
HOUSE BILL 1560

State of Washington

68th Legislature

2023 Regular Session

By Representative Shavers

1 AN ACT Relating to providing property tax relief by expanding
2 eligibility for the senior citizen and disabled veterans' property
3 tax exemption program; amending RCW 84.36.383, 84.36.385, and
4 84.38.020; adding a new section to chapter 84.36 RCW; creating a new
5 section; and providing an expiration date.

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

7 **Sec. 1.** RCW 84.36.383 and 2021 c 220 s 1 are each amended to
8 read as follows:

9 As used in RCW 84.36.381 through 84.36.389, unless the context
10 clearly requires otherwise:

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

17 (a) Drugs supplied by prescription of a medical practitioner
18 authorized by the laws of this state or another jurisdiction to issue
19 prescriptions;

20 (b) The treatment or care of either person received in the home
21 or in a nursing home, assisted living facility, or adult family home;

1 (c) Health care insurance premiums for medicare under Title XVIII
2 of the social security act;

3 (d) Costs related to medicare supplemental policies as defined in
4 Title 42 U.S.C. Sec. 1395ss;

5 (e) Durable medical equipment, mobility enhancing equipment,
6 medically prescribed oxygen, and prosthetic devices as defined in RCW
7 82.08.0283;

8 (f) Long-term care insurance as defined in RCW 48.84.020;

9 (g) Cost-sharing amounts as defined in RCW 48.43.005;

10 (h) Nebulizers as defined in RCW 82.08.803;

11 (i) Medicines of mineral, animal, and botanical origin
12 prescribed, administered, dispensed, or used in the treatment of an
13 individual by a person licensed under chapter 18.36A RCW;

14 (j) Ostomic items as defined in RCW 82.08.804;

15 (k) Insulin for human use;

16 (l) Kidney dialysis devices; and

17 (m) Disposable devices used to deliver drugs for human use as
18 defined in RCW 82.08.935.

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

22 (3) "County median household income" means the median household
23 income estimates for the state of Washington by county of the legal
24 address of the principal place of residence, as published by the
25 office of financial management.

26 (4) "Department" means the state department of revenue.

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

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

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

40 (b) Amounts deducted for loss;

1 (c) Amounts deducted for depreciation;
2 (d) Pension and annuity receipts;
3 (e) Military pay and benefits other than attendant-care and
4 medical-aid payments;
5 (f) Veterans benefits, other than:
6 (i) Attendant-care payments;
7 (ii) Medical-aid payments;
8 (iii) Disability compensation, as defined in Title 38, part 3,
9 section 3.4 of the Code of Federal Regulations, as of January 1,
10 2008; and
11 (iv) Dependency and indemnity compensation, as defined in Title
12 38, part 3, section 3.5 of the Code of Federal Regulations, as of
13 January 1, 2008;
14 (g) Federal social security act and railroad retirement benefits;
15 (h) Dividend receipts; and
16 (i) Interest received on state and municipal bonds.
17 (7) "Income threshold 1" means:
18 (a) For taxes levied for collection in calendar years prior to
19 2020, a combined disposable income equal to (~~thirty thousand~~
20 ~~dollars~~) \$30,000; (~~and~~)
21 (b) For taxes levied for collection in calendar years 2020
22 through 2023 and 2025 and thereafter, a combined disposable income
23 equal to the greater of "income threshold 1" for the previous year or
24 (~~forty-five~~) 45 percent of the county median household income,
25 adjusted every (~~five~~) three years beginning August 1, (~~2019~~)
26 2024, as provided in RCW 84.36.385(8); and
27 (c) For taxes levied for collection in calendar year 2024, a
28 combined disposable income equal to "income threshold 1" for the
29 previous year plus 10 percent.
30 (8) "Income threshold 2" means:
31 (a) For taxes levied for collection in calendar years prior to
32 2020, a combined disposable income equal to (~~thirty-five thousand~~
33 ~~dollars~~) \$35,000; (~~and~~)
34 (b) For taxes levied for collection in calendar years 2020
35 through 2023 and 2025 and thereafter, a combined disposable income
36 equal to the greater of "income threshold 2" for the previous year or
37 (~~fifty-five~~) 55 percent of the county median household income,
38 adjusted every (~~five~~) three years beginning August 1, (~~2019~~)
39 2024, as provided in RCW 84.36.385(8); and

1 (c) For taxes levied for collection in calendar year 2024, a
2 combined disposable income equal to "income threshold 2" for the
3 previous year plus 10 percent.

