

**THIS DRAFT IS NOT TO BE CONSIDERED A PROPOSED RULE AND IS ONLY PROVIDED FOR DISCUSSION PURPOSES TO DETERMINE WHAT TOPICS A LATER PROPOSED RULE MIGHT ADDRESS. UNDER NO CIRCUMSTANCES IS THIS DISCUSSION DRAFT TO BE USED TO DETERMINE TAX LIABILITY AND OR EXEMPTIONS.**

1  
2 NEW SECTION

3 **WAC 458-16A-150 Senior citizen and disabled person exemption--Requirements for**  
4 **keeping the exemption.** (1) **Introduction.** This rule explains how and when a senior citizen or  
5 disabled person must file additional reports with the county assessor to keep the senior citizen or  
6 disabled person property tax exemption. The rule also explains what happens when the claimant  
7 or the property no longer qualifies for the full exemption.

8 (2) **Continuing the exemption.** The claimant must keep the assessor up to date on the  
9 claimant's continued qualification for the senior citizen or disabled person property tax  
10 exemption. The claimant keeps the assessor up to date in three ways. First, the claimant  
11 submits a change in status form when any change affects his or her exemption. In some  
12 circumstances, the change in status form may be submitted by an executor, a surviving spouse, or  
13 a purchaser to notify the county of a change in status affecting the exemption. Second, the  
14 claimant submits a renewal application for the exemption either upon the assessor's request  
15 following an amendment of the income requirement, or every four years. Third, the claimant  
16 ((~~re~~))applies to transfer the exemption when moving to a new principal residence.

17 (3) **Change in status.** When a claimant's circumstances change in a way that effects his or  
18 her qualification for the senior citizen or disabled person property tax exemption, the claimant  
19 must submit a completed change in status form to notify the county of this change.

20 (a) **When to submit form.** The claimant must submit a change in status form to the county  
21 assessor for any change affecting that person's qualification for the exemption within thirty days  
22 of such change in status. If the claimant is unable or fails to submit a change in status form, any  
23 subsequent property owner, including a claimant's estate or surviving spouse, should submit a  
24 change in status form to avoid interest and in some cases the penalty for willfully claiming the  
25 exemption based upon erroneous information.

26 (b) **Changes in status described.** Changes in status include:

27 (i) changes that affect the property (i.e., new construction, boundary line changes, rentals,  
28 ownership changes, etc.),

29 (ii) changes to the property owner's annual income that increase or decrease property taxes  
30 due under the program, or

31 (iii) changes that affect the property owner's eligibility for the exemption (i.e. death, moving  
32 to a replacement residence, moving to another residence the claimant does not own, moving into  
33 a hospice, a nursing home, or any other long-term care facility, marriage, improvement of a  
34 physical disability for a disabled person's claim, or a disabled person entering into gainful  
35 employment).

36 (c) **Change in status form.** The county assessor designs the change in status form or  
37 adapts a master form obtained from the department. The county must obtain approval of the  
38 final form from the department before it may be distributed. The claimant, the claimant's agent,  
39 or a subsequent owner of the residence must use a change in status form from the county where

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1 the principal residence is located. The person filing the form must provide true and accurate  
2 information on the change in status form.

3 (d) **Obtaining the form.** The claimant or subsequent property owner may obtain the form  
4 from the county assessor where his or her principal residence is located.

5 (e) **Failure to submit the form after a change in status occurs.** If the claimant fails to  
6 submit the change in status form, the application information relied upon becomes erroneous for  
7 the period following the change in status. Upon discovery of the erroneous information, the  
8 assessor determines the status of the exemption, and notifies the county treasurer to collect any  
9 unpaid property taxes and interest from the claimant, the claimant's estate, or if the property has  
10 been transferred, from the subsequent property owner. The treasurer may collect any unpaid  
11 property taxes, interest, and penalties for a period not to exceed three years as provided for under  
12 RCW 84.40.380. In addition, if a person willfully fails to submit the form or provides erroneous  
13 information, that person is liable for an additional penalty equal to one hundred percent of the  
14 unpaid taxes. RCW 84.36.385. If the change in status results in a refund of property taxes, the  
15 treasurer may refund property taxes and interest for up to the most recent three years after the  
16 taxes were paid as provided in chapter 84.69 RCW.

