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**HOUSE BILL 1438**

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**State of Washington**

**67th Legislature**

**2021 Regular Session**

**By** Representatives Orcutt, Sutherland, Graham, Young, Volz, and Eslick

Read first time 02/01/21. Referred to Committee on Finance.

1 AN ACT Relating to expanding eligibility for property tax  
2 exemptions for service-connected disabled veterans and senior  
3 citizens by modifying income thresholds for eligibility to allow  
4 deductions for common health care-related expenses; and reenacting  
5 and amending RCW 84.36.383.

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

7 **Sec. 1.** RCW 84.36.383 and 2020 c 209 s 3 are each reenacted and  
8 amended to read as follows:

9 As used in RCW 84.36.381 through 84.36.389, unless the context  
10 clearly requires otherwise:

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

17 (a) Drugs supplied by prescription of a medical practitioner  
18 authorized by the laws of this state or another jurisdiction to issue  
19 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 (d) Costs related to medicare supplemental policies as defined in  
7 Title 42 U.S.C. Sec. 1395ss;

8 (e) Durable medical equipment, mobility enhancing equipment,  
9 medically prescribed oxygen, and prosthetic devices as defined in RCW  
10 82.08.0283;

11 (f) Long-term care insurance as defined in RCW 48.84.020;

12 (g) Cost-sharing amounts as defined in RCW 48.43.005;

13 (h) Nebulizers as defined in RCW 82.08.803;

14 (i) Medicines of mineral, animal, and botanical origin  
15 prescribed, administered, dispensed, or used in the treatment of an  
16 individual by a person licensed under chapter 18.36A RCW;

17 (j) Ostomic items as defined in RCW 82.08.804;

18 (k) Insulin for human use;

19 (l) Kidney dialysis devices; and

20 (m) Disposable devices used to deliver drugs for human use as  
21 defined in RCW 82.08.935.

22 (2) "Cotenant" means a person who resides with the person  
23 claiming the exemption and who has an ownership interest in the  
24 residence.

25 (3) "County median household income" means the median household  
26 income estimates for the state of Washington by county of the legal  
27 address of the principal place of residence, as published by the  
28 office of financial management.

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

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

34 (6) "Disposable income" means adjusted gross income as defined in  
35 the federal internal revenue code, as amended prior to January 1,  
36 1989, or such subsequent date as the director may provide by rule  
37 consistent with the purpose of this section, plus all of the  
38 following items to the extent they are not included in or have been  
39 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 (7) "Income threshold 1" means:  
22 (a) For taxes levied for collection in calendar years prior to  
23 2020, a combined disposable income equal to thirty thousand dollars;  
24 and  
25 (b) For taxes levied for collection in calendar year 2020 and  
26 thereafter, a combined disposable income equal to the greater of  
27 "income threshold 1" for the previous year or forty-five percent of  
28 the county median household income, adjusted every five years  
29 beginning August 1, 2019, as provided in RCW 84.36.385(8).  
30 (8) "Income threshold 2" means:  
31 (a) For taxes levied for collection in calendar years prior to  
32 2020, a combined disposable income equal to thirty-five thousand  
33 dollars; and  
34 (b) For taxes levied for collection in calendar year 2020 and  
35 thereafter, a combined disposable income equal to the greater of  
36 "income threshold 2" for the previous year or fifty-five percent of  
37 the county median household income, adjusted every five years  
38 beginning August 1, 2019, as provided in RCW 84.36.385(8).  
39 (9) "Income threshold 3" means:

1 (a) For taxes levied for collection in calendar years prior to  
2 2020, a combined disposable income equal to forty thousand dollars;  
3 and

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

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

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

21 (12) The term "residence" means a single-family dwelling unit  
22 whether such unit be separate or part of a multiunit dwelling,  
23 including the land on which such dwelling stands not to exceed one  
24 acre, except that a residence includes any additional property up to  
25 a total of five acres that comprises the residential parcel if this  
26 larger parcel size is required under land use regulations. The term  
27 also includes a share ownership in a cooperative housing association,  
28 corporation, or partnership if the person claiming exemption can  
29 establish that his or her share represents the specific unit or  
30 portion of such structure in which he or she resides. The term also  
31 includes a single-family dwelling situated upon lands the fee of  
32 which is vested in the United States or any instrumentality thereof  
33 including an Indian tribe or in the state of Washington, and  
34 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a  
35 residence is deemed real property.

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