

CHAPTER 220

[House Bill No. 1201]

PROPERTY TAXES AND ASSESSMENTS—EXEMPTIONS AND DEFERRALS

AN ACT Relating to exemptions from and deferrals of property taxes and assessments; amending section 2, chapter 40, Laws of 1973 2nd ex. sess. as amended by section 1, chapter 25, Laws of 1983 1st ex. sess. and RCW 84.36.030; amending section 84.36.040, chapter 15, Laws of 1961 as last amended by section 3, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.040; amending section 23, chapter 291, Laws of 1975 1st ex. sess. and RCW 84.36.045; amending section 1, chapter 348, Laws of 1977 ex. sess. and RCW 84.36.047; amending section 84.36.050, chapter 15, Laws of 1961 as last amended by section 4, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.050; amending section 22, chapter 291, Laws of 1975 1st ex. sess. and RCW 84.36.480; amending section 7, chapter 40, Laws of 1973 2nd ex. sess. as amended by section 4, chapter 141, Laws of 1981 and RCW 84.36.805; amending section 8, chapter 40, Laws of 1973 2nd ex. sess. as last amended by section 1, chapter 185, Laws of 1983 and RCW 84.36.810; amending section 9, chapter 40, Laws of 1973 2nd ex. sess. as amended by section 18, chapter 291, Laws of 1975 1st ex. sess. and RCW 84.36.815; amending section 10, chapter 40, Laws of 1973 2nd ex. sess. as amended by section 1, chapter 127, Laws of 1975-76 2nd ex. sess. and RCW 84.36.820; amending section 12, chapter 40, Laws of 1973 2nd ex. sess. as amended by section 3, chapter 127, Laws of 1975-76 2nd ex. sess. and RCW 84.36.830; amending section 2, chapter 44, Laws of 1971 ex. sess. and RCW 84.40.350; amending section 3, chapter 44, Laws of 1971 ex. sess. and RCW 84.40.360; amending section 4, chapter 44, Laws of 1971 ex. sess. and RCW 84.40.370; amending section 5, chapter 44, Laws of 1971 ex. sess. and RCW 84.40.380; amending section 6, chapter 44, Laws of 1971 ex. sess. and RCW 84.40.390; amending section 84.64.030, chapter 15, Laws of 1961 as last amended by section 3, chapter 322, Laws of 1981 and RCW 84.64.030; amending section 64.64.050, chapter 15, Laws of 1961 as last amended by section 4, chapter 322, Laws of 1981 and RCW 84.64.050; amending section 27, chapter 291, Laws of 1975 1st ex. sess. as amended by section 5, chapter 214, Laws of 1979 ex. sess. and RCW 84.38.020; amending section 28, chapter 291, Laws of 1975 1st ex. sess. as amended by section 6, chapter 214, Laws of 1979 ex. sess. and RCW 84.38.030; amending section 29, chapter 291, Laws of 1975 1st ex. sess. as amended by section 7, chapter 214, Laws of 1979 ex. sess. and RCW 84.38.040; amending section 35, chapter 291, Laws of 1975 1st ex. sess. as amended by section 1, chapter 322, Laws of 1981 and RCW 84.38.100; amending section 36, chapter 291, Laws of 1975 1st ex. sess. and RCW 84.38.110; amending section 37, chapter 291, Laws of 1975 1st ex. sess. and RCW 84.38.120; amending section 38, chapter 291, Laws of 1975 1st ex. sess. and RCW 84.38.130; amending section 39, chapter 291, Laws of 1975 1st ex. sess. and RCW 84.38.140; adding a new section 2, chapter 40, Laws of 1973 2nd ex. sess. and to chapter 84.36 RCW; repealing section 2, chapter 348, Laws of 1977 ex. sess. and RCW 84.36.048; and providing an effective date.

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

Sec. 1. Section 2, chapter 40, Laws of 1973 2nd ex. sess. as amended by section 1, chapter 25, Laws of 1983 1st ex. sess. and RCW 84.36.030 are each amended to read as follows:

The following real and personal property shall be exempt from taxation:

(1) Property owned by nonprofit organizations or associations, organized and conducted for nonsectarian purposes, which shall be ((society)) used((, or to the extent used,)) for character-building, benevolent, protective or rehabilitative social services directed at persons of all ages. The sale of donated merchandise shall not be considered a commercial use of the property under this section if the proceeds are devoted to the furtherance of

the purposes of the selling organization or association as specified in this paragraph(;;).

(2) Property owned by any nonprofit church, denomination, group of churches, or an organization or association, the membership of which is comprised solely of churches or their qualified representatives, which is utilized as a camp facility if ~~((exclusively and/or jointly))~~ used for organized and supervised recreational activities and church purposes as related to such camp facilities. ~~((The rental of property otherwise exempt under this paragraph to another nonprofit church or a nonsectarian organization or association, nonprofit school or college exempt under this chapter for the use by the lessee for the purposes set forth in this paragraph shall not nullify the exemption provided for in this paragraph if the rental income is devoted solely to the operation and maintenance of the property;))~~ The exemption provided by this paragraph shall apply to a maximum of two hundred acres of any such camp as selected by the church, including buildings and other improvements thereon.

