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**SUBSTITUTE SENATE BILL 5770**

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**State of Washington 69th Legislature 2025 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Robinson, Cleveland, Conway, Cortes, Dhingra, Frame, Hasegawa, Kauffman, Krishnadasan, Liias, Nobles, Pedersen, Riccelli, Saldaña, Slatter, Stanford, Trudeau, Valdez, and C. Wilson)

AN ACT Relating to providing housing safety, security, and protection by creating the primary residence property tax exemption; amending RCW 84.48.010; adding new sections to chapter 84.36 RCW; creating new sections; and providing a contingent effective date.

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

NEW SECTION. **Sec.**  (1) The legislature finds that housing security is important to all Washingtonians.

(2) The legislature further finds that homeownership is the main mechanism for creating wealth for the middle class and working families and passing it on generationally.

(3) The legislature further finds that one's home is not simply an asset to build wealth, but also a critical tool for maintaining one's security and well-being, and Washington's tax code makes no distinction between one's home and other real property subject to property taxation, contributing to loss of property and displacement, particularly for those on fixed incomes.

(4) The legislature further finds that many Washingtonians are vulnerable to foreclosure by mortgage holders and other secured creditors, despite the homestead exemption limited in bankruptcy statute, RCW 6.13.030, which is a tool to protect heads of households from having their homes confiscated and sold to satisfy debts from unsecured creditors.

(5) Therefore, it is the intent of the legislature to prevent more displacement and loss of real property by exempting a portion of tax of one's principal place of residence to achieve the goal of making sure individuals can reside, raise their families, age in place, and stay in their communities, without fear of displacement due to crises or increase in land and home value assessment. The legislature intends to create a means of providing equity in the tax code by treating one's primary home, including community land trusts and cooperative ownership, differently than other property across Washington.

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

(1)(a) Subject to the conditions in this section, a portion of the assessed value of a residence is exempt from the state levy but not from property taxes levied by any local taxing district. Subject to the adjustments and limitations in this subsection (1), and for taxes levied for collection in 2028 and thereafter, the primary residence property tax exemption from the state levy is equal to the greater of $100,000 assessed valuation or 60 percent of the county median residential assessed value for the most recent year the department collected data by county.

(b)(i) The department shall annually publish the county median residential assessed value rounded to the nearest $1,000 by August 1st for the most recent year for which the department collected data by county; and

(ii) The department shall adjust the percentage of county median residential assessed value exempted under (a) of this subsection if the state levy is expected to exceed the statutory maximum provided in RCW 84.52.065 to prevent a loss in funding for that year.

(c) The amount of the primary residence property tax exemption for a residence may not result in a tax reduction that exceeds the amount of state property taxes that would otherwise be levied on that residence.

(2) The primary residence property tax exemption is in addition to, and applied after, the exemption provided in RCW 84.36.379 through 84.36.389.

(3)(a)(i) The primary residence property tax exemption must be claimed by filing an application with the department by April 1st of the calendar year prior to the first year for which the exemption will be received. The application shall be in a form and manner determined by the department.

(ii) A claimant filing an application with the department for a primary residence property tax exemption must include the claimant's address, social security number, parcel number, and any other information the department deems necessary as part of the application.

(iii) A claimant filing an application with the department for a primary residence property tax exemption must also include the social security number of any spouse or other individual listed on the deed, deed of trust, mortgage, or other document indicating legal or beneficial ownership of the property.

(b) The department shall provide the means for claimants to claim the primary residence property tax exemption for their residence online as prescribed by the department.

(c) By August 1st each year, the department shall provide each county assessor a list of all claimants filing an application in the current calendar year.

(d) As resources allow, the department shall work with assessors to verify claimants have applied for an exemption for only one residence. As resources allow, the department must notify claimants who appear to have applied for more than one residence or when the department is unable to confirm that the claimant applied for an exemption for only one residence. Such notification may be provided electronically and include a request for additional information needed to confirm that the claimant has applied for only one residence. The verification process under this subsection (3)(d) is not a prerequisite for approval of an application for the primary residence property tax exemption. The department is not required to verify every application.

