
SUBSTITUTE SENATE BILL 5337

State of Washington

67th Legislature

2021 Regular Session

By Senate Ways & Means (originally sponsored by Senators Wilson, L., Gildon, Rivers, Wagoner, and Wilson, J.)

READ FIRST TIME 02/22/21.

1 AN ACT Relating to property tax relief for senior citizens and
2 service-connected disabled veterans; amending RCW 84.36.385;
3 reenacting and amending RCW 84.36.383; and creating new sections.

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

5 **Sec. 1.** RCW 84.36.383 and 2020 c 209 s 3 are each reenacted and
6 amended to read as follows:

7 As used in RCW 84.36.381 through 84.36.389, unless the context
8 clearly requires otherwise:

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

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

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

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

3 (2) "Cotenant" means a person who resides with the person
4 claiming the exemption and who has an ownership interest in the
5 residence.

6 (3) "County median household income" means the median household
7 income estimates for the state of Washington by county of the legal
8 address of the principal place of residence, as published by the
9 office of financial management.

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

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

15 (6) "Disposable income" means adjusted gross income as defined in
16 the federal internal revenue code, as amended prior to January 1,
17 1989, or such subsequent date as the director may provide by rule
18 consistent with the purpose of this section, plus all of the
19 following items to the extent they are not included in or have been
20 deducted from adjusted gross income:

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

24 (b) Amounts deducted for loss;

25 (c) Amounts deducted for depreciation;

26 (d) Pension and annuity receipts;

27 (e) Military pay and benefits other than attendant-care and
28 medical-aid payments;

29 (f) Veterans benefits, other than:

30 (i) Attendant-care payments;

31 (ii) Medical-aid payments;

32 (iii) Disability compensation, as defined in Title 38, part 3,
33 section 3.4 of the Code of Federal Regulations, as of January 1,
34 2008; and

35 (iv) Dependency and indemnity compensation, as defined in Title
36 38, part 3, section 3.5 of the Code of Federal Regulations, as of
37 January 1, 2008;

38 (g) Federal social security act and railroad retirement benefits;

39 (h) Dividend receipts; and

40 (i) Interest received on state and municipal bonds.

1 (7) "Income threshold 1" means (~~(~~
2 ~~(a) For taxes levied for collection in calendar years prior to~~
3 ~~2020, a combined disposable income equal to thirty thousand dollars;~~
4 ~~and~~
5 ~~(b) For taxes levied for collection in calendar year 2020 and~~
6 ~~thereafter,~~) a combined disposable income equal to the greater of
7 (~~"income threshold 1" for the previous year~~) \$35,000 or forty-five
8 percent of the county median household income, adjusted every five
9 years beginning August 1, 2019, as provided in RCW 84.36.385(8).

10 (8) "Income threshold 2" means (~~(~~
11 ~~(a) For taxes levied for collection in calendar years prior to~~
12 ~~2020, a combined disposable income equal to thirty-five thousand~~
13 ~~dollars; and~~
14 ~~(b) For taxes levied for collection in calendar year 2020 and~~
15 ~~thereafter,~~) a combined disposable income equal to the greater of
16 (~~"income threshold 2" for the previous year~~) \$40,000 or fifty-five
17 percent of the county median household income, adjusted every five
18 years beginning August 1, 2019, as provided in RCW 84.36.385(8).

19 (9) "Income threshold 3" means (~~(~~
20 ~~(a) For taxes levied for collection in calendar years prior to~~
21 ~~2020, a combined disposable income equal to forty thousand dollars;~~
22 ~~and~~
23 ~~(b) For taxes levied for collection in calendar year 2020 and~~
24 ~~thereafter,~~) a combined disposable income equal to the greater of
25 (~~"income threshold 3" for the previous year~~) \$45,000 or sixty-five
26 percent of the county median household income, adjusted every five
27 years beginning August 1, 2019, as provided in RCW 84.36.385(8).

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

31 (11) The term "real property" also includes a mobile home which
32 has substantially lost its identity as a mobile unit by virtue of its
33 being fixed in location upon land owned or leased by the owner of the
34 mobile home and placed on a foundation (posts or blocks) with fixed
35 pipe, connections with sewer, water, or other utilities. A mobile
36 home located on land leased by the owner of the mobile home is
37 subject, for tax billing, payment, and collection purposes, only to
38 the personal property provisions of chapter 84.56 RCW and RCW
39 84.60.040.

