

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1438

Chapter 220, Laws of 2021

67th Legislature
2021 Regular Session

PROPERTY TAX EXEMPTIONS—INCOME THRESHOLD—MEDICAL EXPENSE DEDUCTION

EFFECTIVE DATE: July 25, 2021

Passed by the House March 4, 2021
Yeas 98 Nays 0

LAURIE JINKINS

**Speaker of the House of
Representatives**

Passed by the Senate April 21, 2021
Yeas 49 Nays 0

DENNY HECK

President of the Senate

Approved May 10, 2021 3:16 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1438** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

May 10, 2021

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1438

Passed Legislature - 2021 Regular Session

State of Washington

67th Legislature

2021 Regular Session

By House Finance (originally sponsored by Representatives Orcutt, Sutherland, Graham, Young, Volz, and Eslick)

READ FIRST TIME 02/19/21.

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; reenacting and
5 amending RCW 84.36.383; and creating a new section.

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.

36 NEW SECTION. **Sec. 2.** The provisions of RCW 82.32.805 and
37 82.32.808 do not apply to this act. The legislature intends for this
38 tax preference and its expansion to be permanent.

Passed by the House March 4, 2021.
Passed by the Senate April 21, 2021.
Approved by the Governor May 10, 2021.
Filed in Office of Secretary of State May 10, 2021.

--- **END** ---