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SENATE BILL 5704

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State of Washington

65th Legislature

2017 Regular Session

By Senator Becker

1 AN ACT Relating to the modification of the disposable income  
2 calculation for the property tax exemption for senior citizens,  
3 disabled veterans, and disabled retired persons; and amending RCW  
4 84.36.383.

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

6 **Sec. 1.** RCW 84.36.383 and 2012 c 10 s 74 are each amended to  
7 read as follows:

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

10 (1) The term "residence" means a single-family dwelling unit  
11 whether such unit be separate or part of a multiunit dwelling,  
12 including the land on which such dwelling stands not to exceed one  
13 acre, except that a residence includes any additional property up to  
14 a total of five acres that comprises the residential parcel if this  
15 larger parcel size is required under land use regulations. The term  
16 also includes a share ownership in a cooperative housing association,  
17 corporation, or partnership if the person claiming exemption can  
18 establish that his or her share represents the specific unit or  
19 portion of such structure in which he or she resides. The term also  
20 includes a single-family dwelling situated upon lands the fee of  
21 which is vested in the United States or any instrumentality thereof

1 including an Indian tribe or in the state of Washington, and  
2 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a  
3 residence is deemed real property.

4 (2) The term "real property" also includes a mobile home which  
5 has substantially lost its identity as a mobile unit by virtue of its  
6 being fixed in location upon land owned or leased by the owner of the  
7 mobile home and placed on a foundation (posts or blocks) with fixed  
8 pipe, connections with sewer, water, or other utilities. A mobile  
9 home located on land leased by the owner of the mobile home is  
10 subject, for tax billing, payment, and collection purposes, only to  
11 the personal property provisions of chapter 84.56 RCW and RCW  
12 84.60.040.

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

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

20 (a) Drugs supplied by prescription of a medical practitioner  
21 authorized by the laws of this state or another jurisdiction to issue  
22 prescriptions;

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

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

28 (5) "~~Disposable income~~" means (~~(adjusted gross income as defined~~  
29 ~~in the federal internal revenue code, as amended prior to January 1,~~  
30 ~~1989, or such subsequent date as the director may provide by rule~~  
31 ~~consistent with the purpose of this section, plus all of the~~  
32 ~~following items to the extent they are not included in or have been~~  
33 ~~deducted from adjusted gross income:~~

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

37 ~~(b) Amounts deducted for loss;~~

38 ~~(c) Amounts deducted for depreciation;~~

39 ~~(d) Pension and annuity receipts;~~

1       ~~(e) Military pay and benefits other than attendant care and~~  
2 ~~medical aid payments;~~  
3       ~~(f) Veterans benefits, other than:~~  
4       ~~(i) Attendant care payments;~~  
5       ~~(ii) Medical aid payments;~~  
6       ~~(iii) Disability compensation, as defined in Title 38, part 3,~~  
7 ~~section 3.4 of the code of federal regulations, as of January 1,~~  
8 ~~2008; and~~  
9       ~~(iv) Dependency and indemnity compensation, as defined in Title~~  
10 ~~38, part 3, section 3.5 of the code of federal regulations, as of~~  
11 ~~January 1, 2008;~~  
12       ~~(g) Federal social security act and railroad retirement benefits;~~  
13       ~~(h) Dividend receipts; and~~  
14       ~~(i) Interest received on state and municipal bonds)) net income~~  
15 ~~calculated as follows:~~  
16       (a) Income from any source, including:  
17       (i) Deferred compensation;  
18       (ii) Contract-related benefits;  
19       (iii) Dividend receipts;  
20       (iv) Interest received on state and municipal bonds;  
21       (v) Trust income;  
22       (vi) Severance pay;  
23       (vii) Amounts deducted for loss and amounts deducted for  
24 depreciation;  
25       (viii) Pension and annuity receipts;  
26       (ix) Capital gains other than gain excluded from income under  
27 Title 26 U.S.C. Sec. 121 of the federal internal revenue code to the  
28 extent it is reinvested in a new principal residence;  
29       (x) Federal social security benefits and railroad retirement  
30 benefits;  
31       (xi) Income from self-employment, rent, royalties, contracts,  
32 proprietorship of a business, or joint ownership of a partnership or  
33 closely held corporation;  
34       (xii) Military pay and benefits other than attendant-care and  
35 medical-aid payments; and  
36       (xiii) Veterans benefits, other than:  
37       (A) Attendant-care payments;  
38       (B) Medical-aid payments;

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

4 (D) Dependency and indemnity compensation, as defined in Title  
5 38, part 3, section 3.5 of the code of federal regulations, as of  
6 January 1, 2008.

7 (b) The income amount under (a) of this subsection must be  
8 reduced by the following:

9 (i) Federal and state income taxes;

10 (ii) Federal insurance contributions act deductions;

11 (iii) Mandatory pension plan payments;

12 (iv) Mandatory union or professional dues;

13 (v) State industrial insurance premiums;

14 (vi) Court-ordered maintenance to the extent actually paid;

15 (vii) Up to five thousand dollars per year in voluntary  
16 retirement contributions actually made;

17 (viii) Normal business expenses and self-employment taxes for  
18 self-employed persons; and

19 (ix) Any amounts received during the year that are excluded from  
20 the federal definition of gross income.

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

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

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