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

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

Sec. 1. RCW 84.36.379 and 2005 c 248 s 1 are each amended 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 and 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.
The legislature further finds that veterans with one hundred percent
service-connected disabilities and active duty members of the armed
forces national guard, or reserves that have incurred a catastrophic
injury in the line of duty have given so much to our country that they
deserve property tax relief.

Sec. 2. RCW 84.36.381 and 2012 c 10 s 73 are each amended to read
as follows:
A person is 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, and thereafter, 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 the time of filing. However, 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 may receive an exemption on more than one residence in any year. Moreover, confinement of the person to a hospital, nursing home, assisted living facility, or adult family home does not disqualify the claim of exemption if:

(a) The residence is temporarily unoccupied;

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

(c) The residence is rented for the purpose of paying nursing home, hospital, assisted living facility, or adult family home costs;

(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 state registered domestic partnership or owned by cotenants is deemed to be owned by each spouse or each domestic partner or each cotenant, and any lease for life is deemed a life estate;

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

(i) Sixty-one years of age or older on December 31st 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 disability; (or)

(ii) A veteran of the armed forces of the United States entitled to and receiving compensation from the United States department of veterans affairs at a total disability rating for a service-connected disability; or
(iii) An active duty member of the armed forces national guard, or reserves who experienced a catastrophic injury within the thirty-six months preceding the date on which the application for exemption was filed.

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

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

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

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

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

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

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

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

Sec. 3. RCW 84.36.383 and 2012 c 10 s 74 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" means 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, except that a residence includes any additional property up to a total of five acres that comprises the residential parcel if this larger parcel size is required under land use regulations. The term also includes a share ownership in a cooperative housing association, 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.

   (2) The term "real property" also includes a mobile home which has
8 substantially lost its identity as a mobile unit by virtue of its being
9 fixed in location upon land owned or leased by the owner of the mobile
10 home and placed on a foundation (posts or blocks) with fixed pipe,
11 connections with sewer, water, or other utilities. A mobile home
12 located on land leased by the owner of the mobile home is subject, for
13 tax billing, payment, and collection purposes, only to the personal
14 property provisions of chapter 84.56 RCW and RCW 84.60.040.
15
   (3) "Department" means the state department of revenue.
16
   (4) "Combined disposable income" means the disposable income of the
17 person claiming the exemption, plus the disposable income of his or her
18 spouse or domestic partner, and the disposable income of each cotenant
19 occupying the residence for the assessment year, less amounts paid by
20 the person claiming the exemption or his or her spouse or domestic
21 partner during the assessment year for:
22
(a) Drugs supplied by prescription of a medical practitioner
23 authorized by the laws of this state or another jurisdiction to issue
24 prescriptions;
25
(b) The treatment or care of either person received in the home or
26 in a nursing home, assisted living facility, or adult family home; and
27
(c) Health care insurance premiums for medicare under Title XVIII
28 of the social security act.

   (5) "Disposable income" means adjusted gross income as defined in
30 the federal internal revenue code, as amended prior to January 1, 1989,
31 or such subsequent date as the director may provide by rule consistent
32 with the purpose of this section, plus all of the following items to
33 the extent they are not included in or have been deducted from adjusted
34 gross income:
35
(a) Capital gains, other than gain excluded from income under
36 section 121 of the federal internal revenue code to the extent it is
37 reinvested in a new principal residence;
(b) Amounts deducted for loss;

(c) Amounts deducted for depreciation;

(d) Pension and annuity receipts;

(e) Military pay and benefits other than attendant-care (and) medical-aid payments; combat pay and payments from the traumatic service members' group life insurance, or similar insurance, for a serious traumatic injury in the line of duty;

(f) Veterans benefits, other than:

(i) Attendant-care payments;

(ii) Medical-aid payments;

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

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

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

(h) Dividend receipts; and

(i) Interest received on state and municipal bonds.

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

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

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

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

(1) A claim for exemption under RCW 84.36.381 as now or hereafter amended, may be made and filed at any time during the year for
exemption from taxes payable the following year and thereafter and
solely upon forms as prescribed and furnished by the department of
revenue. However, an exemption from tax under RCW 84.36.381 continues
for no more than six years unless a renewal application is filed as
provided in subsection (3) of this section.

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

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

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

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

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

(7) The department and each local assessor is hereby directed to
publicize the qualifications and manner of making claims under RCW
84.36.381 through 84.36.389, through communications media, including
such paid advertisements or notices as it deems appropriate. Notice of
the qualifications, method of making applications, the penalties for
not reporting a change in status, and availability of further
information must be included on or with property tax statements and
revaluation notices for all residential property including mobile
homes, except rental properties.

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