(3) Property, including buildings and improvements required for the maintenance and safeguarding of such property, owned by nonprofit organizations or associations engaged in character building of boys and girls under eighteen years of age, and ~~((solely))~~ used~~((; or to the extent used;))~~ for such purposes and uses, provided such purposes and uses are for the general public good: PROVIDED, That if existing charters provide that organizations or associations, which would otherwise qualify under the provisions of this paragraph, serve boys and girls up to the age of twenty-one years, then such organizations or associations shall be deemed qualified pursuant to this section. ~~((The rental of property otherwise exempt under this paragraph to another nonprofit organization or association engaged in character building of boys and girls under eighteen years of age or to a nonprofit church or organization, a nonsectarian organization or association, or school or college exempt under this chapter, or to a public school for the use by the lessee for the purposes set forth in this paragraph shall not nullify the exemption provided for in this paragraph if the rental income is devoted solely to the operation and maintenance of the property;))~~

(4) Property owned by all organizations and societies of veterans of any war of the United States, recognized as such by the department of defense, which shall have national charters, and which shall have for their general purposes and objects the preservation of the memories and associations incident to their war service and the consecration of the efforts of their members to mutual helpfulness and to patriotic and community service to state and nation. To be exempt such property must be ~~((primarily))~~ used in such manner as may be reasonably necessary to carry out the purposes and objects of such societies(;;).

(5) Property owned by all corporations, incorporated under any act of congress, whose principal purposes are to furnish volunteer aid to members

of the armed forces of the United States and also to carry on a system of national and international relief and to apply the same in mitigating the sufferings caused by pestilence, famine, fire, floods, and other national calamities and to devise and carry on measures for preventing the same.

(6) To be exempt under this section, the property must be used exclusively for the purposes for which exemption is granted, except as provided in RCW 84.36.805.

Sec. 2. Section 84.36.040, chapter 15, Laws of 1961 as last amended by section 3, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.040 are each amended to read as follows:

The real and personal property (~~(to the extent)~~) used by nonprofit (1) day care centers as defined pursuant to RCW 74.15.020 as now or hereafter amended; (2) free public libraries; (3) orphanages and orphan asylums; (4) homes for the aged; (5) homes for the sick or infirm; and, (6) hospitals for the sick, which are (~~exclusively~~) used for the purposes of such organizations shall be exempt from taxation: PROVIDED, That the benefit of the exemption inures to the user.

To be exempt under this section, the property must be used exclusively for the purposes for which exemption is granted, except as provided in RCW 84.36.805.

Sec. 3. Section 23, chapter 291, Laws of 1975 1st ex. sess. and RCW 84.36.045 are each amended to read as follows:

All property owned in fee or by contract purchase by any nonprofit corporation or association which is available without charge for research by, or for the training of, doctors, nurses, laboratory technicians, hospital administrators and staff or other hospital personnel, and which otherwise is used (~~exclusively~~) for medical research, the results of which will be available without cost to the public, shall be exempt from ad valorem taxation.

To be exempt under this section, the property must be used exclusively for the purposes for which exemption is granted, except as provided in RCW 84.36.805.

Sec. 4. Section 1, chapter 348, Laws of 1977 ex. sess. and RCW 84.36.047 are each amended to read as follows:

The following property shall be exempt from taxation:

Real and personal property owned by or leased to any nonprofit corporation or association (~~(to the extent)~~) and, except as provided in RCW 84.36.805, used exclusively to rebroadcast, amplify, or otherwise facilitate the transmission and/or reception of radio and/or television signals originally broadcast by foreign or domestic governmental agencies for reception by the general public: PROVIDED, That in the event such property is leased, the benefit of the exemption shall inure to the user.

Sec. 5. Section 84.36.050, chapter 15, Laws of 1961 as last amended by section 4, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.050 are each amended to read as follows:

The following property shall be exempt from taxation:

Property owned or used for any nonprofit school or college in this state ~~((solely))~~ for educational purposes ~~((or the revenue therefrom be devoted exclusively to the support and maintenance of such institution))~~ or cultural or art educational programs as defined in RCW 82.04.4328. Real property so exempt shall not exceed four hundred acres in extent and, except as provided in RCW 84.36.805, shall be used exclusively for college or campus purposes including but not limited to, buildings and grounds designed for the educational, athletic, or social programs of said institution, the housing of students, the housing of religious faculty, the housing of the chief administrator, athletic buildings and all other school or college facilities, the need for which would be nonexistent but for the presence of such school or college and which are principally designed to further the educational functions of such college or schools. If the property is leased, the benefit of the exemption shall inure to the user.