(e) By August 1st each year, the department shall provide each county assessor a list of all claimants where the department has determined that a claimant may have applied for an exemption for more than one residence.

(f) A claimant or the claimant's designated agent or legal representative must sign the application attesting that the property for which the primary residence property tax exemption is sought is the claimant's principal place of residence within the meaning of subsection (6) of this section and to the truth of other information in the application. The signature requirements of this subsection (3)(f) may be met by an electronic signature. All signatures on an application must be made under penalty of perjury as provided in chapter 9A.72 RCW.

(g)(i) A primary residence property tax exemption continues until the property is sold, transferred, or the claimant no longer qualifies due to change of use as a principal place of residence. A claimant granted a primary residence property tax exemption must immediately inform the department of any change in status affecting the claimant's entitlement to a primary residence property tax exemption.

(ii) If a homeowner sells or otherwise transfers the property, the new property owner must apply for the exemption, as required under this section.

(h) An individual may not claim a primary residence property tax exemption on behalf of a deceased individual.

(i) The department and the county assessor must protect the privacy and confidentiality of personal data under this subsection (3). The department must remove social security numbers before transmitting any primary residence property tax exemption data to county assessors.

(4) If the claimant resides in a cooperative housing association, corporation, or partnership, the application must also be signed by the authorized agent of such cooperative. If the claimant holds a life estate in the residence for which the primary residence property tax exemption is claimed and the claimant is not shown on the tax rolls as the taxpayer for that residence, the remainderman or other person shown on the tax rolls as the taxpayer must also sign the application.

(5) Notice of the primary residence property tax exemption and where to obtain further information about the exemption must be included on or with property tax statements and revaluation notices for residential property. The department and each county assessor must publicize the qualifications and manner of making claims for the primary residence property tax exemption, including paid advertisements or notices as deemed appropriate in the sole discretion of the department and county assessors. The department and county assessors must make the primary residence property tax exemption information available in all languages required for voter ballot outreach at the state level.

(6) The following conditions apply to the primary residence property tax exemption:

(a) The residence must be occupied by the claimant as the claimant's principal place of residence as of the date of the signed application under subsection (3) of this section. A claimant who sells, transfers, or is displaced from the claimant's residence may transfer the claimant's exemption status to a replacement residence, but no claimant may receive the primary residence property tax exemption on more than one residence in any calendar year. However, the confinement of the claimant to a hospital, nursing home, assisted living facility, or adult family home will not disqualify the claim of exemption if:

(i) The residence is temporarily unoccupied;

(ii) The residence is occupied by either a spouse or state registered domestic partner, a person financially dependent on the claimant for support, or both; or

(iii) The residence is rented for the purpose of paying the claimant's costs of a nursing home, hospital, assisted living facility, or adult family home.

(b) At the time of signing the application:

(i)(A) The claimant must have owned, in fee or by contract purchase, or have held a life estate in, the residence for which the primary residence property tax exemption is claimed; and

(B) The residence must have been located on a tax parcel with fewer than five residences; or

(ii) If the claimant resides in a cooperative housing association, corporation, or partnership, including a mobile home park cooperative or manufactured housing cooperative, the claimant must own a share in the cooperative representing the unit or dwelling in which the claimant resides or the lot on which the claimant's manufactured/mobile home or park model is situated.

(c) For purposes of this section, a residence owned by a marital community, state registered domestic partners, or cotenants is deemed to be owned by each spouse, domestic partner, or cotenant, and any lease for life or 99 years of a single-family dwelling unit or the land upon which it stands is deemed a life estate in the residence.

(d)(i) The assessed value of a dwelling owned by a cooperative housing association, corporation, or partnership must be reduced, for purposes of state property taxes levied on the dwelling, by the amount of the primary residence property tax exemption to which a claimant residing in that dwelling is entitled. The cooperative must pass the full amount of its property tax savings under this section to its members in proportion to each member's primary residence property tax exemption. The cooperative may meet its obligation under this subsection (6)(d)(i) by reducing the amount owed by the members to the cooperative or, if no amount be owed, by making payment to the members.