1 (12) The term "residence" means a single-family dwelling unit
2 whether such unit be separate or part of a multiunit dwelling,
3 including the land on which such dwelling stands not to exceed one
4 acre, except that a residence includes any additional property up to
5 a total of five acres that comprises the residential parcel if this
6 larger parcel size is required under land use regulations. The term
7 also includes a share ownership in a cooperative housing association,
8 corporation, or partnership if the person claiming exemption can
9 establish that his or her share represents the specific unit or
10 portion of such structure in which he or she resides. The term also
11 includes a single-family dwelling situated upon lands the fee of
12 which is vested in the United States or any instrumentality thereof
13 including an Indian tribe or in the state of Washington, and
14 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a
15 residence is deemed real property.

16 **Sec. 2.** RCW 84.36.385 and 2020 c 209 s 2 are each amended to
17 read as follows:

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

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

29 (3) Each person exempt from taxes under RCW 84.36.381 in 1993 and
30 thereafter must file with the county assessor a renewal application
31 not later than December 31 of the year the assessor notifies such
32 person of the requirement to file the renewal application. Renewal
33 applications must be on forms prescribed and furnished by the
34 department of revenue.

35 (4) At least once every six years, the county assessor must
36 notify those persons receiving an exemption from taxes under RCW
37 84.36.381 of the requirement to file a renewal application. The
38 county assessor may also require a renewal application following an
39 amendment of the income requirements set forth in RCW 84.36.381.

1 (5) If the assessor finds that the applicant does not meet the
2 qualifications as set forth in RCW 84.36.381, as now or hereafter
3 amended, the claim or exemption must be denied but such denial is
4 subject to appeal under the provisions of RCW 84.48.010 and in
5 accordance with the provisions of RCW 84.40.038. If the applicant had
6 received exemption in prior years based on erroneous information, the
7 taxes must be collected subject to penalties as provided in RCW
8 84.40.130 for a period of not to exceed five years.

9 (6) The department and each local assessor is hereby directed to
10 publicize the qualifications and manner of making claims under RCW
11 84.36.381 through 84.36.389, through communications media, including
12 such paid advertisements or notices as it deems appropriate. Notice
13 of the qualifications, method of making applications, the penalties
14 for not reporting a change in status, and availability of further
15 information must be included on or with property tax statements and
16 revaluation notices for all residential property including mobile
17 homes, except rental properties.

18 (7) The department must authorize an option for electronic filing
19 of applications and renewal applications for the exemption under RCW
20 84.36.381.

21 (8) Beginning August 1, 2019, and by March 1st every fifth year
22 thereafter, the department must publish updated income thresholds.
23 The adjusted thresholds must be rounded up to the nearest one
24 thousand dollars. If the income threshold adjustment is negative, the
25 income threshold for the prior year continues to apply. The
26 department must adjust income thresholds for each county to reflect
27 the most recent year available of estimated county median household
28 incomes, including preliminary estimates or projections, as published
29 by the office of financial management. For the purposes of this
30 subsection, "county median household income" has the same meaning as
31 provided in RCW 84.36.383.

32 (9) Beginning with the adjustment made by March 1, 2024, as
33 provided in subsection (8) of this section, and every (~~second~~
34 ~~adjustment~~) fifth year thereafter, if an income threshold in a
35 county is not adjusted based on percentage of county median income,
36 then the income threshold must be adjusted based on the growth of the
37 consumer price index for all urban consumers (CPI-U) for the prior
38 twelve month period as published by the United States bureau of labor
39 statistics. In no case may the adjustment be greater than one
40 percent. The adjusted thresholds must be rounded to the nearest one

1 dollar. If the income threshold adjustment is negative, the income
2 threshold for the prior year continues to apply.

3 NEW SECTION. **Sec. 3.** This act applies to taxes levied for
4 collection in calendar year 2022 and thereafter.

5 NEW SECTION. **Sec. 4.** The provisions of RCW 82.32.805 and
6 82.32.808 do not apply to this act.

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