
HOUSE BILL 1165

State of Washington

69th Legislature

2025 Regular Session

By Representatives Shavers, Wylie, Ryu, Callan, and Goodman

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1 AN ACT Relating to expanding access to the property tax exemption
2 program for seniors, people retired due to disability, and veterans
3 with disabilities; 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 2024 c 119 s 1 are each amended to
6 read as follows:

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

9 (1) "Accessory dwelling unit" means a separate, autonomous
10 residential dwelling unit that provides complete independent living
11 facilities for one or more persons and includes permanent provisions
12 for living, sleeping, eating, cooking, and sanitation.

13 (2) "Combined disposable income" means the disposable income of
14 the person claiming the exemption, plus the disposable income of his
15 or her spouse or domestic partner, and the disposable income of each
16 cotenant occupying the residence for the assessment year, less
17 amounts paid by the person claiming the exemption or his or her
18 spouse or domestic partner during the assessment year for:

19 (a) Drugs supplied by prescription of a medical practitioner
20 authorized by the laws of this state or another jurisdiction to issue
21 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 (3) "Cotenant" means a person who resides with the person
22 claiming the exemption and who has an ownership interest in the
23 residence.
24 (4) "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 (5) "Department" means the state department of revenue.
29 (6) "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 (7) "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 (8) "Income threshold 1" means:

22 (a) For taxes levied for collection in calendar years prior to
23 2020, a combined disposable income equal to \$30,000;

24 (b) For taxes levied for collection in calendar years 2020
25 through 2023, a combined disposable income equal to the greater of
26 "income threshold 1" for the previous year or 45 percent of the
27 county median household income; (~~and~~)

28 (c) For taxes levied for collection in calendar years 2024 (~~and~~
29 ~~thereafter~~) through 2026, a combined disposable income equal to the
30 greater of "income threshold 1" for the previous year or 50 percent
31 of the county median household income(~~(, adjusted every three years~~
32 ~~beginning August 1, 2023, as provided in RCW 84.36.385(8))~~); and

33 (d) For taxes levied for collection in calendar years 2027 and
34 thereafter, a combined disposable income equal to the greater of
35 "income threshold 1" for the previous year or 55 percent of the
36 county median household income, adjusted every three years beginning
37 August 1, 2023, as provided in RCW 84.36.385(8).

38 (9) "Income threshold 2" means:

39 (a) For taxes levied for collection in calendar years prior to
40 2020, a combined disposable income equal to \$35,000;

1 (b) For taxes levied for collection in calendar years 2020
2 through 2023, a combined disposable income equal to the greater of
3 "income threshold 2" for the previous year or 55 percent of the
4 county median household income; (~~and~~)

5 (c) For taxes levied for collection in calendar years 2024 (~~and~~
6 ~~thereafter~~) through 2026, a combined disposable income equal to the
7 greater of "income threshold 2" for the previous year or 60 percent
8 of the county median household income(~~(, adjusted every three years~~
9 ~~beginning August 1, 2023, as provided in RCW 84.36.385(8))~~); and

10 (d) For taxes levied for collection in calendar years 2027 and
11 thereafter, a combined disposable income equal to the greater of
12 "income threshold 2" for the previous year or 65 percent of the
13 county median household income, adjusted every three years beginning
14 August 1, 2023, as provided in RCW 84.36.385(8).

15 (10) "Income threshold 3" means:

16 (a) For taxes levied for collection in calendar years prior to
17 2020, a combined disposable income equal to \$40,000;

18 (b) For taxes levied for collection in calendar years 2020
19 through 2023, a combined disposable income equal to the greater of
20 "income threshold 3" for the previous year or 65 percent of the
21 county median household income; (~~and~~)

22 (c) For taxes levied for collection in calendar years 2024 (~~and~~
23 ~~thereafter~~) through 2026, a combined disposable income equal to the
24 greater of "income threshold 3" for the previous year or 70 percent
25 of the county median household income(~~(, adjusted every three years~~
26 ~~beginning August 1, 2023, as provided in RCW 84.36.385(8))~~); and

27 (d) For taxes levied for collection in calendar years 2027 and
28 thereafter, a combined disposable income equal to the greater of
29 "income threshold 3" for the previous year or 75 percent of the
30 county median household income, adjusted every three years beginning
31 August 1, 2023, as provided in RCW 84.36.385(8).

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

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

1 subject, for tax billing, payment, and collection purposes, only to
2 the personal property provisions of chapter 84.56 RCW and RCW
3 84.60.040.

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

20 NEW SECTION. **Sec. 2.** This act applies to taxes levied for
21 collection in 2027 and thereafter.

22 NEW SECTION. **Sec. 3.** RCW 82.32.805 and 82.32.808 do not apply
23 to this act.

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