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**HOUSE BILL 1106**

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**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By** Representatives Barnard and Leavitt

Prefiled 12/20/24.

1       AN ACT Relating to recognizing the tremendous sacrifices made by  
2 our military veterans by phasing down the disability rating  
3 requirements to ensure more disabled veterans are eligible for  
4 property tax relief; amending RCW 84.36.381; and creating a new  
5 section.

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

7       **Sec. 1.** RCW 84.36.381 and 2023 c 147 s 1 are each amended to  
8 read as follows:

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

13       (1)(a) The property taxes must have been imposed upon a residence  
14 which was occupied by the person claiming the exemption as a  
15 principal place of residence as of the time of filing. However, any  
16 person who sells, transfers, or is displaced from his or her  
17 residence may transfer his or her exemption status to a replacement  
18 residence, but no claimant may receive an exemption on more than one  
19 residence in any year. Moreover, confinement of the person to a  
20 hospital, nursing home, assisted living facility, adult family home,

1 or home of a relative for the purpose of long-term care does not  
2 disqualify the claim of exemption if:

3 (i) The residence is temporarily unoccupied;

4 (ii) The residence is occupied by a spouse or a domestic partner  
5 and/or a person financially dependent on the claimant for support; or

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

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

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

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

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

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

29 ~~((A))~~ (I) A combined service-connected evaluation rating of 80  
30 percent or higher; or

31 ~~((B))~~ (II) A total disability rating for a service-connected  
32 disability without regard to evaluation percent.

33 (B) (I) Beginning January 1, 2026, until December 31, 2026, the  
34 combined service-connected evaluation rating in (a) (ii) (A) (I) of this  
35 subsection is 60 percent or higher;

36 (II) Beginning January 1, 2027, until December 31, 2027, the  
37 combined service-connected evaluation rating in (a) (ii) (A) (I) of this  
38 subsection is 40 percent or higher;

1 (III) Beginning January 1, 2028, the combined service-connected  
2 evaluation rating in (a)(ii)(A)(I) of this subsection is 20 percent  
3 or higher.

4 (b) However, any surviving spouse or surviving domestic partner  
5 of a person who was receiving an exemption at the time of the  
6 person's death will qualify if the surviving spouse or surviving  
7 domestic partner is 57 years of age or older and otherwise meets the  
8 requirements of this section;

9 (4)(a) The amount that the person is exempt from an obligation to  
10 pay is calculated on the basis of combined disposable income, as  
11 defined in RCW 84.36.383.

12 (b) If the person claiming the exemption was retired for two  
13 months or more of the assessment year, the combined disposable income  
14 of such person must be calculated by multiplying the average monthly  
15 combined disposable income of such person during the months such  
16 person was retired by 12.

17 (c) If the income of the person claiming exemption is reduced for  
18 two or more months of the assessment year by reason of the death of  
19 the person's spouse or the person's domestic partner, or when other  
20 substantial changes occur in disposable income that are likely to  
21 continue for an indefinite period of time, the combined disposable  
22 income of such person must be calculated by multiplying the average  
23 monthly combined disposable income of such person after such  
24 occurrences by 12.

25 (d)(i) If the income of the person claiming the exemption  
26 increases as a result of a cost-of-living adjustment to social  
27 security benefits or supplemental security income in an amount that  
28 would disqualify the applicant from eligibility, the applicant is not  
29 disqualified but instead maintains eligibility.

30 (ii) The continued eligibility under this subsection applies to  
31 applications for property taxes levied for collection in calendar  
32 year 2024.

33 (e) If it is necessary to estimate income to comply with this  
34 subsection (4), the assessor may require confirming documentation of  
35 such income prior to May 31st of the year following application;

36 (5)(a) A person who otherwise qualifies under this section and  
37 has a combined disposable income equal to or less than income  
38 threshold 3 is exempt from all excess property taxes, the additional  
39 state property tax imposed under RCW 84.52.065(2), and the portion of  
40 the regular property taxes authorized pursuant to RCW 84.55.050 and

1 approved by the voters, if the legislative authority of the county or  
2 city imposing the additional regular property taxes identified this  
3 exemption in the ordinance placing the RCW 84.55.050 measure on the  
4 ballot; and

5 (b) (i) A person who otherwise qualifies under this section and  
6 has a combined disposable income equal to or less than income  
7 threshold 2 but greater than income threshold 1 is exempt from all  
8 regular property taxes on the greater of \$50,000 or 35 percent of the  
9 valuation of his or her residence, but not to exceed \$70,000 of the  
10 valuation of his or her residence; or

11 (ii) A person who otherwise qualifies under this section and has  
12 a combined disposable income equal to or less than income threshold 1  
13 is exempt from all regular property taxes on the greater of \$60,000  
14 or 60 percent of the valuation of his or her residence;

15 (6) (a) For a person who otherwise qualifies under this section  
16 and has a combined disposable income equal to or less than income  
17 threshold 3, the valuation of the residence is the assessed value of  
18 the residence on the later of January 1, 1995, or January 1st of the  
19 assessment year the person first qualifies under this section. If the  
20 person subsequently fails to qualify under this section only for one  
21 year because of high income, this same valuation must be used upon  
22 requalification. If the person fails to qualify for more than one  
23 year in succession because of high income or fails to qualify for any  
24 other reason, the valuation upon requalification is the assessed  
25 value on January 1st of the assessment year in which the person  
26 requalifies. If the person transfers the exemption under this section  
27 to a different residence, the valuation of the different residence is  
28 the assessed value of the different residence on January 1st of the  
29 assessment year in which the person transfers the exemption.

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

33 (c) This subsection does not apply to subsequent improvements to  
34 the property in the year in which the improvements are made.  
35 Subsequent improvements to the property must be added to the value  
36 otherwise determined under this subsection at their true and fair  
37 value in the year in which they are made.

1        NEW SECTION.    **Sec. 2.**    RCW 82.32.805 and 82.32.808 do not apply  
2    to this act.

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