
SENATE BILL 5290

State of Washington

67th Legislature

2021 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, 84.38.020, and 84.38.030;
4 reenacting and amending RCW 84.36.383; 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 years of age or older and otherwise
35 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. If the income of the person claiming exemption is
9 reduced for two or more months of the assessment year by reason of
10 the death of the person's spouse or the person's domestic partner, or
11 when other substantial changes occur in disposable income that are
12 likely to continue for an indefinite period of time, the ~~((combined))~~
13 qualifying disposable income of such person must be calculated by
14 multiplying the average monthly ~~((combined))~~ qualifying disposable
15 income of such person after such occurrences by twelve. If it is
16 necessary to estimate income to comply with this subsection, the
17 assessor may require confirming documentation of such income prior to
18 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 dollars
32 or thirty-five percent of the valuation of his or her residence, but
33 not to exceed seventy thousand dollars of the valuation of his or her
34 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 or sixty percent of the valuation
39 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 2020 c 209 s 3 are each reenacted and
26 amended to 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 and

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

6 (2) "Cotenant" means a person who resides with the person
7 claiming the exemption and who has an ownership interest in the
8 residence.

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

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

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

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

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

27 (b) Amounts deducted for loss;

28 (c) Amounts deducted for depreciation;

29 (d) Pension and annuity receipts;

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

32 (f) Veterans benefits, other than:

33 (i) Attendant-care payments;

34 (ii) Medical-aid payments;

35 (iii) Disability compensation, as defined in Title 38, part 3,
36 section 3.4 of the Code of Federal Regulations, as of January 1,
37 2008; and

38 (iv) Dependency and indemnity compensation, as defined in Title
39 38, part 3, section 3.5 of the Code of Federal Regulations, as of
40 January 1, 2008;

- 1 (g) Federal social security act and railroad retirement benefits;
- 2 (h) Dividend receipts; and
- 3 (i) Interest received on state and municipal bonds.

4 (7) "Income threshold 1" means:

5 (a) For taxes levied for collection in calendar years prior to
6 2020, a ~~((combined))~~ qualifying disposable income equal to thirty
7 thousand dollars; and

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

13 (8) "Income threshold 2" means:

14 (a) For taxes levied for collection in calendar years prior to
15 2020, a ~~((combined))~~ qualifying disposable income equal to thirty-
16 five thousand dollars; and

17 (b) For taxes levied for collection in calendar year 2020 and
18 thereafter, a ~~((combined))~~ qualifying disposable income equal to the
19 greater of "income threshold 2" for the previous year or fifty-five
20 percent of the county median household income, adjusted every five
21 years beginning August 1, 2019, as provided in RCW 84.36.385(8).

22 (9) "Income threshold 3" means:

23 (a) For taxes levied for collection in calendar years prior to
24 2020, a ~~((combined))~~ qualifying disposable income equal to forty
25 thousand dollars; and

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

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

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

1 the personal property provisions of chapter 84.56 RCW and RCW
2 84.60.040.

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

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

20 The definitions in this section apply throughout this chapter
21 unless the context clearly requires otherwise.

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

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

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

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

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

35 (5) "Income threshold" means: (a) For taxes levied for collection
36 in calendar years prior to 2020, a (~~combined~~) qualifying disposable
37 income equal to forty-five thousand dollars; and (b) for taxes levied
38 for collection in calendar year 2020 and thereafter, a (~~combined~~)
39 qualifying disposable income equal to the greater of the income

1 threshold for the previous year, or seventy-five percent of the
2 county median household income, adjusted every five years beginning
3 August 1, 2019, as provided in RCW 84.36.385(8). Beginning with the
4 adjustment made by March 1, 2024, as provided in RCW 84.36.385(8),
5 and every second adjustment thereafter, if the income threshold in a
6 county is not adjusted based on percentage of county median income as
7 provided in this subsection, then the income threshold must be
8 adjusted based on the growth of the consumer price index for all
9 urban consumers (CPI-U) for the prior twelve-month period as
10 published by the United States bureau of labor statistics. In no case
11 may the adjustment be greater than one percent. The adjusted
12 threshold must be rounded to the nearest one dollar. If the income
13 threshold adjustment is negative, the income threshold for the prior
14 year continues to apply.

15 (6) "Local government" means any city, town, county, water-sewer
16 district, public utility district, port district, irrigation
17 district, flood control district, or any other municipal corporation,
18 quasi-municipal corporation, or other political subdivision
19 authorized to levy special assessments.

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

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

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

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

27 A claimant may defer payment of special assessments and/or real
28 property taxes on up to eighty percent of the amount of the
29 claimant's equity value in the claimant's residence if the following
30 conditions are met:

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

34 (2) The claimant must be sixty years of age or older on December
35 31st of the year in which the deferral claim is filed, or must have
36 been, at the time of filing, retired from regular gainful employment
37 by reason of disability as defined in RCW 84.36.383. However, any
38 surviving spouse, surviving domestic partner, heir, or devisee of a
39 person who was receiving a deferral at the time of the person's death

1 qualifies if the surviving spouse, surviving domestic partner, heir,
2 or devisee is fifty-seven years of age or older and otherwise meets
3 the requirements of this section.

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

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

15 (5) The claimant must have and keep in force fire and casualty
16 insurance in sufficient amount to protect the interest of the state
17 in the claimant's equity value. However, if the claimant fails to
18 keep fire and casualty insurance in force to the extent of the
19 state's interest in the claimant's equity value, the amount deferred
20 may not exceed one hundred percent of the claimant's equity value in
21 the land or lot only.

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

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

30 NEW SECTION. Sec. 5. The provisions of RCW 82.32.805 and
31 82.32.808 do not apply to this act.

32 NEW SECTION. Sec. 6. This act applies for taxes levied for
33 collection in 2022 and thereafter.

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