
SENATE BILL 5679

State of Washington

68th Legislature

2023 Regular Session

By Senator Fortunato

1 AN ACT Relating to modifying the income eligibility requirement
2 for the senior citizen and persons with disabilities property tax
3 exemption program; amending RCW 84.36.381, 84.36.383, 84.38.020, and
4 84.38.030; and creating new sections.

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

6 **Sec. 1.** RCW 84.36.381 and 2019 c 453 s 1 are each amended to
7 read as follows:

8 A person is exempt from any legal obligation to pay all or a
9 portion of the amount of excess and regular real property taxes due
10 and payable in the year following the year in which a claim is filed,
11 and thereafter, in accordance with the following:

12 (1)(a) The property taxes must have been imposed upon a residence
13 which was occupied by the person claiming the exemption as a
14 principal place of residence as of the time of filing. However, any
15 person who sells, transfers, or is displaced from his or her
16 residence may transfer his or her exemption status to a replacement
17 residence, but no claimant may receive an exemption on more than one
18 residence in any year. Moreover, confinement of the person to a
19 hospital, nursing home, assisted living facility, adult family home,
20 or home of a relative for the purpose of long-term care does not
21 disqualify the claim of exemption if:

1 (i) The residence is temporarily unoccupied;

2 (ii) The residence is occupied by a spouse or a domestic partner
3 and/or a person financially dependent on the claimant for support; or
4 (iii) The residence is rented for the purpose of paying nursing
5 home, hospital, assisted living facility, or adult family home costs.

6 (b) For the purpose of this subsection (1), "relative" means any
7 individual related to the claimant by blood, marriage, or adoption;

8 (2) The person claiming the exemption must have owned, at the
9 time of filing, in fee, as a life estate, or by contract purchase,
10 the residence on which the property taxes have been imposed or if the
11 person claiming the exemption lives in a cooperative housing
12 association, corporation, or partnership, such person must own a
13 share therein representing the unit or portion of the structure in
14 which he or she resides. For purposes of this subsection, a residence
15 owned by a marital community or state registered domestic partnership
16 or owned by cotenants is deemed to be owned by each spouse or each
17 domestic partner or each cotenant, and any lease for life is deemed a
18 life estate;

19 (3) (a) The person claiming the exemption must be:

20 (i) Sixty-one years of age or older on December 31st of the year
21 in which the exemption claim is filed, or must have been, at the time
22 of filing, retired from regular gainful employment by reason of
23 disability; or

24 (ii) A veteran of the armed forces of the United States entitled
25 to and receiving compensation from the United States department of
26 veterans affairs at:

27 (A) A combined service-connected evaluation rating of eighty
28 percent or higher; or

29 (B) A total disability rating for a service-connected disability
30 without regard to evaluation percent.

31 (b) (~~However, any~~) A surviving spouse or surviving domestic
32 partner of a person who was receiving an exemption at the time of the
33 person's death will qualify if the surviving spouse or surviving
34 domestic partner is (~~fifty-seven~~) 57 years of age or older and
35 otherwise meets the requirements of this section;

36 (c) A residence owned by a marital community or state registered
37 domestic partnership, as provided under subsection (2) of this
38 section, may claim a property tax exemption under this section if at
39 least one spouse or domestic partner meets the eligibility
40 requirements of this section;

1 (4) The amount that the person is exempt from an obligation to
2 pay is calculated on the basis of ~~((combined))~~ qualifying disposable
3 income, as defined in RCW 84.36.383. If the person claiming the
4 exemption was retired for two months or more of the assessment year,
5 the ~~((combined))~~ qualifying disposable income of such person must be
6 calculated by multiplying the average monthly ~~((combined))~~ qualifying
7 disposable income of such person during the months such person was
8 retired by ~~((twelve))~~ 12. If the income of the person claiming
9 exemption is reduced for two or more months of the assessment year by
10 reason of the death of the person's spouse or the person's domestic
11 partner, or when other substantial changes occur in disposable income
12 that are likely to continue for an indefinite period of time, the
13 ~~((combined))~~ qualifying disposable income of such person must be
14 calculated by multiplying the average monthly ~~((combined))~~ qualifying
15 disposable income of such person after such occurrences by ~~((twelve))~~
16 12. If it is necessary to estimate income to comply with this
17 subsection, the assessor may require confirming documentation of such
18 income prior to May 31 of the year following application;