~~((Real property owned or controlled by such institution or leased or rented by it for the purpose of deriving revenue therefrom shall not be exempt from taxation under this section:))~~

Sec. 6. Section 22, chapter 291, Laws of 1975 1st ex. sess. and RCW 84.36.480 are each amended to read as follows:

The following property shall be exempt from taxation: The real and personal property of a nonprofit fair association that sponsors or conducts a fair or fairs which receive support from revenues collected pursuant to RCW 67.16.100 and allocated by the director of the department of agriculture. ~~((The loan or rental of property otherwise exempt under this section to a nonprofit organization, association, or corporation, or municipal corporation shall not nullify the exemption provided in this section if the rental income, if any, is reasonable and is devoted solely to the operation and maintenance of the property:))~~ To be exempt under this section, the property must be used exclusively for fair purposes, except as provided in RCW 84.36.805. However, the loan or rental of property otherwise exempt under this section to a private concessionaire or to any person for use as a concession in conjunction with activities permitted under this section shall not nullify the exemption if the concession charges are subject to agreement and the rental income, if any, is reasonable and is devoted solely to the operation and maintenance of the property.

Sec. 7. Section 7, chapter 40, Laws of 1973 2nd ex. sess. as amended by section 4, chapter 141, Laws of 1981 and RCW 84.36.805 are each amended to read as follows:

In order to be exempt pursuant to RCW 84.36.030, 84.36.035, 84.36.037, 84.36.040, 84.36.045, 84.36.047, 84.36.050, 84.36.060, 84.36.350, and

~~((84.36.037, said))~~ 84.36.480, the nonprofit organizations, associations or corporations shall satisfy the following conditions:

~~((a))~~ (1) The property is used exclusively for the actual operation of the activity for which exemption is granted and does not exceed an amount reasonably necessary for that purpose, except:

(a) The loan or rental of the property does not subject the property to tax if:

(i) The rents and donations received for the use of the portion of the property are reasonable and do not exceed the maintenance and operation expenses attributable to the portion of the property loaned or rented; and

(ii) Except for the exemption under RCW 84.36.037, the property would be exempt from tax if owned by the organization to which it is loaned or rented;

(b) The use of the property for fund-raising activities does not subject the property to tax if the fund-raising activities are consistent with the purposes for which the exemption is granted;

~~((b))~~ (2) The property is irrevocably dedicated to the purpose for which exemption has been granted, and on the liquidation, dissolution, or abandonment by said organization, association, or corporation, said property will not inure directly or indirectly to the benefit of any shareholder or individual, except a nonprofit organization, association, or corporation which too would be entitled to property tax exemption: PROVIDED, That the provision of this subsection shall not apply to those qualified for exemption pursuant to RCW 84.36.040 if the property used for the purpose stated is either leased or rented;

~~((c))~~ (3) The facilities and services are available to all regardless of race, color, national origin or ancestry;

~~((d))~~ (4) The organization, association, or corporation is duly licensed or certified where such licensing or certification is required by law or regulation;

~~((e))~~ (5) Property sold to organizations, associations, or corporations with an option to be repurchased by the seller shall not qualify for exempt status;

~~((f))~~ (6) The director of the department of revenue shall have access to its books in order to determine whether such organization, association, or corporation is exempt from taxes within the intent of RCW 84.36.030, 84.36.035, 84.36.037, 84.36.040, 84.36.045, 84.36.047, 84.36.050, 84.36.060, 84.36.350, and ((84.36.037)) 84.36.480.

Sec. 8. Section 8, chapter 40, Laws of 1973 2nd ex. sess. as last amended by section 1, chapter 185, Laws of 1983 and RCW 84.36.810 are each amended to read as follows:

(1) Upon cessation of a use under which an exemption has been granted pursuant to RCW 84.36.030, 84.36.040, 84.36.050, 84.36.060, and 84.36.037, the county treasurer shall collect all taxes which would have

been paid had the property not been exempt during the three years preceding, or the life of such exemption, if such be less, together with the interest at the same rate and computed in the same way as that upon delinquent property taxes: PROVIDED, That where the property has been granted an exemption for more than ten years, taxes and interest shall not be assessed under this section.

(2) Subsection (1) of this section applies only when ownership of the property is transferred or when fifty-one percent or more of the area of the property has lost its exempt status. The additional tax under subsection (1) of this section shall not be imposed if the cessation of use resulted solely from:

(a) Transfer to ~~((an))~~ a nonprofit organization, association, or corporation for a use which also qualifies and is granted exemption under the provisions of chapter 84.36 RCW;

(b) A taking through the exercise of the power of eminent domain, or sale or transfer to an entity having the power of eminent domain in anticipation of the exercise of such power;

(c) Official action by an agency of the state of Washington or by the county or city within which the property is located which disallows the present use of such property;

(d) A natural disaster such as a flood, windstorm, earthquake, or other such calamity rather than by virtue of the act of the organization, association, or corporation changing the use of such property;

(e) Relocation of the activity and use of another location or site except for undeveloped properties of camp facilities exempted under RCW 84.36.030;

(f) Cancellation of a lease on property that had been exempt under RCW 84.36.040.

NEW SECTION. Sec. 9. There is added to chapter 40, Laws of 1973 2nd ex. sess. and to chapter 84.36 RCW a new section to read as follows:

All additional taxes imposed under RCW 84.36.262 or 84.36.810 shall become due and payable by the seller or transferor at the time of sale. The county auditor shall not accept an instrument of conveyance unless the additional tax has been paid or the department of revenue has determined that the property is not subject to RCW 84.36.262 or 84.36.810. The seller, the transferor, or the new owner may appeal the assessed values upon which the additional tax is based to the county board of equalization.

