of the board must keep an accurate journal or
39 record of the proceedings and orders of the board showing the facts
40 and evidence upon which their action is based, and the record must be

1 published the same as other proceedings of county legislative
2 authority, and must make a true record of the changes of the
3 descriptions and assessed values ordered by the county board of
4 equalization. The assessor must correct the real and personal
5 assessment rolls in accordance with the changes made by the county
6 board of equalization.

7 (4) The county board of equalization must meet on the 15th day of
8 July or within fourteen days of certification of the county
9 assessment rolls, whichever is later, and may continue in session and
10 adjourn from time to time during a period not to exceed four weeks,
11 but must remain in session not less than three days. However, the
12 county board of equalization with the approval of the county
13 legislative authority may convene at any time when petitions filed
14 exceed twenty-five, or ten percent of the number of appeals filed in
15 the preceding year, whichever is greater.

16 (5) No taxes, except special taxes, may be extended upon the tax
17 rolls until the property valuations are equalized by the department
18 of revenue for the purpose of raising the state revenue.

19 (6) County legislative authorities as such have at no time any
20 authority to change the valuation of the property of any person or to
21 release or commute in whole or in part the taxes due on the property
22 of any person.

23 **Sec. 4.** RCW 84.69.020 and 2017 3rd sp.s. c 13 s 310 are each
24 amended to read as follows:

25 (1) On the order of the county treasurer, ad valorem taxes paid
26 before or after delinquency must be refunded if they were:

27 ~~((1))~~ (a) Paid more than once;

28 ~~((2))~~ (b) Paid as a result of manifest error in description;

29 ~~((3))~~ (c) Paid as a result of a clerical error in extending the
30 tax rolls;

31 ~~((4))~~ (d) Paid as a result of other clerical errors in listing
32 property;

33 ~~((5))~~ (e) Paid with respect to improvements which did not exist
34 on assessment date;

35 ~~((6))~~ (f) Paid under levies or statutes adjudicated to be
36 illegal or unconstitutional;

37 ~~((7))~~ (g) Paid as a result of mistake, inadvertence, or lack of
38 knowledge by any person exempted from paying real property taxes or a

1 portion thereof pursuant to RCW 84.36.381 through 84.36.389, as now
2 or hereafter amended;

3 ~~((8))~~ (h) Paid as a result of mistake, inadvertence, or lack of
4 knowledge by either a public official or employee or by any person
5 with respect to real property in which the person paying the same has
6 no legal interest;

7 ~~((9))~~ (i) Paid on the basis of an assessed valuation which was
8 appealed to the county board of equalization and ordered reduced by
9 the board;

10 ~~((10))~~ (j) Paid on the basis of an assessed valuation which was
11 appealed to the state board of tax appeals and ordered reduced by the
12 board: PROVIDED, That the amount refunded under (i) and (j) of this
13 ~~subsection((s (9) and (10) of this section shall))~~ may only be for
14 the difference between the tax paid on the basis of the appealed
15 valuation and the tax payable on the valuation adjusted in accordance
16 with the board's order;

17 ~~((11))~~ (k) Paid as a state property tax levied upon property,
18 the assessed value of which has been established by the state board
19 of tax appeals for the year of such levy: PROVIDED, HOWEVER, That the
20 amount refunded (~~shall~~) may only be for the difference between the
21 state property tax paid and the amount of state property tax which
22 would, when added to all other property taxes within the one percent
23 limitation of Article VII, section 2 of the state Constitution equal
24 one percent of the assessed value established by the board;

25 ~~((12))~~ (l) Paid on the basis of an assessed valuation which was
26 adjudicated to be unlawful or excessive: PROVIDED, That the amount
27 refunded (~~shall be~~) is for the difference between the amount of tax
28 which was paid on the basis of the valuation adjudged unlawful or
29 excessive and the amount of tax payable on the basis of the assessed
30 valuation determined as a result of the proceeding;

31 ~~((13))~~ (m) Paid on property acquired under RCW 84.60.050, and
32 canceled under RCW 84.60.050(2);

33 ~~((14))~~ (n) Paid on the basis of an assessed valuation that was
34 reduced under RCW 84.48.065;

35 ~~((15))~~ (o) Paid on the basis of an assessed valuation that was
36 reduced under RCW 84.40.039; or

37 ~~((16))~~ (p) Abated under RCW 84.70.010.

38 (2) No refunds under the provisions of this section (~~shall~~) may
39 be made because of any error in determining the valuation of
40 property, except as authorized in subsection(~~s (9), (10), (11), and~~

1 ~~(12))~~ (1) (i) through (l) of this section nor may any refunds be
2 made if a bona fide purchaser has acquired rights that would preclude
3 the assessment and collection of the refunded tax from the property
4 that should properly have been charged with the tax. Any refunds made
5 on delinquent taxes must include the proportionate amount of interest
6 and penalties paid. However, no refunds as a result of an incorrect
7 payment authorized under subsection ~~((8))~~ (1)(h) of this section
8 made by a third party payee ~~((shall))~~ may be granted. The county
9 treasurer may deduct from moneys collected for the benefit of the
10 state's levies, refunds of the state's levies including interest on
11 the levies as provided by this section and chapter 84.68 RCW.

12 (3) The county treasurer of each county must make all refunds
13 determined to be authorized by this section, and by the first Monday
14 in February of each year, report to the county legislative authority
15 a list of all refunds made under this section during the previous
16 year. The list is to include the name of the person receiving the
17 refund, the amount of the refund, and the reason for the refund.

18 NEW SECTION. **Sec. 5.** This act takes effect January 1, 2022, if
19 the proposed amendment to Article VII of the state Constitution
20 (Senate Joint Resolution No. . . . (S-0947/21)), providing for a
21 homestead exemption, is validly submitted to and is approved and
22 ratified by the voters at the next general election.

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