19 (5)(a) A person who otherwise qualifies under this section and
20 has a ~~((combined))~~ qualifying disposable income equal ~~((to))~~ to or
21 less than income threshold 3 is exempt from all excess property
22 taxes, the additional state property tax imposed under RCW
23 84.52.065(2), and the portion of the regular property taxes
24 authorized pursuant to RCW 84.55.050 and approved by the voters, if
25 the legislative authority of the county or city imposing the
26 additional regular property taxes identified this exemption in the
27 ordinance placing the RCW 84.55.050 measure on the ballot; and

28 (b)(i) A person who otherwise qualifies under this section and
29 has a ~~((combined))~~ qualifying disposable income equal to or less than
30 income threshold 2 but greater than income threshold 1 is exempt from
31 all regular property taxes on the greater of ~~((fifty thousand
32 dollars))~~ \$50,000 or ~~((thirty-five))~~ 35 percent of the valuation of
33 his or her residence, but not to exceed ~~((seventy thousand dollars))~~
34 \$70,000 of the valuation of his or her residence; or

35 (ii) A person who otherwise qualifies under this section and has
36 a ~~((combined))~~ qualifying disposable income equal to or less than
37 income threshold 1 is exempt from all regular property taxes on the
38 greater of ~~((sixty thousand dollars))~~ \$60,000 or ~~((sixty))~~ 60 percent
39 of the valuation of his or her residence;

1 (6) (a) For a person who otherwise qualifies under this section
2 and has a ~~((combined))~~ qualifying disposable income equal ~~((+to+))~~ to
3 or less than income threshold 3, the valuation of the residence is
4 the assessed value of the residence on the later of January 1, 1995,
5 or January 1st of the assessment year the person first qualifies
6 under this section. If the person subsequently fails to qualify under
7 this section only for one year because of high income, this same
8 valuation must be used upon requalification. If the person fails to
9 qualify for more than one year in succession because of high income
10 or fails to qualify for any other reason, the valuation upon
11 requalification is the assessed value on January 1st of the
12 assessment year in which the person requalifies. If the person
13 transfers the exemption under this section to a different residence,
14 the valuation of the different residence is the assessed value of the
15 different residence on January 1st of the assessment year in which
16 the person transfers the exemption.

17 (b) In no event may the valuation under this subsection be
18 greater than the true and fair value of the residence on January 1st
19 of the assessment year.

20 (c) This subsection does not apply to subsequent improvements to
21 the property in the year in which the improvements are made.
22 Subsequent improvements to the property must be added to the value
23 otherwise determined under this subsection at their true and fair
24 value in the year in which they are made.

25 **Sec. 2.** RCW 84.36.383 and 2021 c 220 s 1 are each amended to
26 read as follows:

27 As used in RCW 84.36.381 through 84.36.389, unless the context
28 clearly requires otherwise:

29 (1) "~~((Combined))~~ Qualifying disposable income" means the
30 disposable income of the person claiming the exemption ~~((, plus the
31 disposable income of his or her spouse or domestic partner, and the
32 disposable income of each cotenant occupying the residence for the
33 assessment year))~~, less amounts paid by the person claiming the
34 exemption ~~((or his or her spouse or domestic partner))~~ during the
35 assessment year for:

36 (a) Drugs supplied by prescription of a medical practitioner
37 authorized by the laws of this state or another jurisdiction to issue
38 prescriptions;