(ii) A mobile home park cooperative or manufactured housing cooperative is entitled to any unused portion of the primary residence property tax exemption of its members. A mobile home park cooperative or manufactured housing cooperative receiving the unused portion of the primary residence property tax exemption of its members must pass the full amount of its property tax savings to its members in proportion to each member's unused primary residence property tax exemption. The cooperative may meet its obligation under this subsection (6)(d)(ii) by reducing the amount owed by the members to the cooperative or, if no amount be owed, by making payment to the members. For purposes of this subsection (6)(d)(ii), "unused portion of the primary residence property tax exemption" means the amount by which the exemption exceeds the assessed value of the manufactured/mobile home or park model owned by a member of the mobile home park cooperative or manufactured housing cooperative.

(e)(i) Where a claimant has a life estate in the single-family dwelling unit, the land upon which it sits, or both, which comprise the claimant's residence, and a remainderman or other person would have otherwise paid the state property tax exempted on the residence, or portion of the residence, as a result of the claimant's primary residence property tax exemption, such remainderman or other person must reduce the amount owed by the claimant to the remainderman or other person by the amount of the tax savings from the claimant's primary residence property tax exemption. If no amount is owed by the claimant to the remainderman or other person, the remainderman or other person must make payment to the claimant in the full amount of the tax savings from the claimant's primary residence property tax exemption.

(ii) Where a claimant has a life estate in a cooperative ownership or a community land trust, which comprise the claimant's residence, and a remainderman or other person would have otherwise paid the state property tax exempted on the residence, or portion of the residence, as a result of the claimant's primary residence property tax exemption, such remainderman or other person must reduce the amount owed by the claimant to the remainderman or other person by the amount of the tax savings from the claimant's primary residence property tax exemption. If no amount is owed by the claimant to the remainderman or other person, the remainderman or other person must make payment to the claimant in the full amount of the tax savings from the claimant's primary residence property tax exemption.

(7)(a)(i) If the assessor, as part of its existing program of real property inspection or general administration of property tax assessments, finds that the claimant's residence does not meet the qualifications for the primary residence property tax exemption, the assessor must cancel the primary residence property tax exemption and notify the department.

(ii) If the assessor, as part of its existing program of real property inspection or general administration of property tax assessments, is unable to determine whether a property qualifies for the primary residence property tax exemption, the assessor must cancel the primary residence property tax exemption and notify the department.

(b) A cancellation under (a) of this subsection (7) is subject to appeal under the provisions of RCW 84.48.010 and in accordance with the provisions of RCW 84.40.038. If the assessor determines that the claimant had received the primary residence property tax exemption in error in prior years, the county treasurer must collect all state property taxes that would have been paid on the claimant's residence for the prior years had the primary residence property tax exemption not been claimed, not to exceed six years. Interest, but not penalties, applies to such taxes and is computed at the same rates and in the same way as interest is computed on delinquent taxes. Taxes and interest imposed under this subsection (7)(b):

(i) Must be extended on the tax roll;

(ii) Are due within 60 days after the date of the treasurer's billing for such taxes and interest; and

(iii) Constitute a lien on the real property to which the tax and interest applies as provided in chapter 84.60 RCW.

(8) The department may conduct audits of the administration of this section by the county assessors for the primary residence property tax exemption as the department considers necessary. The powers of the department under chapter 84.08 RCW apply to these audits.

(9) The department may adopt such rules in accordance with chapter 34.05 RCW, and prescribe such forms, as the department deems necessary and appropriate to implement and administer this section.

(10) For the purposes of this section:

(a) "Claimant" means an individual who is receiving a primary residence property tax exemption.

(b) "Community land trust" means a private, nonprofit organization created to acquire and hold land for the benefit of a community and provide secure affordable access to land and housing for community residents.

(c) "Cooperative ownership" means a type of residential housing where the corporation owns the housing units, and each resident is a shareholder in the corporation based in part on the relative size of the unit in which they reside.

