

CHAPTER 185

[Substitute Senate Bill No. 3509]

PROPERTY TAX EXEMPTION—DISPOSABLE INCOME—LEASE FOR LIFE

AN ACT Relating to property tax relief; amending section 1, chapter 182, Laws of 1974 ex. sess. as last amended by section 1, chapter 214, Laws of 1979 ex. sess. and RCW 84.36-.381; amending section 4, chapter 182, Laws of 1974 ex. sess. as amended by section 16, chapter 291, Laws of 1975 1st ex. sess. and RCW 84.36.387; amending section 2, chapter 182, Laws of 1974 ex. sess. as last amended by section 2, chapter 214, Laws of 1979 ex. sess. and RCW 84.36.383; adding a new section to chapter 84.36 RCW; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

***Section 1. Section 1, chapter 182, Laws of 1974 ex. sess. as last amended by section 1, chapter 214, Laws of 1979 ex. sess. and RCW 84.36-.381 are each amended to read as follows:**

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

(1) The property taxes must have been imposed upon a residence which was occupied by the person claiming the exemption as a principal place of residence as of January 1st of the year for which the claim is filed: PROVIDED, That any person who sells, transfers, or is displaced from his or her residence may transfer his or her exemption status to a replacement residence, but no claimant shall receive an exemption on more than one residence in any year: PROVIDED FURTHER, That confinement of the person to a hospital or nursing home shall not disqualify the claim of exemption if the residence is temporarily unoccupied or if the residence is occupied by a spouse and/or a person financially dependent on the claimant for support;

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

(3) The person claiming the exemption must have been sixty-one years of age or older on January 1st of the year in which the exemption claim is filed, or must have been, at the time of filing, retired from regular gainful employment by reason of physical disability: PROVIDED, That any surviving

spouse of a person who was receiving an exemption at the time of the person's death shall qualify if the surviving spouse is fifty-seven years of age or older and otherwise meets the requirements of this section;

(4) The amount that the person shall be exempt from an obligation to pay shall be calculated, on the basis of the combined income, from all sources whatsoever, of the person claiming the exemption, his or her spouse, and any cotenant occupying the residence for the preceding calendar year. If the person claiming the exemption was retired for two months or more of the preceding year, the combined income of such person, his or her spouse, and any cotenant occupying the residence shall be calculated by multiplying the average monthly income of such person, his or her spouse, and any cotenant occupying the residence during the months such person was retired by twelve. Only two-thirds of any social security benefits, federal civil service retirement, or railroad retirement pension shall be considered as income for the purposes of this section. The gain realized by any person from the sale, transfer, or upon being displaced from his or her residence shall not be considered as income for the purposes of this section if reinvested in a replacement residence within eighteen months of its realization.

(5) (a) A person who otherwise qualifies under this section and is within the income range of eleven thousand dollars or less shall be exempt from all excess property taxes, and in addition

(b) A person who otherwise qualifies under this section and is within the income range of seven thousand dollars or less shall be exempt from all regular property taxes on up to fifteen thousand dollars of valuation of his or her residence.

(6) For the purposes of this section, cotenants mean two or more individuals who reside together, who jointly own the residence, and who otherwise meet the requirements of this section.

**Section 1 was vetoed, see message at end of chapter.*

**Sec. 2. Section 4, chapter 182, Laws of 1974 ex. sess. as amended by section 16, chapter 291, Laws of 1975 1st ex. sess. and RCW 84.36.387 are each amended to read as follows:*

(1) All claims for exemption shall be made and signed by the person entitled to the exemption, by his or her attorney in fact or in the event the residence of such person is under mortgage or purchase contract requiring accumulation of reserves out of which the holder of the mortgage or contract is required to pay real estate taxes, by such holder or by the owner, either before two witnesses or the county assessor or his deputy in the county where the real property is located: PROVIDED, That if a claim for exemption is made by a person living in a cooperative housing association, corporation, or partnership, such claim shall be made and signed by the person entitled to the exemption and by the authorized agent of such cooperative.