1 (b) The treatment or care of either person received in the home
2 or in a nursing home, assisted living facility, or adult family home;
3 (c) Health care insurance premiums for medicare under Title XVIII
4 of the social security act;
5 (d) Costs related to medicare supplemental policies as defined in
6 Title 42 U.S.C. Sec. 1395ss;
7 (e) Durable medical equipment, mobility enhancing equipment,
8 medically prescribed oxygen, and prosthetic devices as defined in RCW
9 82.08.0283;
10 (f) Long-term care insurance as defined in RCW 48.84.020;
11 (g) Cost-sharing amounts as defined in RCW 48.43.005;
12 (h) Nebulizers as defined in RCW 82.08.803;
13 (i) Medicines of mineral, animal, and botanical origin
14 prescribed, administered, dispensed, or used in the treatment of an
15 individual by a person licensed under chapter 18.36A RCW;
16 (j) Ostomic items as defined in RCW 82.08.804;
17 (k) Insulin for human use;
18 (l) Kidney dialysis devices; and
19 (m) Disposable devices used to deliver drugs for human use as
20 defined in RCW 82.08.935.
21 (2) "Cotenant" means a person who resides with the person
22 claiming the exemption and who has an ownership interest in the
23 residence.
24 (3) "County median household income" means the median household
25 income estimates for the state of Washington by county of the legal
26 address of the principal place of residence, as published by the
27 office of financial management.
28 (4) "Department" means the state department of revenue.
29 (5) "Disability" has the same meaning as provided in 42 U.S.C.
30 Sec. 423(d)(1)(A) as amended prior to January 1, 2005, or such
31 subsequent date as the department may provide by rule consistent with
32 the purpose of this section.
33 (6) "Disposable income" means adjusted gross income as defined in
34 the federal internal revenue code, as amended prior to January 1,
35 1989, or such subsequent date as the director may provide by rule
36 consistent with the purpose of this section, plus all of the
37 following items to the extent they are not included in or have been
38 deducted from adjusted gross income:

1 (a) Capital gains, other than gain excluded from income under
2 section 121 of the federal internal revenue code to the extent it is
3 reinvested in a new principal residence;
4 (b) Amounts deducted for loss;
5 (c) Amounts deducted for depreciation;
6 (d) Pension and annuity receipts;
7 (e) Military pay and benefits other than attendant-care and
8 medical-aid payments;
9 (f) Veterans benefits, other than:
10 (i) Attendant-care payments;
11 (ii) Medical-aid payments;
12 (iii) Disability compensation, as defined in Title 38, part 3,
13 section 3.4 of the Code of Federal Regulations, as of January 1,
14 2008; and
15 (iv) Dependency and indemnity compensation, as defined in Title
16 38, part 3, section 3.5 of the Code of Federal Regulations, as of
17 January 1, 2008;
18 (g) Federal social security act and railroad retirement benefits;
19 (h) Dividend receipts; and
20 (i) Interest received on state and municipal bonds.
21 (7) "Income threshold 1" means:
22 (a) For taxes levied for collection in calendar years prior to
23 2020, a ~~((combined))~~ qualifying disposable income equal to ~~((thirty~~
24 ~~thousand dollars))~~ \$30,000; and
25 (b) For taxes levied for collection in calendar year 2020 and
26 thereafter, a ~~((combined))~~ qualifying disposable income equal to the
27 greater of "income threshold 1" for the previous year or ~~((forty-~~
28 ~~five))~~ 45 percent of the county median household income, adjusted
29 every five years beginning August 1, 2019, as provided in RCW
30 84.36.385(8).
31 (8) "Income threshold 2" means:
32 (a) For taxes levied for collection in calendar years prior to
33 2020, a ~~((combined))~~ qualifying disposable income equal to ~~((thirty-~~
34 ~~five thousand dollars))~~ \$35,000; and
35 (b) For taxes levied for collection in calendar year 2020 and
36 thereafter, a ~~((combined))~~ qualifying disposable income equal to the
37 greater of "income threshold 2" for the previous year or ~~((fifty-~~
38 ~~five))~~ 55 percent of the county median household income, adjusted
39 every five years beginning August 1, 2019, as provided in RCW
40 84.36.385(8).