17 (f) **Loss of the exemption.** If the change in status disqualifies the applicant for the  
18 exemption, property taxes must be recalculated based upon the current full assessed value of the  
19 property and paid from the date the change in status occurred. RCW 84.40.360. For example,  
20 the exemption is lost when the claimant dies (unless the spouse is also qualified). The property  
21 taxes are recalculated to the full assessed amount of the principal residence on a pro rata basis  
22 beginning the day following the date of the claimant's death for the remainder of the year.

23 (g) **Loss of exemption on part of the property.** If the change in status removes a portion  
24 of the property from the exemption, property taxes in their full amount on that portion of the  
25 property that is no longer exempt must be recalculated based upon the current full assessed value  
26 of that portion of the property and paid from the date the change in status occurred. For  
27 example, a property owner subdivides his or her one acre lot into two parcels. The parcel that  
28 does not have the principal residence built upon it no longer qualifies for the exemption. The  
29 property taxes are recalculated to the full assessed amount of that parcel on a pro rata basis for  
30 the remainder of the year beginning the day following the date the subdivision was given final  
31 approval.

32 (h) **Exemption reduced.** If the change in status reduces the exemption amount, the  
33 increased property taxes are due in the year following the change in income. For example, a  
34 claimant's income rises so that only excess levies on her principal residence are exempt. The  
35 claimant's income is based upon the assessment year. The following year when the taxes are  
36 collected, the property taxes due are calculated with only an exemption for excess levies.

37 (4) **Renewal application.** The county assessor must notify claimants when to file a renewal  
38 application with updated supporting documentation.

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1 (a) **Notice to renew.** Written notice must be sent by the assessor in the year the renewal  
2 application is requested. Notice must be sent no later than December tenth, three weeks before  
3 the December thirty first filing requirement.

4 (b) **When to renew.** The assessor must request a renewal application at least once every  
5 four years. The assessor may request a renewal application for any year the income requirements  
6 are amended in the statute after the exemption is granted. Once notified, the claimant must file  
7 the renewal application by December thirty first of that year.

8 (c) **Processing renewal applications.** Renewal applications are processed in the same  
9 manner as the initial application.

10 (d) **The renewal application form.** The county assessor may design the renewal  
11 application form or adapt either its own application form or the application master form obtained  
12 from the department. The county must obtain approval of the final renewal application form  
13 from the department before it may be distributed. The property owner must use a renewal form  
14 from the county where the principal residence is located. The claimant must provide true and  
15 accurate information on the renewal application form.

16 (e) **Obtaining the form.** The assessor provides this form to senior citizens or disabled  
17 persons claiming the exemption when requesting renewal.

18 (f) **Failure to submit the renewal application.** If the property owner fails to submit the  
19 renewal application form, the exemption is discontinued until the claimant reapplies for the  
20 program. The assessor may postpone collection activities and continue to work with an eligible  
21 claimant to complete an application for a missed period.

22 (5) **Transfer of the exemption.** When a claimant moves to a replacement residence, the  
23 claimant must file a change in status form with the county where his or her former principal  
24 residence was located. No claimant may receive an exemption on more than the equivalent of  
25 one residence in any year.

26 (a) **Exemption on the former residence.** The exemption on the former residence applies to  
27 the closing date on the sale of the former residence, provided the claimant lived in the residence  
28 for most of the portion of that year prior to the date of closing. Property taxes in their full  
29 amount must be recalculated based upon the current full assessed value of the property and paid  
30 from the day following the date the sale closed. The taxes are paid for the remaining portion of  
31 the year. RCW 84.34.360.

32 (b) **Exemption upon the replacement residence.** Upon moving, the claimant must reapply  
33 for the exemption in the county where the replacement residence is located if the claimant wants  
34 to continue in the exemption program. The same application, supporting documents, and  
35 application process is used for the exemption on the replacement residence as when a claimant  
36 first applies. See, WAC 458-16A-135. The exemption on the replacement residence applies on  
37 a pro rata basis in the year he or she moves, but only from the latter of the date the claimant  
38 moves into the new principal residence or the day following the date the sale closes on his or her  
39 previous residence.

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