Sec. 10. Section 9, chapter 40, Laws of 1973 2nd ex. sess. as amended by section 18, chapter 291, Laws of 1975 1st ex. sess. and RCW 84.36.815 are each amended to read as follows:

In order to qualify for exempt status for real or personal property pursuant to the provisions of chapter 84.36 RCW, as now or hereafter amended, all foreign national governments, churches, cemeteries, nongovernmental nonprofit corporations, organizations, and associations, private schools or

colleges, and soil and water conservation districts shall file an initial application on or before March 31 with the state department of revenue. All applications shall be filed on forms prescribed by the department and shall be signed by an authorized agent of the applicant.

In order to requalify for exempt status, such applicants except non-profit cemeteries shall file a renewal application on or before March 31 of the fourth year following the date of such initial application and on or before March 31 of every fourth year thereafter. An applicant previously granted exemption shall annually file, on forms prescribed by the department, an affidavit certifying the exempt status of the real or personal property owned by the exempt organization(~~(: PROVIDED, That where))~~. When an ((applicant previously granted exemption)) organization acquires real property qualified for exemption or ((otherwise)) converts real property to exempt status, such ((applicant)) organization shall file ((a renewal)) an initial application ((no later than)) for the property within sixty days following the acquisition or conversion ((of such real property to exempt status. Failure to file a renewal application within sixty days of conversion of such real property to exempt status shall nullify the exemption otherwise available for such property in the year of such conversion)). If the application is filed after the expiration of the sixty-day period a late filing penalty shall be imposed pursuant to RCW 84.36.825, as now or hereafter amended.

When organizations acquire real property qualified for exemption or convert real property to an exempt use, the property, upon approval of the application for exemption, is entitled to a cancellation of the pro rata portion of taxes payable for the remaining portion of the year from the date of acquisition or conversion plus exemption for the following year. If the owner has paid taxes allocable to that portion of the year subsequent to the date of acquisition or conversion, the owner is entitled to a pro rata refund of the amount paid on the property so acquired or converted.

Sec. 11. Section 10, chapter 40, Laws of 1973 2nd ex. sess. as amended by section 1, chapter 127, Laws of 1975-'76 2nd ex. sess. and RCW 84.36-.820 are each amended to read as follows:

On or before January 1 of each year, the department of revenue shall mail application forms to owners of record of property exempted from property taxation at their last known address who must ((make a renewal application)) file annually for continued exemption. The department of revenue shall notify the assessor of the county in which the property is located who shall remove the tax exemption from any property if an application has not been approved for exemption: PROVIDED, That failure to file and subsequent removal of exemption shall not be subject to review as provided in RCW 84.36.850: PROVIDED FURTHER, That the department of revenue shall review applications received after the March 31 due date ((and before December 31)), but such applications shall be subject to late filing

penalties provided in RCW 84.36.825 as now or hereafter amended(~~(: PROVIDED FURTHER, That if proper application has been submitted to the department of revenue by April 30, 1976, assessments or levies of property taxes for collection in 1976 are hereby cancelled with respect to property determined to be exempt of any organization required to file for exemption by RCW 84.36.815 but which did not receive exemption for 1976 taxes because of failure to make such filing by March 31, 1975, or because the effective date of the statutory exemption occurred after March 31, 1975, and such late applications for exemption of 1976 taxes shall not be subject to late filing penalties provided in RCW 84.36.825 as amended)~~)).

Sec. 12. Section 12, chapter 40, Laws of 1973 2nd ex. sess. as amended by section 3, chapter 127, Laws of 1975-'76 2nd ex. sess. and RCW 84.36-.830 are each amended to read as follows:

The department of revenue shall review each application for exemption and make a determination thereon prior to August 1st of the assessment year for which such application is made: PROVIDED, That each exemption application received after March 31 shall be reviewed and determination made thereon within thirty days of the date received or by August 1, whichever is later. The department of revenue may request such additional relevant information as it deems necessary. The department of revenue shall make a physical inspection of the property and satisfy itself as to the use of all parcels prior to approving or denying the application, and thereafter at ((least once each four years)) regular intervals designed to insure compliance with this chapter. When the department of revenue has examined the application and the subject property, it shall either approve or deny the request and clearly state the reasons for ((approval or)) denial in written notification by certified mail to the applicant. The department shall also notify the assessor of the county in which the property is located. The county assessor shall place such property on the assessment roll for the current year.

Sec. 13. Section 2, chapter 44, Laws of 1971 ex. sess. and RCW 84-.40.350 are each amended to read as follows:

Real property, previously exempt from taxation, shall be assessed and taxed as ((herein)) provided in RCW 84.40.350 through 84.40.390 when transferred to private ownership by any exempt organization including the United States of America, the state or any political subdivision thereof by sale or exchange or by a contract under conditions provided for in RCW 84.40.230 or when the property otherwise loses its exempt status.