4 (9) "Income threshold 3" means:

5 (a) For taxes levied for collection in calendar years prior to
6 2020, a combined disposable income equal to (~~forty thousand~~
7 ~~dollars~~) \$40,000; (and)

8 (b) For taxes levied for collection in calendar years 2020
9 through 2023 and 2025 and thereafter, a combined disposable income
10 equal to the greater of "income threshold 3" for the previous year or
11 (~~sixty-five~~) 65 percent of the county median household income,
12 adjusted every (~~five~~) three years beginning August 1, (~~2019~~)
13 2024, as provided in RCW 84.36.385(8); and

14 (c) For taxes levied for collection in calendar year 2024, a
15 combined disposable income equal to "income threshold 3" for the
16 previous year plus 10 percent.

17 (10) "Principal place of residence" means a residence occupied
18 for more than six months each calendar year by a person claiming an
19 exemption under RCW 84.36.381.

20 (11) The term "real property" also includes a mobile home which
21 has substantially lost its identity as a mobile unit by virtue of its
22 being fixed in location upon land owned or leased by the owner of the
23 mobile home and placed on a foundation (posts or blocks) with fixed
24 pipe, connections with sewer, water, or other utilities. A mobile
25 home located on land leased by the owner of the mobile home is
26 subject, for tax billing, payment, and collection purposes, only to
27 the personal property provisions of chapter 84.56 RCW and RCW
28 84.60.040.

29 (12) The term "residence" means a single-family dwelling unit
30 whether such unit be separate or part of a multiunit dwelling,
31 including the land on which such dwelling stands not to exceed one
32 acre, except that a residence includes any additional property up to
33 a total of five acres that comprises the residential parcel if this
34 larger parcel size is required under land use regulations. The term
35 also includes a share ownership in a cooperative housing association,
36 corporation, or partnership if the person claiming exemption can
37 establish that his or her share represents the specific unit or
38 portion of such structure in which he or she resides. The term also
39 includes a single-family dwelling situated upon lands the fee of
40 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 **Sec. 2.** RCW 84.36.385 and 2021 c 145 s 24 are each amended to
5 read as follows:

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

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

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

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

36 (6) The department and each local assessor is hereby directed to
37 publicize the qualifications and manner of making claims under RCW
38 84.36.381 through 84.36.389, through communications media, including
39 such paid advertisements or notices as it deems appropriate. Notice

1 of the qualifications, method of making applications, the penalties
2 for not reporting a change in status, and availability of further
3 information must be included on or with property tax statements and
4 revaluation notices for all residential property including mobile
5 homes, except rental properties.

6 (7) The department must authorize an option for electronic filing
7 of applications and renewal applications for the exemption under RCW
8 84.36.381.

9 (8) Beginning August 1, (~~(2019)~~) 2024, and by (~~(March)~~) August
10 1st every (~~(fifth)~~) third year thereafter, the department must
11 publish updated income thresholds. The adjusted thresholds must be
12 rounded up to the nearest (~~(one thousand dollars)~~) \$1,000. If the
13 income threshold adjustment is negative, the income threshold for the
14 prior year continues to apply. The department must adjust income
15 thresholds for each county to reflect the most recent year available
16 of estimated county median household incomes, including preliminary
17 estimates or projections, as published by the office of financial
18 management. For the purposes of this subsection, "county median
19 household income" has the same meaning as provided in RCW 84.36.383.

20 (9) Beginning with the adjustment made by (~~(March)~~) August 1,
21 2024, as provided in subsection (8) of this section, and every second
22 adjustment thereafter, if an income threshold in a county is not
23 adjusted based on percentage of county median income, then the income
24 threshold must be adjusted based on the growth of the seasonally
25 adjusted consumer price index for all urban consumers (CPI-U) for the
26 prior (~~(twelve)~~) 12-month period as published by the United States
27 bureau of labor statistics. In no case may the adjustment be greater
28 than one percent. The adjusted thresholds must be rounded to the
29 nearest (~~(one dollar)~~) \$1. If the income threshold adjustment is
30 negative, the income threshold for the prior year continues to apply.

