
HOUSE BILL 2747

State of Washington

65th Legislature

2018 Regular Session

By Representatives Wylie, Harris, Johnson, Pellicciotti, Pollet, Stonier, Kloba, Chapman, Valdez, Appleton, Muri, Jenkins, Goodman, Gregerson, Doglio, Tharinger, and Slatter

Read first time 01/15/18. Referred to Committee on Finance.

1 AN ACT Relating to allowing a deduction for out-of-pocket medical
2 expenses from the calculation of disposable income for senior
3 property tax programs; amending RCW 84.36.383; and creating new
4 sections.

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

6 NEW SECTION. **Sec. 1.** The legislature enacted the property tax
7 exemption authorized by Article VII, section 10 of the state
8 Constitution based on a retired property owner's ability to pay taxes
9 as measured by disposable income. The legislature finds that many
10 retired persons have significant medical expenses while living on
11 modest fixed incomes. The legislature further finds that many of
12 these expenses are not deductible from the calculation of disposable
13 income under RCW 84.36.383. Therefore, the legislature intends to
14 provide a permanent deduction for out-of-pocket medical expenses in
15 the calculation of disposable income for senior property tax
16 exemption and deferral programs.

17 **Sec. 2.** RCW 84.36.383 and 2012 c 10 s 74 are each amended to
18 read as follows:

19 As used in RCW 84.36.381 through 84.36.389, except where the
20 context clearly indicates a different meaning:

1 (1) 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 (2) The term "real property" also includes a mobile home which
17 has substantially lost its identity as a mobile unit by virtue of its
18 being fixed in location upon land owned or leased by the owner of the
19 mobile home and placed on a foundation (posts or blocks) with fixed
20 pipe, connections with sewer, water, or other utilities. A mobile
21 home located on land leased by the owner of the mobile home is
22 subject, for tax billing, payment, and collection purposes, only to
23 the personal property provisions of chapter 84.56 RCW and RCW
24 84.60.040.

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

26 (4) "Combined disposable income" means the disposable income of
27 the person claiming the exemption, plus the disposable income of his
28 or her spouse or domestic partner, and the disposable income of each
29 cotenant occupying the residence for the assessment year, less
30 amounts paid by the person claiming the exemption or his or her
31 spouse or domestic partner during the assessment year for:

32 (a) Drugs supplied by prescription of a medical practitioner
33 authorized by the laws of this state or another jurisdiction to issue
34 prescriptions;

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

38 ~~(c) Health care insurance premiums for medicare under Title XVIII~~
39 ~~of the social security act))~~

1 (c) Medical, dental, and vision care expenses, including
2 insurance premiums, deductibles, copayments, and coinsurance;

3 (d) Durable medical equipment and mobility enhancing equipment,
4 as defined in RCW 82.08.0283; and

5 (e) Long-term care insurance, as defined in RCW 48.84.020.

6 (5) "Disposable income" means adjusted gross income as defined in
7 the federal internal revenue code, as amended prior to January 1,
8 1989, or such subsequent date as the director may provide by rule
9 consistent with the purpose of this section, plus all of the
10 following items to the extent they are not included in or have been
11 deducted from adjusted gross income:

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

15 (b) Amounts deducted for loss;

16 (c) Amounts deducted for depreciation;

17 (d) Pension and annuity receipts;

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

20 (f) Veterans benefits, other than:

21 (i) Attendant-care payments;

22 (ii) Medical-aid payments;

23 (iii) Disability compensation, as defined in Title 38, part 3,
24 section 3.4 of the code of federal regulations, as of January 1,
25 2008; and

26 (iv) Dependency and indemnity compensation, as defined in Title
27 38, part 3, section 3.5 of the code of federal regulations, as of
28 January 1, 2008;

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

30 (h) Dividend receipts; and

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

32 (6) "Cotenant" means a person who resides with the person
33 claiming the exemption and who has an ownership interest in the
34 residence.

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

1 NEW SECTION. **Sec. 3.** This act is not subject to the
2 requirements provided in RCW 82.32.805 and 82.32.808.

3 NEW SECTION. **Sec. 4.** This act applies to taxes levied for
4 collection in 2019 and thereafter.

--- END ---