
SUBSTITUTE SENATE BILL 5104

State of Washington

65th Legislature

2017 Regular Session

By Senate Ways & Means (originally sponsored by Senators O'Ban and Wellman)

READ FIRST TIME 02/24/17.

1 AN ACT Relating to the creation of a property tax exemption for
2 spouses of military members or first responders killed in the line of
3 duty; amending RCW 84.36.385 and 84.36.387; adding a new section to
4 chapter 84.36 RCW; and creating a new section.

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

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

8 (1) A spousal survivor's residence is exempt from excess and
9 regular real property taxes due and payable in the year following the
10 year in which a claim is filed, and thereafter, in accordance with
11 the provisions of this section.

12 (2) The property taxes must have been imposed upon a residence
13 that 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
17 no claimant may receive an exemption on more than one residence in
18 any year. Moreover, confinement of the person to a hospital, nursing
19 home, assisted living facility, or adult family home does not
20 disqualify the claim of exemption if:

21 (a) The residence is temporarily unoccupied;

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

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

5 (3) The person claiming the exemption under this section must
6 have owned, at the time of filing, in fee, as a life estate, or by
7 contract purchase, the residence on which the property taxes have
8 been imposed or if the person claiming the exemption lives in a
9 cooperative housing association, corporation, or partnership, the
10 person must own a share therein representing the unit or portion of
11 the structure in which the person resides. For purposes of this
12 subsection, a residence owned by a marital community or state
13 registered domestic partnership or owned by cotenants is deemed to be
14 owned by each spouse or each domestic partner or each cotenant, and
15 any lease for life is deemed a life estate.

16 (4) The definitions in this subsection apply throughout this
17 section unless the context clearly requires otherwise.

18 (a) "Cotenant" has the same meaning as provided in RCW 84.36.383.

19 (b) "Dependency and indemnity compensation" has the same meaning
20 as provided in Title 38, Part 3, Sec. 3.5, of the code of federal
21 regulations, as existing on January 1, 2008.

22 (c) "Real property" has the same meaning as provided in RCW
23 84.36.383.

24 (d) "Residence" has the same meaning as provided in RCW
25 84.36.383.

26 (e) "Spousal survivor" means:

27 (i)(A) A spouse or domestic partner currently receiving
28 dependency and indemnity compensation; or

29 (B) A spouse or domestic partner who had received dependency and
30 indemnity compensation, but for whom such compensation was
31 discontinued as a result of remarriage;

32 (ii) A spousal or domestic partner recipient of a duty-related
33 death benefit from the Washington state law enforcement officers' and
34 firefighters' retirement system, as defined in RCW 41.26.048;

35 (iii) A spousal or domestic partner recipient of a death benefit
36 from the volunteer firefighters' and reserve officers' relief and
37 pensions system, as defined in RCW 41.24.160; or

38 (iv) A spousal or domestic partner recipient of a death benefit
39 from the Washington state patrol, as defined in RCW 43.43.285.

1 (5) This section is exempt from the provisions of RCW 82.32.805
2 and 82.32.808.

3 **Sec. 2.** RCW 84.36.385 and 2011 c 174 s 106 are each amended to
4 read as follows:

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

13 (2) A person granted an exemption under RCW 84.36.381 or section
14 1 of this act must inform the county assessor of any change in status
15 affecting the person's entitlement to the exemption on forms
16 prescribed and furnished by the department of revenue.

17 (3) Each person exempt from taxes under RCW 84.36.381 or section
18 1 of this act in 1993 and thereafter((7)) must file with the county
19 assessor a renewal application not later than December 31 of the year
20 the assessor notifies such person of the requirement to file the
21 renewal application. Renewal applications must be on forms prescribed
22 and furnished by the department of revenue.

23 (4) At least once every six years, the county assessor must
24 notify those persons receiving an exemption from taxes under RCW
25 84.36.381 of the requirement to file a renewal application. The
26 county assessor may also require a renewal application following an
27 amendment of the income requirements set forth in RCW 84.36.381 or
28 section 1 of this act.

29 (5) If the assessor finds that the applicant does not meet the
30 qualifications as set forth in RCW 84.36.381 or section 1 of this
31 act, as now or hereafter amended, the claim or exemption must be
32 denied but such denial is subject to appeal under the provisions of
33 RCW 84.48.010 and in accordance with the provisions of RCW 84.40.038.
34 If the applicant had received exemption in prior years based on
35 erroneous information, the taxes must be collected subject to
36 penalties as provided in RCW 84.40.130 for a period of not to exceed
37 five years.

38 (6) The department and each local assessor is hereby directed to
39 publicize the qualifications and manner of making claims under RCW

1 84.36.381 through 84.36.389 and section 1 of this act, through
2 communications media, including such paid advertisements or notices
3 as it deems appropriate. Notice of the qualifications, method of
4 making applications, the penalties for not reporting a change in
5 status, and availability of further information must be included on
6 or with property tax statements and revaluation notices for all
7 residential property including mobile homes, except rental
8 properties.

9 **Sec. 3.** RCW 84.36.387 and 2003 c 53 s 408 are each amended to
10 read as follows:

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

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

27 (3) All claims for exemption and renewal applications (~~shall~~)
28 must be accompanied by such documented verification of income as
29 (~~shall be~~) is prescribed by rule adopted by the department of
30 revenue.

31 (4) Any person signing a false claim with the intent to defraud
32 or evade the payment of any tax is guilty of perjury under chapter
33 9A.72 RCW.

34 (5) The tax liability of a cooperative housing association,
35 corporation, or partnership (~~shall~~) must be reduced by the amount
36 of tax exemption to which a claimant residing therein is entitled and
37 such cooperative (~~shall~~) must reduce any amount owed by the
38 claimant to the cooperative by such exact amount of tax exemption or,

1 if no amount be owed, the cooperative (~~shall~~) must make payment to
2 the claimant of such exact amount of exemption.

3 (6) A remainderman or other person who would have otherwise paid
4 the tax on real property that is the subject of an exemption granted
5 under RCW 84.36.381 or section 1 of this act for an estate for life
6 (~~shall~~) must reduce the amount (~~which~~) that would have been
7 payable by the life tenant to the remainderman or other person to the
8 extent of the exemption. If no amount is owed or separately stated as
9 an obligation between these persons, the remainderman or other person
10 (~~shall~~) must make payment to the life tenant in the exact amount of
11 the exemption.

12 NEW SECTION. **Sec. 4.** This act applies to taxes levied for
13 collection in 2018 and thereafter.

--- END ---