(2) If the taxpayer is unable to submit his own claim, the claim shall be submitted by a duly authorized agent or by a guardian or other person charged with the care of the person or property of such taxpayer.

(3) Any person signing a false claim with the intent to defraud or evade the payment of any tax shall be guilty of the offense of perjury.

(4) The tax liability of a cooperative housing association, corporation, or partnership shall be reduced by the amount of tax exemption to which a claimant residing therein is entitled and such cooperative shall reduce any amount owed by the claimant to the cooperative by such exact amount of tax exemption or, if no amount be owed, the cooperative shall make payment to the claimant of such exact amount of exemption.

(5) A remainderman or other person who would have otherwise paid the tax on real property that is the subject of an exemption granted under RCW 84.36.381 for an estate for life shall reduce the amount which would have been payable by the life tenant to the remainderman or other person to the extent of the exemption. If no amount is owed or separately stated as an obligation between these persons, the remainderman or other person shall make payment to the life tenant in the exact amount of the exemption.

*Sec. 2 was vetoed, see message at end of chapter.

NEW SECTION. Sec. 3. There is added to chapter 84.36 RCW a new section to read as follows:

The legislature finds that the property tax exemption authorized by Article VII, section 10 of the state Constitution should be made available on the basis of a retired person's ability to pay property taxes. The legislature further finds that the best measure of a retired person's ability to pay taxes is that person's disposable income as defined in RCW 84.36.383(6).

Sec. 4. Section 1, chapter 182, Laws of 1974 ex. sess. as last amended by section 1, chapter 214, Laws of 1979 ex. sess. and RCW 84.36.381 are each amended to read as follows:

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

(1) The property taxes must have been imposed upon a residence which was occupied by the person claiming the exemption as a principal place of residence as of January 1st of the year for which the claim is filed: PROVIDED, That any person who sells, transfers, or is displaced from his or her residence may transfer his or her exemption status to a replacement residence, but no claimant shall receive an exemption on more than one residence in any year: PROVIDED FURTHER, That confinement of the person to a hospital or nursing home shall not disqualify the claim of exemption if the residence is temporarily unoccupied or if the residence is occupied by a spouse and/or a person financially dependent on the claimant for support;

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

(3) The person claiming the exemption must have been sixty-one years of age or older on January 1st of the year in which the exemption claim is filed, or must have been, at the time of filing, retired from regular gainful employment by reason of physical disability: PROVIDED, That any surviving spouse of a person who was receiving an exemption at the time of the person's death shall qualify if the surviving spouse is fifty-seven years of age or older and otherwise meets the requirements of this section;

(4) The amount that the person shall be exempt from an obligation to pay shall be calculated ~~((;))~~ on the basis of ~~((the))~~ combined disposable income, ~~((from all sources whatsoever, of the person claiming the exemption, his or her spouse, and any cotenant occupying the residence for the preceding calendar year))~~ as defined in RCW 84.36.383. If the person claiming the exemption was retired for two months or more of the preceding year, the combined disposable income of such person ~~((; his or her spouse, and any cotenant occupying the residence))~~ shall be calculated by multiplying the average monthly combined disposable income of such person ~~((; his or her spouse, and any cotenant occupying the residence))~~ during the months such person was retired by twelve. ~~((Only two-thirds of any social security benefits, federal civil service retirement, or railroad retirement pension shall be considered as income for the purposes of this section. The gain realized by any person from the sale, transfer, or upon being displaced from his or her residence shall not be considered as income for the purposes of this section if reinvested in a replacement residence within eighteen months of its realization:))~~

(5) (a) A person who otherwise qualifies under this section and ~~((is within the income range))~~ has a combined disposable income of ((eleven)) fourteen thousand dollars or less shall be exempt from all excess property taxes; and in addition

(b) A person who otherwise qualifies under this section and ~~((is within the income range))~~ has a combined disposable income of ((seven)) ten thousand dollars or less shall be exempt from all regular property taxes on up to fifteen thousand dollars of valuation of his or her residence.