(d) "Manufactured/mobile home," "manufactured housing cooperative," "mobile home park cooperative," and "park model" have the same meanings as in RCW 59.20.030.

(e) "Primary residence property tax exemption" means a tax exemption from the state property tax levy for a principal place of residence that meets the requirements of this section.

(f) "Principal place of residence" means a residence occupied for at least 184 days during the calendar year by the claimant.

(g) "Residence" means a single-family dwelling unit whether such unit is separate or part of a multiunit dwelling, including the land on which such dwelling stands, regardless of whether ownership of the single-family dwelling unit and the land on which the dwelling unit stands is vested in the same person. "Residence" includes:

(i) A single-family dwelling unit situated upon lands the fee of which is vested in or held in trust by the United States or any of its instrumentalities, a federally recognized Indian tribe, the state of Washington or any of its political subdivisions, or a municipal corporation;

(ii) A single-family dwelling unit consisting of a manufactured/mobile home or park model that has substantially lost its identity as a mobile unit by virtue of its being fixed in location and placed on a foundation with fixed pipe connections with sewer, water, or other utilities;

(iii) A single-family dwelling unit consisting of a floating home as defined in RCW 82.45.032.

(h) "State levy" means property taxes levied by the state under RCW 84.52.065.

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

(1) The primary residence property tax exemption administration account is created in the state treasury. All receipts from direct appropriations from the legislature and any other moneys directed to the account from any other source must be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for the purposes provided in this section.

(2)(a) Funds deposited into the primary residence property tax exemption administration account must be distributed to each county to assist with the costs incurred by the counties in administering the primary residence property tax exemption in section 2 of this act. Counties must place all funds received under this section into a separate account as provided in subsection (6) of this section.

(b)(i) Except as provided in (b)(ii) of this subsection and subject to appropriation by the legislature, each county is entitled annually to an amount equal to $5.00 multiplied by the number of applications for the primary residence property tax exemption that the state processed in the most recent calendar year.

(ii) For the initial distributions in calendar year 2026 and 2027 and subject to appropriation by the legislature, the distribution amount is equal to $10.00 multiplied by the estimated number of primary residence property tax exemptions that the county will process in calendar year 2027. The department, with the assistance of the county assessors, must estimate the number of primary residence property tax exemptions that the state will process in calendar year 2027.

(iii) If funds in the primary residence property tax exemption administration account are insufficient to make the full distributions under this subsection, the distributions to all counties must be reduced proportionately.

(3)(a) Distributions under subsection (2) of this section must be made by the state treasurer annually by August 1st, beginning August 1, 2026, and by August 1st each year thereafter. By July 25th of each year, the department must certify to the state treasurer the amounts to be distributed under this section. Once finalized, no changes may be made to the certification for any reason.

(b) By June 1, 2026, and by June 1st each year thereafter, each county assessor must submit to the department any necessary data from the previous assessment year in order to complete the estimate under this subsection (3) for the first year of the exemption and every year thereafter. The data required by this subsection (3) must be provided in a form and manner prescribed by the department.

(4) The department's estimates and certifications required under this section may not be overturned by a court except upon a showing of willful misconduct by clear, cogent, and convincing evidence.

(5) All distributions to counties from the primary residence property tax exemption administration account constitute increases in state distributions of revenue to political subdivisions for purposes of state reimbursement for the costs of new programs and increases in service levels under RCW 43.135.060.

(6) Each county shall establish a county assessor primary residence property tax exemption administration fund, held by the county treasurer. The fund must be used only for the statutory obligations of the county assessor's office in administering the provisions of section 2 of this act. Only the county assessor may authorize expenditures from the fund and an appropriation by the county legislative body is not required for expenditures.