Sec. 14. Section 3, chapter 44, Laws of 1971 ex. sess. and RCW 84-.40.360 are each amended to read as follows:

Property ((transferred to private ownership as herein provided;)) which no longer retains its exempt status shall be subject to a pro rata portion of the taxes allocable to the remaining portion of the year after the date ((of execution of the instrument of sale, contract or exchange)) that the property

lost its exempt status. If a portion of the property has lost its exempt status, only that portion shall be subject to tax under this section.

Sec. 15. Section 4, chapter 44, Laws of 1971 ex. sess. and RCW 84.40.370 are each amended to read as follows:

The assessor shall list the property and assess it with reference to its value on the date (~~(of the execution of the instrument of sale, contract, or exchange)~~) the property lost its exempt status unless such property has been previously listed and assessed. He shall extend the taxes on the tax roll using the rate of percent applicable as if the property had been assessed in the previous year.

Sec. 16. Section 5, chapter 44, Laws of 1971 ex. sess. and RCW 84.40.380 are each amended to read as follows:

All taxes made payable pursuant to the provisions of RCW 84.40.350 through 84.40.390 shall be due and payable to the county treasurer on or before the thirtieth day of April in the event the date of execution of the instrument of transfer occurs prior to that date unless the time of payment is extended under the provisions of RCW 84.56.020. Such taxes shall be due and payable on or before the thirty-first day of October in the event the date (~~(of execution of the instrument of transfer)~~) the property lost its exempt status is subsequent to the thirtieth day of April but prior to the thirty-first day of October. In all other cases such taxes shall be due and payable within thirty days after the date (~~(of execution of the instrument of transfer)~~) the property lost its exempt status. In no case, however, shall the taxes be due and payable less than thirty days from the date (~~(of execution of the instrument of transfer)~~) the property lost its exempt status. All taxes due and payable after the dates herein shall become delinquent, and interest at the rate (~~(of ten percent per annum)~~) specified in RCW 84.56.020 for delinquent property taxes shall be charged upon such unpaid taxes from the date of delinquency until paid.

Sec. 17. Section 6, chapter 44, Laws of 1971 ex. sess. and RCW 84.40.390 are each amended to read as follows:

~~((Such))~~ Taxes made due and payable ((herein)) under RCW 84.40.350 through 84.40.390 shall be a lien on ((such transferred)) the property from the date((of execution of the instrument of sale, exchange or contract)) the property lost its exempt status.

Sec. 18. Section 84.64.030, chapter 15, Laws of 1961 as last amended by section 3, chapter 322, Laws of 1981 and RCW 84.64.030 are each amended to read as follows:

Any time after the expiration of three years from the original date of delinquency of any tax included in a certificate of delinquency, the holder of any certificate of delinquency may give notice and summons to the owner of the property described in such certificate that he or she will apply to the

superior court of the county in which such property is situated for a judgment foreclosing the lien against the property mentioned therein. Such notice and summons shall contain:

(1) The title of the court, the description of the property and the name of the owner thereof, if known, the name of the holder of the certificate, the date thereof, and the amount for which it was issued, the year or years for the delinquent taxes for which it was issued, the amount of all taxes paid for prior or subsequent years, and the rate of interest on said amount.

(2) A direction to the owner summoning him or her to appear within sixty days after service of the notice and summons, exclusive of the day of service, and defend the action or pay the amount due, and when service is made by publication a direction to the owner, summoning him or her to appear within sixty days after the date of the first publication of the notice and summons, exclusive of the day of said first publication, and defend the action or pay the amount due.

(3) A notice that, in case of failure so to do, judgment will be rendered foreclosing the lien of such taxes and costs against the land and premises named.

The notice and summons shall be subscribed by the holder of the certificate of delinquency, or by someone in his or her behalf, and residing within the state of Washington, and upon whom all process may be served.

A copy of said notice and summons shall be delivered to the county treasurer. Thereafter when any owner of real property or person interested therein seeks to redeem as provided in RCW 84.64.070, the treasurer shall ascertain the amount of costs accrued in foreclosing said certificate and include said costs as a part of the redemption required to be paid. Cost incurred for a title search required by RCW 84.64.050 shall be included.

The notice and summons shall be served in the same manner as a summons in a civil action is served in the superior court.

The county treasurer shall not issue certificates of delinquency upon property ~~((owned and occupied as a principal place of residence by a person sixty-two years of age or older))~~ which is eligible for deferral of taxes under chapter 84.38 RCW but shall require the owner of the property to file a declaration to defer taxes under chapter 84.38 RCW.

Sec. 19. Section 84.64.050, chapter 15, Laws of 1961 as last amended by section 4, chapter 322, Laws of 1981 and RCW 84.64.050 are each amended to read as follows:

After the expiration of three years from the date of delinquency, when any property remains on the tax rolls for which no certificate of delinquency has been issued, the county treasurer shall proceed to issue certificates of delinquency on said property to the county for all years' taxes, interest, and costs: PROVIDED, That the county treasurer, with the consent of the county legislative authority, may elect to issue a certificate for fewer than

all years' taxes, interest, and costs to a minimum of the taxes, interest, and costs for the earliest year.

