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**SENATE BILL 5732**

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**State of Washington**

**68th Legislature**

**2023 Regular Session**

**By** Senators Randall, Rolfes, Conway, Hasegawa, Hunt, Kuderer, Lovelett, Shewmake, Stanford, Valdez, and C. Wilson

Read first time 02/09/23. Referred to Committee on Ways & Means.

1 AN ACT Relating to protecting senior citizens' and disabled  
2 veterans' property tax exemption eligibility; amending RCW 84.36.381;  
3 and creating a new section.

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

5 **Sec. 1.** RCW 84.36.381 and 2019 c 453 s 1 are each amended to  
6 read as follows:

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

11 (1) (a) The property taxes must have been imposed upon a residence  
12 which was occupied by the person claiming the exemption as a  
13 principal place of residence as of the time of filing. However, any  
14 person who sells, transfers, or is displaced from his or her  
15 residence may transfer his or her exemption status to a replacement  
16 residence, but no claimant may receive an exemption on more than one  
17 residence in any year. Moreover, confinement of the person to a  
18 hospital, nursing home, assisted living facility, adult family home,  
19 or home of a relative for the purpose of long-term care does not  
20 disqualify the claim of exemption if:

21 (i) The residence is temporarily unoccupied;

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

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

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

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

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

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

23 (ii) A veteran of the armed forces of the United States entitled  
24 to and receiving compensation from the United States department of  
25 veterans affairs at:

26 (A) A combined service-connected evaluation rating of eighty  
27 percent or higher; or

28 (B) A total disability rating for a service-connected disability  
29 without regard to evaluation percent.

30 (b) However, any surviving spouse or surviving domestic partner  
31 of a person who was receiving an exemption at the time of the  
32 person's death will qualify if the surviving spouse or surviving  
33 domestic partner is (~~fifty-seven~~) 57 years of age or older and  
34 otherwise meets the requirements of this section;

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

38 (b) If the person claiming the exemption was retired for two  
39 months or more of the assessment year, the combined disposable income  
40 of such person must be calculated by multiplying the average monthly

1 combined disposable income of such person during the months such  
2 person was retired by (~~twelve~~) 12.

3 (c) If the income of the person claiming exemption is reduced for  
4 two or more months of the assessment year by reason of the death of  
5 the person's spouse or the person's domestic partner, or when other  
6 substantial changes occur in disposable income that are likely to  
7 continue for an indefinite period of time, the combined disposable  
8 income of such person must be calculated by multiplying the average  
9 monthly combined disposable income of such person after such  
10 occurrences by (~~twelve~~) 12.

11 (d)(i) If the income of the person claiming the exemption  
12 increases as a result of a cost-of-living adjustment to social  
13 security benefits, supplemental security income, or pension benefits  
14 in an amount that would disqualify the applicant from eligibility,  
15 the applicant is not disqualified but instead maintains eligibility.

16 (ii) The continued eligibility under this subsection applies to  
17 applications for property taxes levied for collection in calendar  
18 year 2024.

19 (e) If it is necessary to estimate income to comply with this  
20 subsection, the assessor may require confirming documentation of such  
21 income prior to May 31<sup>st</sup> of the year following application;

22 (5)(a) A person who otherwise qualifies under this section and  
23 has a combined disposable income equal (~~to~~) to or less than  
24 income threshold 3 is exempt from all excess property taxes, the  
25 additional state property tax imposed under RCW 84.52.065(2), and the  
26 portion of the regular property taxes authorized pursuant to RCW  
27 84.55.050 and approved by the voters, if the legislative authority of  
28 the county or city imposing the additional regular property taxes  
29 identified this exemption in the ordinance placing the RCW 84.55.050  
30 measure on the ballot; and

31 (b)(i) A person who otherwise qualifies under this section and  
32 has a combined disposable income equal to or less than income  
33 threshold 2 but greater than income threshold 1 is exempt from all  
34 regular property taxes on the greater of (~~fifty thousand dollars~~)  
35 \$50,000 or (~~thirty-five~~) 35 percent of the valuation of his or her  
36 residence, but not to exceed (~~seventy thousand dollars~~) \$70,000 of  
37 the valuation of his or her residence; or

38 (ii) A person who otherwise qualifies under this section and has  
39 a combined disposable income equal to or less than income threshold 1  
40 is exempt from all regular property taxes on the greater of (~~sixty~~

1 ~~thousand dollars~~) \$60,000 or (~~sixty~~) 60 percent of the valuation  
2 of his or her residence;

3 (6) (a) For a person who otherwise qualifies under this section  
4 and has a combined disposable income equal (~~to~~) to or less than  
5 income threshold 3, the valuation of the residence is the assessed  
6 value of the residence on the later of January 1, 1995, or January  
7 1st of the assessment year the person first qualifies under this  
8 section. If the person subsequently fails to qualify under this  
9 section only for one year because of high income, this same valuation  
10 must be used upon requalification. If the person fails to qualify for  
11 more than one year in succession because of high income or fails to  
12 qualify for any other reason, the valuation upon requalification is  
13 the assessed value on January 1st of the assessment year in which the  
14 person requalifies. If the person transfers the exemption under this  
15 section to a different residence, the valuation of the different  
16 residence is the assessed value of the different residence on January  
17 1st of the assessment year in which the person transfers the  
18 exemption.

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

22 (c) This subsection does not apply to subsequent improvements to  
23 the property in the year in which the improvements are made.  
24 Subsequent improvements to the property must be added to the value  
25 otherwise determined under this subsection at their true and fair  
26 value in the year in which they are made.

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

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