**Sec.**  RCW 84.48.010 and 2017 c 155 s 1 are each amended to read as follows:

(1) Prior to July 15th, the county legislative authority must form a board for the equalization of the assessment of the property of the county. The members of the board must receive a per diem amount as set by the county legislative authority for each day of actual attendance of the meeting of the board of equalization to be paid out of the current expense fund of the county. However, when the county legislative authority constitutes the board they may only receive their compensation as members of the county legislative authority. The board of equalization must meet in open session for this purpose annually on the 15th day of July or within ((~~fourteen~~)) 14 days of certification of the county assessment rolls, whichever is later, and, having each taken an oath fairly and impartially to perform their duties as members of such board, they must examine and compare the returns of the assessment of the property of the county and proceed to equalize the same, so that each tract or lot of real property and each article or class of personal property must be entered on the assessment list at its true and fair value, according to the measure of value used by the county assessor in such assessment year, which is presumed to be correct under RCW 84.40.0301, and subject to the following rules:

(a) They must raise the valuation of each tract or lot or item of real property which is returned below its true and fair value to such price or sum as to be the true and fair value thereof, after at least five days' notice must have been given in writing to the owner or agent.

(b) They must reduce the valuation of each tract or lot or item which is returned above its true and fair value to such price or sum as to be the true and fair value thereof.

(c) They must raise the valuation of each class of personal property which is returned below its true and fair value to such price or sum as to be the true and fair value thereof, and they must raise the aggregate value of the personal property of each individual whenever the aggregate value is less than the true valuation of the taxable personal property possessed by such individual, to such sum or amount as to be the true value thereof, after at least five days' notice must have been given in writing to the owner or agent thereof.

(d) They must reduce the valuation of each class of personal property enumerated on the detail and assessment list of the current year, which is returned above its true and fair value, to such price or sum as to be the true and fair value thereof; and they must reduce the aggregate valuation of the personal property of such individual who has been assessed at too large a sum to such sum or amount as was the true and fair value of the personal property.

(e) The board may review all claims for either real or personal property tax exemption, including the primary residence property tax exemption under section 2 of this act, as determined by the county assessor, and must consider any taxpayer appeals from the decision of the assessor thereon to determine (i) if the taxpayer is entitled to an exemption, and (ii) if so, the amount thereof.

(2) The board must notify the taxpayer and assessor of the board's decision within ((~~forty-five~~)) 45 days of any hearing on the taxpayer's appeal of the assessor's valuation of real or personal property.

(3) The clerk of the board must keep an accurate journal or record of the proceedings and orders of the board showing the facts and evidence upon which their action is based, and the record must be published the same as other proceedings of county legislative authority, and must make a true record of the changes of the descriptions and assessed values ordered by the county board of equalization. The assessor must correct the real and personal assessment rolls in accordance with the changes made by the county board of equalization.

(4) The county board of equalization must meet on the 15th day of July or within ((~~fourteen~~)) 14 days of certification of the county assessment rolls, whichever is later, and may continue in session and adjourn from time to time during a period not to exceed four weeks, but must remain in session not less than three days. However, the county board of equalization with the approval of the county legislative authority may convene at any time when petitions filed exceed ((~~twenty-five~~)) 25, or ((~~ten~~)) 10 percent of the number of appeals filed in the preceding year, whichever is greater.

(5) No taxes, except special taxes, may be extended upon the tax rolls until the property valuations are equalized by the department of revenue for the purpose of raising the state revenue.

(6) County legislative authorities as such have at no time any authority to change the valuation of the property of any person or to release or commute in whole or in part the taxes due on the property of any person.

NEW SECTION. **Sec.**  Except for section 8 of this act, this act takes effect January 1, 2026, if the proposed amendment to Article VII of the state Constitution (Senate Joint Resolution No. 8203), providing for a residential real property tax exemption, is validly submitted to and is approved and ratified by the voters at the next general election. If the proposed amendment is not approved and ratified, this act is void in its entirety.

NEW SECTION. **Sec.**  This act does not affect any existing right acquired or liability or obligation incurred under the sections amended or repealed or under any rule or order adopted under those sections, nor does it affect any proceeding instituted under those sections.

NEW SECTION. **Sec.**  This act applies to taxes levied for collection in 2028 and thereafter.

NEW SECTION. **Sec.**  Beginning August 1, 2025, the department of revenue may begin work to administer the provisions of this act.

**--- END ---**