The change to a three-year grace period shall first be effective on May 1, 1983. Prior to that date, the county treasurer shall send a notice to all taxpayers with taxes delinquent for two years or more, notifying them of the change in the grace period. The treasurer shall file said certificates when completed with the clerk of the court, and the treasurer shall thereupon, with such legal assistance as the county legislative authority shall provide in counties having a population of thirty thousand or more, and with the assistance of the county prosecuting attorney in counties having a population of less than thirty thousand, proceed to foreclose in the name of the county, the tax liens embraced in such certificates, and the same proceedings shall be had as when held by an individual: PROVIDED, That notice and summons must be served or notice given in a manner reasonably calculated to inform the owner or owners of the foreclosure action. Either (1) personal service upon the owner or owners or (2) publication once in a newspaper of general circulation, which is circulated in the area of the property and mailing of notice by certified mail to the owner or owners or, if a mailing address is unavailable, personal service upon the occupant of the property, if any, is sufficient. In addition to describing the property as the same is described on the tax rolls, the notice must include the local street address, if any. It shall be the duty of the county treasurer to mail a copy of the published summons, within fifteen days after the first publication thereof, to the treasurer of each city or town within which any property involved in a tax foreclosure is situated, but the treasurer's failure to do so shall not affect the jurisdiction of the court nor the priority of any tax sought to be foreclosed. Said certificates of delinquency issued to the county may be issued in one general certificate in book form including all property, and the proceedings to foreclose the liens against said property may be brought in one action and all persons interested in any of the property involved in said proceedings may be made codefendants in said action, and if unknown may be therein named as unknown owners, and the publication of such notice shall be sufficient service thereof on all persons interested in the property described therein, except as provided above. The person or persons whose name or names appear on the treasurer's rolls as the owner or owners of said property shall be considered and treated as the owner or owners of said property for the purpose of this section, and if upon said treasurer's rolls it appears that the owner or owners of said property are unknown, then said property shall be proceeded against, as belonging to an unknown owner or owners, as the case may be, and all persons owning or claiming to own, or having or claiming to have an interest therein, are hereby required to take notice of said proceedings and of any and all steps thereunder: PROVIDED, That, at least thirty days prior to the sale of the property, if such property is shown on the tax rolls under unknown owners or as having an assessed value of

three thousand dollars or more, the treasurer shall order or conduct a title search of the property to be sold to determine the legal description of the property to be sold and the record title holder, and if the record title holder or holders differ from the person or persons whose name or names appear on the treasurer's rolls as the owner or owners, the record title holder or holders shall be considered and treated as the owner or owners of said property for the purpose of this section, and shall be entitled to the notice provided for in this section.

The county treasurer shall not issue certificates of delinquency upon property (~~owned and occupied as a principal place of residence by a person sixty-two years of age or older~~) which is eligible for deferral of taxes under chapter 84.38 RCW but shall require the owner of the property to file a declaration to defer taxes under chapter 84.38 RCW.

Sec. 20. Section 27, chapter 291, Laws of 1975 1st ex. sess. as amended by section 5, chapter 214, Laws of 1979 ex. sess. and RCW 84.38.020 are each amended to read as follows:

Unless a different meaning is plainly required by the context, the following words and phrases as hereinafter used in this chapter shall have the following meanings:

(1) "Claimant" means a (~~retired~~) person who is receiving a property tax exemption under RCW 84.36.381 through 84.36.389 and who either elects or is required under RCW 84.64.030 or 84.64.050 to defer payment of the special assessments and/or real property taxes accrued on his residence by filing a declaration to defer as provided by this chapter.

When two or more individuals of a household file or seek to file a declaration to defer, they may determine between them as to who the claimant shall be.

(2) (~~"Consumer price index" shall mean the consumer price index for urban wage earners and clerical workers as compiled by the bureau of labor statistics of the United States department of labor.~~

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

~~((4))~~ (3) "Equity value" means the amount by which the fair market value of a residence as determined from the records of the county assessor exceeds the total amount of any liens or other obligations against the property.

~~((5))~~ "Owned" includes possession under a contract of sale, deed of trust, or tenancy in common.

~~(6))~~ (4) "Special assessment" means the charge or obligation imposed by a city, town, county, or other municipal corporation upon property specially benefited by a local improvement, including assessments under chapters 35.44, 36.88, 36.94, 53.08, 54.16, 56.20, 57.16, 86.09, and 87.03 RCW and any other relevant chapter.

~~((7))~~ (5) "Real property taxes" means ad valorem property taxes levied on a residence in this state in the preceding calendar year. ~~((If a residence is an integral part of a larger unit such as a farm, or a multipurpose or multidwelling building, real property taxes shall be that percentage of the total property taxes accrued as the value of the residence is of the total value of the unit. For purposes of this paragraph "unit" refers to the parcel of property covered by a single tax statement of which the residence is a part.~~

(8) ~~"Preceding calendar year" shall mean the calendar year preceding the year in which the application for deferral of special assessment and/or real property taxes is made:~~

(9) ~~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 per unit. 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 or its municipal corporations, and notwithstanding the provisions of RCW 84.04.080, 84.04.090, or 84.40.250, such a residence shall be deemed real property:~~

(10) ~~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:)~~

Sec. 21. Section 28, chapter 291, Laws of 1975 1st ex. sess. as amended by section 6, chapter 214, Laws of 1979 ex. sess. and RCW 84.38.030 are each amended to read as follows:

A ~~((retired person))~~ cl. ant may ~~((elect to))~~ defer payment of special assessments and/or real property taxes on his ~~((residence))~~ property that is receiving an exemption under RCW 84.36.381 through 84.36.389 on up to eighty percent of the amount of his equity value in said property if the following conditions are met:

(1) ~~((The special assessments and/or property taxes must have been imposed upon a residence: (a) Which has been regularly occupied by the person claiming the deferral during the two calendar years preceding the year in which the deferral claim is filed; or (b) which was occupied by the person claiming the deferral as a principal place of residence as of January 1st of the year in which the claim is filed and the person claiming the deferral must also have been a resident of the state of Washington for the last three calendar years preceding the year in which the claim is filed: PROVIDED, That confinement of the person to a hospital or nursing home shall not disqualify the claim of deferral 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 claimant must have owned, at the time of filing, the residence on which the special assessment and/or real property taxes have been imposed. 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. A claimant who has only a share ownership in cooperative housing, a life estate, a lease for life, or a revocable trust does not satisfy the ownership requirement.

~~((3) The claimant must have been sixty-one years of age or older on January 1st of the year in which the deferral 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 a deferral 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 chapter.~~

(4) The claimant, his or her spouse, and any cotenant occupying the residence must not have received income of the type referred to in RCW 84.36.381, as now or hereafter amended, during the preceding calendar year which exceeds the following amounts:

(a) For claims filed in 1976—eight thousand dollars;

(b) For claims filed in subsequent years, an amount equal to the previous year's income limit adjusted by the percentage change in the consumer price index for the twelve month period ending September 31st of the previous year.

(5)) (2) The claimant must have and keep in force fire and casualty insurance in sufficient amount to protect the interest of the state in the claimant's equity value.

~~((6)) (3) In the case of special assessment deferral, claimant must have opted for payment of such special assessments on the installment method if such method was available.~~

~~((7) 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. 22. Section 29, chapter 291, Laws of 1975 1st ex. sess. as amended by section 7, chapter 214, Laws of 1979 ex. sess. and RCW 84.38.040 are each amended to read as follows:

(1) Each claimant electing to defer payment of special assessments and/or real property tax obligations under this chapter shall file with the county assessor, on forms prescribed by the department and supplied by the assessor, a written declaration thereof. The declaration to defer special assessments and/or real property taxes for any year shall be filed no later than thirty days before the tax or assessment is due or thirty days after receiving notice under RCW 84.64.030 or 84.64.050, whichever is late: PROVIDED, That for good cause shown, the department may waive this requirement.

(2) The declaration shall designate the property to which the deferral applies, and shall include a statement setting forth (a) a list of all members of the claimant's household, (b) the claimant's equity value in his residence, (c) facts establishing the eligibility for the deferral under the provisions of this chapter, and (d) any other relevant information required by the rules of the department. Each copy shall be signed by the claimant subject to the penalties as provided in chapter 9.72 RCW for the false swearing. The first declaration to defer filed in a county shall include proof of the claimant's age acceptable to the assessor.

(3) The county assessor shall determine if each claimant shall be granted a deferral for each year but the claimant shall have the right to appeal this determination to the county board of equalization whose decision shall be final as to the deferral of that year.

Sec. 23. Section 35, chapter 291, Laws of 1975 1st ex. sess. as amended by section 1, chapter 322, Laws of 1981 and RCW 84.38.100 are each amended to read as follows:

Whenever a person's special assessment and/or real property tax obligation is deferred under the provisions of this chapter, it shall become a lien in favor of the state upon his or her property and shall have priority as provided in chapters 35.50 and 84.60 RCW: PROVIDED, That the interest of a mortgage or purchase contract holder who is required to cosign a declaration of deferral under RCW 84.38.090, shall have priority to said deferred lien. This lien may accumulate up to eighty percent of the amount of the claimant's equity value in said property and shall bear interest ((each year)) at the rate of eight percent per year from the time it could have been paid before delinquency until said obligation ((becomes due and payable under RCW 84.38.130)) is paid. In the case of a mobile home, the department of licensing shall show the state's lien on the certificate of ownership for the mobile home. In the case of all other property, the department of revenue shall file a notice of the deferral with the county recorder or auditor.

Sec. 24. Section 36, chapter 291, Laws of 1975 1st ex. sess. and RCW 84.38.110 are each amended to read as follows:

The county assessor shall:

(1) Immediately transmit one copy of each declaration to defer to the department of revenue. The department may audit any declaration and shall ((, not later than August 31st,)) notify the assessor as soon as possible of any claim where any factor appears to disqualify the claimant for the deferral sought.

(2) Transmit one copy of each declaration to defer a special assessment to the local improvement district which imposed such assessment.

(3) ((After October 15th,)) Compute the dollar tax rate for the county as if any deferrals provided by this chapter did not exist.

(4) ((On or before December 15th,)) As soon as possible notify the department of revenue and the county treasurer of the amount of real

property taxes deferred for that year and notify the department of revenue and the respective treasurers of municipal corporations of the amount of special assessments deferred for each local improvement district within such unit.