~~((6) For the purposes of this section, cotenants mean two or more individuals who reside together, who jointly own the residence, and who otherwise meet the requirements of this section:))~~

Sec. 5. Section 2, chapter 182, Laws of 1974 ex. sess. as last amended by section 2, chapter 214, Laws of 1979 ex. sess. and RCW 84.36.383 are each amended to read as follows:

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

(1) The term "residence" shall mean a single family dwelling unit whether such unit be separate or part of a multiunit dwelling, including the land on which such dwelling stands not to exceed one acre. The term shall also include a share ownership in a cooperative housing association, corporation, or partnership if the person claiming exemption can establish that his or her share represents the specific unit or portion of such structure in which he or she resides. The term shall also include a single family dwelling situated upon lands the fee of which is vested in the United States or any instrumentality thereof including an Indian tribe or in the state of Washington, and notwithstanding the provisions of RCW 84.04.080, 84.04.090 or 84.40.250, such a residence shall be deemed real property.

(2) The term "real property" except for the purposes of chapters 84.56 and 84.60 RCW, shall also include a mobile home which has substantially lost its identity as a mobile unit by virtue of its being fixed in location upon land owned or leased by the owner of the mobile home and placed on a foundation (posts or blocks) with fixed pipe, connections with sewer, water, or other utilities.

(3) The term "preceding calendar year" shall mean the calendar year preceding the year in which the claim for exemption is to be made.

(4) "Department" shall mean the state department of revenue.

(5) "Combined disposable income" means the disposable income of the person claiming the exemption, plus the disposable income of his or her spouse, and the disposable income of each cotenant occupying the residence for the preceding calendar year.

(6) "Disposable income" means adjusted gross income as defined in the federal internal revenue code, as amended prior to January 1, 1980, plus all of the following items to the extent they are not included in or have been deducted from adjusted gross income:

(a) Capital gains;

(b) Amounts deducted for loss;

(c) Amounts deducted for depreciation;

(d) Pension and annuity receipts;

(e) Military pay and benefits;

(f) Veterans benefits;

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

(h) Dividend receipts; and

(i) Interest received on state and municipal bonds.

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

Sec. 6. Section 4, chapter 182, Laws of 1974 ex. sess. as amended by section 16, chapter 291, Laws of 1975 1st ex. sess. and RCW 84.36.387 are each amended to read as follows:

(1) All claims for exemption shall be made and signed by the person entitled to the exemption, by his or her attorney in fact or in the event the residence of such person is under mortgage or purchase contract requiring accumulation of reserves out of which the holder of the mortgage or contract is required to pay real estate taxes, by such holder or by the owner, either before two witnesses or the county assessor or his deputy in the county where the real property is located: PROVIDED, That if a claim for exemption is made by a person living in a cooperative housing association, corporation, or partnership, such claim shall be made and signed by the person entitled to the exemption and by the authorized agent of such cooperative.

(2) If the taxpayer is unable to submit his own claim, the claim shall be submitted by a duly authorized agent or by a guardian or other person charged with the care of the person or property of such taxpayer.

(3) Any person signing a false claim with the intent to defraud or evade the payment of any tax shall be guilty of the offense of perjury.

(4) The tax liability of a cooperative housing association, corporation, or partnership shall be reduced by the amount of tax exemption to which a claimant residing therein is entitled and such cooperative shall reduce any amount owed by the claimant to the cooperative by such exact amount of tax exemption or, if no amount be owed, the cooperative shall make payment to the claimant of such exact amount of exemption.

(5) A remainderman or other person who would have otherwise paid the tax on real property that is the subject of an exemption granted under RCW 84.36.381 for an estate for life shall reduce the amount which would have been payable by the life tenant to the remainderman or other person to the extent of the exemption. If no amount is owed or separately stated as an obligation between these persons, the remainderman or other person shall make payment to the life tenant in the exact amount of the exemption.