31 **Sec. 3.** RCW 84.38.020 and 2019 c 453 s 4 are each amended to
32 read as follows:

33 The definitions in this section apply throughout this chapter
34 unless the context clearly requires otherwise.

35 (1)(a) "Claimant" means a person who either elects or is required
36 under RCW 84.64.050 to defer payment of the special assessments
37 and/or real property taxes accrued on the claimant's residence by
38 filing a declaration to defer as provided by this chapter.

1 (b) When two or more individuals of a household file or seek to
2 file a declaration to defer, they may determine between them as to
3 who the claimant is.

4 (2) "Devisee" has the same meaning as provided in RCW 21.35.005.

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

9 (4) "Heir" has the same meaning as provided in RCW 21.35.005.

10 (5) "Income threshold" means: (a) For taxes levied for collection
11 in calendar years prior to 2020, a combined disposable income equal
12 to (~~forty-five thousand dollars~~) \$45,000; and (b) for taxes levied
13 for collection in calendar year 2020 and thereafter, a combined
14 disposable income equal to the greater of the income threshold for
15 the previous year, or (~~seventy-five~~) 75 percent of the county
16 median household income, adjusted every (~~five~~) three years
17 beginning August 1, (~~2019~~) 2024, as provided in RCW 84.36.385(8).
18 Beginning with the adjustment made by (~~March~~) August 1, 2024, as
19 provided in RCW 84.36.385(8), and every second adjustment thereafter,
20 if the income threshold in a county is not adjusted based on
21 percentage of county median income as provided in this subsection,
22 then the income threshold must be adjusted based on the growth of the
23 consumer price index for all urban consumers (CPI-U) for the prior
24 (~~twelve~~) 12-month period as published by the United States bureau
25 of labor statistics. In no case may the adjustment be greater than
26 one percent. The adjusted threshold must be rounded to the nearest
27 (~~one dollar~~) \$1. If the income threshold adjustment is negative,
28 the income threshold for the prior year continues to apply.

29 (6) "Local government" means any city, town, county, water-sewer
30 district, public utility district, port district, irrigation
31 district, flood control district, or any other municipal corporation,
32 quasi-municipal corporation, or other political subdivision
33 authorized to levy special assessments.

34 (7) "Real property taxes" means ad valorem property taxes levied
35 on a residence in this state in the preceding calendar year.

36 (8) "Residence" has the meaning given in RCW 84.36.383.

37 (9) "Special assessment" means the charge or obligation imposed
38 by a local government upon property specially benefited.

1 NEW SECTION. **Sec. 4.** A new section is added to chapter 84.36
2 RCW to read as follows:

3 Subject to the availability of funds appropriated for this
4 specific purpose, the department must establish a grant program to
5 support the requirements on local assessors in RCW 84.36.385(6).

6 NEW SECTION. **Sec. 5.** (1) Subject to the availability of amounts
7 appropriated for this specific purpose, the department of revenue
8 must convene a property tax exemption for service-connected disabled
9 veterans and senior citizens process and improvement work group to
10 examine best practices regarding service-connected disabled veterans
11 and senior citizens property tax exemption programs.

12 (2) The department of revenue, in consultation with the
13 Washington state association of county assessors and Washington
14 association of county officials, shall appoint members to the work
15 group representing groups including, but not limited to:

16 (a) Cities and counties;

17 (b) Assessors;

18 (c) The Washington state department of veterans affairs; and

19 (d) The American association of retired persons Washington.

20 (3) The department of revenue must convene the first meeting of
21 the work group by October 1, 2023. The department must submit a final
22 report to the governor and the appropriate committees of the
23 legislature by December 1, 2024. The final report must provide
24 budgetary, administrative policy, and legislative recommendations to
25 improve the service-connected veterans and senior citizens property
26 tax exemptions.

27 (4) This section expires December 1, 2025.

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