Sec. 25. Section 37, chapter 291, Laws of 1975 1st ex. sess. and RCW 84.38.120 are each amended to read as follows:

~~((Upon))~~ After receipt of the notification from the county assessor of the amount of deferred special assessments and/or real property taxes the department ~~((shall certify to the state treasurer the amount due the respective municipal corporations prior to the following February 15th and the state treasurer))~~ shall pay, from amounts appropriated for that purpose, to the treasurers of such municipal corporations said amounts, equivalent to the amount of special assessments and/or real property taxes deferred, to be distributed to the local improvement or taxing districts which levied the taxes so deferred.

Sec. 26. Section 38, chapter 291, Laws of 1975 1st ex. sess. and RCW 84.38.130 are each amended to read as follows:

Special assessments and/or real property tax obligations deferred under this chapter shall become payable together with interest as provided in RCW 84.38.100:

(1) Upon the sale of property which has a deferred special assessment and/or real property tax lien upon it.

(2) Upon the death of the claimant with an outstanding deferred special assessment and/or real property tax lien except a surviving spouse who is qualified under this chapter may elect to incur the special assessment and/or real property tax lien which shall then be payable by that spouse as provided in this section.

(3) Upon the condemnation of property with a deferred special assessment and/or real property tax lien upon it by a public or private body exercising eminent domain power, except as otherwise provided in RCW 84.60.070.

(4) At such time as the claimant ceases to reside permanently in the residence upon which the deferral has been granted.

(5) Upon the failure of any condition set forth in RCW 84.38.030(~~((5))~~).

Sec. 27. Section 39, chapter 291, Laws of 1975 1st ex. sess. and RCW 84.38.140 are each amended to read as follows:

(1) The county treasurer shall collect all the amounts deferred together with interest under this chapter, in the manner provided for in chapter 84.56 RCW. For purposes of collection of deferred taxes, the provisions of chapters 84.56, 84.60, and 84.64 RCW shall be applicable.

(2) When any deferred special assessment and/or real property taxes together with interest are collected the moneys shall be credited to a special

account in the county treasury. The county treasurer shall remit the amount of deferred special assessment and/or real property taxes together with interest to the ((state treasurer, with a remittance advice to the)) department within thirty days from the date of collection.

(3) The ((state treasurer)) department shall deposit the deferred taxes in the state general fund.

NEW SECTION. Sec. 28. Section 2, chapter 348, Laws of 1977 ex. sess. and RCW 84.36.048 are each repealed.

NEW SECTION. Sec. 29. Section 23 of this act shall take effect July 1, 1985.

Passed the House March 8, 1984.

Passed the Senate March 3, 1984.

Approved by the Governor March 27, 1984.

Filed in Office of Secretary of State March 27, 1984.

CHAPTER 221

[Second Substitute House Bill No. 1231]

AQUATIC LANDS

AN ACT Relating to aquatic lands; amending section 83, chapter 21, Laws of 1982 1st ex. sess. and RCW 79.93.040; amending section 85, chapter 21, Laws of 1982 1st ex. sess. and RCW 79.93.060; amending section 79, chapter 21, Laws of 1982 1st ex. sess. as last amended by section 1, chapter 153, Laws of 1983 and RCW 79.92.110; amending section 9, chapter 167, Laws of 1961 as last amended by section 4, chapter 8, Laws of 1982 2nd ex. sess. and RCW 79.24.580; adding new sections to chapter 79.90 RCW; adding a new section to chapter 79.93 RCW; creating new sections; decodifying RCW 79.96.900; repealing section 1, chapter 93, Laws of 1917 and RCW 53.32.010; repealing section 2, chapter 93, Laws of 1917 and RCW 53.32.020; repealing section 3, chapter 93, Laws of 1917, section 3, chapter 72, Laws of 1979 and RCW 53.32.050; repealing section 5, chapter 93, Laws of 1917 and RCW 53.32.060; repealing section 4, chapter 93, Laws of 1917 and RCW 53.32.070; repealing section 6, chapter 93, Laws of 1917 and RCW 53.32.900; repealing section 72, chapter 21, Laws of 1982 1st ex. sess. and RCW 79.92.040; repealing section 71, chapter 21, Laws of 1982 1st ex. sess. and RCW 79.92.050; repealing section 103, chapter 21, Laws of 1982 1st ex. sess. and RCW 79.94.180; repealing section 104, chapter 21, Laws of 1982 1st ex. sess. and RCW 79.94.190; repealing section 105, chapter 21, Laws of 1982 1st ex. sess. and RCW 79.94.200; and providing an effective date.

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

NEW SECTION. Sec. 1. The legislature finds that state-owned aquatic lands are a finite natural resource of great value and an irreplaceable public heritage. The legislature recognizes that the state owns these aquatic lands in fee and has delegated to the department of natural resources the responsibility to manage these lands for the benefit of the public. The legislature finds that water-dependent industries and activities have played a major role in the history of the state and will continue to be important in the future. The legislature finds that revenues derived from leases of state-owned aquatic lands should be used to enhance opportunities for public recreation, shoreline access, environmental protection, and other