NEW SECTION. Sec. 7. Except for the amendment to RCW 84.36.381(2) by this 1980 act, sections 3 through 5 of this 1980 act are effective for property taxes due in 1982 and thereafter.

Passed the Senate March 13, 1980.

Passed the House March 13, 1980.

Approved by the Governor April 4, 1980, with the exception of Sections 1 and 2 which are vetoed.

Filed in Office of Secretary of State April 4, 1980.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith without my approval as to two sections of Substitute Senate Bill No. 3509 entitled:

"AN ACT Relating to property tax relief".

As a result of combining several legislative measures into one bill, RCW 84.36.381 has been amended by both sections 1 and 4 of this act and RCW 84.36.387 has been amended by both sections 2 and 6 of this act. Since the amendments by sections 1 and 2 of the act are duplicative of the amendments by sections 4 and 6 and since leaving them all in this act will cloud the status of RCW 84.36.381 and 84.36.387, I have vetoed sections 1 and 2.

With the exception of sections 1 and 2, which I have vetoed, the remainder of Substitute Senate Bill No. 3509 is approved."

CHAPTER 186

[Senate Bill No. 3240]

WASHINGTON ADMINISTRATIVE CODE—RULES ADOPTION, COMPILATION, CODIFICATION, PUBLICATION

AN ACT Relating to state government; amending section 1, chapter 234, Laws of 1959 as amended by section 1, chapter 237, Laws of 1967 and RCW 34.04.010; amending section 3, chapter 237, Laws of 1967 as last amended by section 7, chapter 240, Laws of 1977 ex. sess. and RCW 34.04.025; amending section 3, chapter 234, Laws of 1959 as amended by section 8, chapter 240, Laws of 1977 ex. sess. and RCW 34.04.030; amending section 1, chapter 84, Laws of 1977 ex. sess. and RCW 34.04.045; amending section 5, chapter 234, Laws of 1959 as amended by section 9, chapter 240, Laws of 1977 ex. sess. and RCW 34.04.050; amending section 1, chapter 19, Laws of 1977 and RCW 34.04.058; amending section 3, chapter 240, Laws of 1977 ex. sess. and RCW 34.08.020; amending section 2, chapter 57, Laws of 1971 ex. sess. as amended by section 42, chapter 169, Laws of 1977 ex. sess. and RCW 28B.19.020; amending section 3, chapter 57, Laws of 1971 ex. sess. as amended by section 10, chapter 240, Laws of 1977 ex. sess. and RCW 28B.19.030; amending section 4, chapter 57, Laws of 1971 ex. sess. as last amended by section 11, chapter 240, Laws of 1977 ex. sess. and RCW 28B.19.040; amending section 7, chapter 57, Laws of 1971 ex. sess. and RCW 28B.19.070; adding new sections to chapter 28B.19 RCW; adding new sections to chapter 34.04 RCW; creating new sections; and repealing section 1, chapter 186, Laws of 1963 and RCW 34.04.160.

Be it enacted by the Legislature of the State of Washington:

***Section 1. Section 1, chapter 234, Laws of 1959 as amended by section 1, chapter 237, Laws of 1967 and RCW 34.04.010 are each amended to read as follows:**

((For the purpose of this chapter:)) The definitions set forth in this section shall apply throughout this chapter, unless the context clearly requires otherwise.

(1) "Agency" means any state board, commission, department, or officer, authorized by law to make rules or to adjudicate contested cases, except those in the legislative or judicial branches.

(2) "Rule" means any agency order, directive, or regulation of general applicability (a) the violation of which subjects a person to a penalty or administrative sanction; (b) which establishes, alters, or revokes any procedure, practice, or requirement relating to agency hearings; (c) which establishes, alters, or revokes any qualification or requirement relating to the enjoyment of benefits or privileges conferred by law; (d) which establishes, alters, or revokes any qualifications or standards for the issuance, suspension, or revocation of licenses to pursue any commercial activity, trade, or profession; or (e) which establishes, alters, or revokes any mandatory standards for any