1 (9) "Income threshold 3" means:

2 (a) For taxes levied for collection in calendar years prior to
3 2020, a (~~combined~~) qualifying disposable income equal to (~~forty~~
4 ~~thousand dollars~~) \$40,000; and

5 (b) For taxes levied for collection in calendar year 2020 and
6 thereafter, a (~~combined~~) qualifying disposable income equal to the
7 greater of "income threshold 3" for the previous year or (~~sixty-~~
8 ~~five~~) 65 percent of the county median household income, adjusted
9 every five years beginning August 1, 2019, as provided in RCW
10 84.36.385(8).

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

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

23 (12) The term "residence" means a single-family dwelling unit
24 whether such unit be separate or part of a multiunit dwelling,
25 including the land on which such dwelling stands not to exceed one
26 acre, except that a residence includes any additional property up to
27 a total of five acres that comprises the residential parcel if this
28 larger parcel size is required under land use regulations. The term
29 also includes a share ownership in a cooperative housing association,
30 corporation, or partnership if the person claiming exemption can
31 establish that his or her share represents the specific unit or
32 portion of such structure in which he or she resides. The term also
33 includes a single-family dwelling situated upon lands the fee of
34 which is vested in the United States or any instrumentality thereof
35 including an Indian tribe or in the state of Washington, and
36 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a
37 residence is deemed real property.

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

1 The definitions in this section apply throughout this chapter
2 unless the context clearly requires otherwise.

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

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

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

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

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

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

35 (6) "Local government" means any city, town, county, water-sewer
36 district, public utility district, port district, irrigation
37 district, flood control district, or any other municipal corporation,
38 quasi-municipal corporation, or other political subdivision
39 authorized to levy special assessments.

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

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

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

6 **Sec. 4.** RCW 84.38.030 and 2019 c 453 s 5 are each amended to
7 read as follows:

8 A claimant may defer payment of special assessments and/or real
9 property taxes on up to (~~(eighty)~~) 80 percent of the amount of the
10 claimant's equity value in the claimant's residence if the following
11 conditions are met:

12 (1) The claimant must meet all requirements for an exemption for
13 the residence under RCW 84.36.381, other than the age and income
14 limits under RCW 84.36.381.

15 (2) The claimant must be (~~(sixty)~~) 60 years of age or older on
16 December 31st of the year in which the deferral claim is filed, or
17 must have been, at the time of filing, retired from regular gainful
18 employment by reason of disability as defined in RCW 84.36.383.
19 However, any surviving spouse, surviving domestic partner, heir, or
20 devisee of a person who was receiving a deferral at the time of the
21 person's death qualifies if the surviving spouse, surviving domestic
22 partner, heir, or devisee is (~~(fifty-seven)~~) 57 years of age or older
23 and otherwise meets the requirements of this section.

24 (3) The claimant must have a (~~(combined)~~) qualifying disposable
25 income, as defined in RCW 84.36.383, equal to or less than the income
26 threshold.

27 (4) The claimant must have owned, at the time of filing, the
28 residence on which the special assessment and/or real property taxes
29 have been imposed. For purposes of this subsection, a residence owned
30 by a marital community, owned by domestic partners, or owned by
31 cotenants is deemed to be owned by each spouse, each domestic
32 partner, or each cotenant. A claimant who has only a share ownership
33 in cooperative housing, a life estate, a lease for life, or a
34 revocable trust does not satisfy the ownership requirement.

35 (5) The claimant must have and keep in force fire and casualty
36 insurance in sufficient amount to protect the interest of the state
37 in the claimant's equity value. However, if the claimant fails to
38 keep fire and casualty insurance in force to the extent of the
39 state's interest in the claimant's equity value, the amount deferred

1 may not exceed (~~one hundred~~) 100 percent of the claimant's equity
2 value in the land or lot only.

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

6 (7) A residence owned by a marital community or state registered
7 domestic partnership, as provided under subsection (4) of this
8 section, may claim a deferral under this section if at least one
9 spouse or domestic partner meets the eligibility requirements of this
10 section.

11 NEW SECTION. Sec. 5. RCW 82.32.805 and 82.32.808 do not apply
12 to this act.

13 NEW SECTION. Sec. 6. This act applies for taxes levied for
14 collection in 2024 and thereafter.

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