
SENATE BILL 5770

State of Washington

68th Legislature

2023 Regular Session

By Senators Pedersen, Van De Wege, Robinson, Dhingra, Nguyen, Wellman, Keiser, Valdez, Saldaña, Hunt, Salomon, Randall, Cleveland, C. Wilson, Stanford, Lovick, Nobles, Hasegawa, Trudeau, and Liias

1 AN ACT Relating to state and local property tax reform; amending
2 RCW 84.55.005, 84.55.100, and 84.36.381; creating new sections; and
3 repealing RCW 84.55.0101.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that the arbitrary
6 one percent limitation on the growth of property tax collections has
7 severely inhibited the ability of the state, counties, cities, and
8 other special districts to provide critical community services in the
9 face of significant population growth and inflation.

10 Modifying the limitation on the growth of property tax
11 collections will restore the primary tool state and local officials
12 use to fund public schools, law enforcement, fire departments, and
13 other services Washingtonians rely on.

14 Property taxes are the primary revenue source for counties, which
15 have responsibility in Washington for public safety and
16 administration of the criminal justice system.

17 Because the state portion of the property tax is entirely devoted
18 to support of public schools, raising the cap on the state portion of
19 property taxes will help provide the resources in coming years for
20 the legislature to make ample provision for the education of students
21 with disabilities.

1 **Sec. 2.** RCW 84.55.005 and 2014 c 97 s 316 are each amended to
2 read as follows:

3 The definitions in this section apply throughout this chapter
4 unless the context clearly requires otherwise.

5 (1) "Inflation" means (~~(the percentage change in the implicit~~
6 ~~price deflator for personal consumption expenditures for the United~~
7 ~~States as published for the most recent twelve-month period by the~~
8 ~~bureau of economic analysis of the federal department of commerce by~~
9 ~~September 25th of the year before the taxes are payable;~~) the annual
10 percentage increase in the consumer price index for all urban
11 consumers in the western region for all items as provided in the most
12 recent 12-month period by the bureau of labor statistics of the
13 United States department of labor by July 25th of the year before the
14 taxes are payable.

15 (2) "Limit factor" means (~~(~~

16 ~~(a) For taxing districts with a population of less than ten~~
17 ~~thousand in the calendar year prior to the assessment year, one~~
18 ~~hundred one percent;~~

19 ~~(b) For taxing districts for which a limit factor is authorized~~
20 ~~under RCW 84.55.0101, the lesser of the limit factor authorized under~~
21 ~~that section or one hundred one percent;~~

22 ~~(c) For all other districts, the lesser of one hundred one~~
23 ~~percent or one hundred percent plus inflation; and)~~ 100 percent plus
24 population change and inflation, not to exceed 103 percent.

25 (3) (a) "Population change" means the annual percent increase in
26 the population of a taxing district between the two most recent years
27 as provided in the official population estimates published by the
28 office of financial management for April 1st of the year before taxes
29 are payable. If the office of financial management estimates a net
30 decrease in a taxing district's population, for the purposes of this
31 section, the population change is zero. For a county, the "population
32 of a taxing district" means the population within the county's
33 incorporated and unincorporated areas, unless the county taxing
34 district boundaries are limited to the unincorporated county areas,
35 in which case the "population of a taxing district" means the
36 population of the unincorporated county areas only. For taxing
37 districts that are not coterminous with one or more cities, towns,
38 counties, or unincorporated county areas, or any combination thereof,
39 as provided in the official population estimates published by the

1 office of financial management in April of the year before the taxes
2 are payable, "population change" means:

3 (i) The population change for the city or town within which the
4 taxing district is wholly located;

5 (ii) The population change for the county in which the taxing
6 district is wholly located, when the taxing district is not wholly
7 located within a city or town; or

8 (iii) For taxing districts located in more than one county, the
9 county population change for the county in which the greatest total
10 taxable assessed value of the taxing district for the prior
11 assessment year is located.

12 (b) For the purposes of this subsection (3), the annual percent
13 increase in population is calculated to the nearest tenth of one
14 percent, rounding up to the next tenth of one percent if the second
15 decimal place of the annual percent increase is five or greater.

16 (4) "Regular property taxes" has the meaning given it in RCW
17 84.04.140.

18 **Sec. 3.** RCW 84.55.100 and 1983 c 223 s 1 are each amended to
19 read as follows:

20 (1) The property tax limitation contained in this chapter shall
21 be determined by the county assessors of the respective counties in
22 accordance with the provisions of this chapter: PROVIDED, That the
23 limitation for any state levy shall be determined by the department
24 of revenue and the limitation for any intercounty rural library
25 district shall be determined by the library district in consultation
26 with the respective county assessors.

27 (2) By September 1, 2023, and by September 1st every year
28 thereafter, the department of revenue must provide county assessors
29 the limit factors necessary for the county assessor to comply with
30 subsections (1) and (3) of this section.

31 (3) By October 1, 2023, and by October 1st every year thereafter,
32 the county assessor must determine the limit factor applicable to
33 each taxing district in their county and notify each taxing district
34 of the determination. However, for a taxing district located in more
35 than one county, the assessor of the county with the most assessed
36 value of the taxing district is subject to the requirements of this
37 subsection (3).

1 **Sec. 4.** RCW 84.36.381 and 2019 c 453 s 1 are each amended to
2 read as follows:

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

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

17 (i) The residence is temporarily unoccupied;

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

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

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

24 (2) The person claiming the exemption must have owned, at the
25 time of filing, in fee, as a life estate, or by contract purchase,
26 the residence on which the property taxes have been imposed or if the
27 person claiming the exemption lives in a cooperative housing
28 association, corporation, or partnership, such person must own a
29 share therein representing the unit or portion of the structure in
30 which he or she resides. For purposes of this subsection, a residence
31 owned by a marital community or state registered domestic partnership
32 or owned by cotenants is deemed to be owned by each spouse or each
33 domestic partner or each cotenant, and any lease for life is deemed a
34 life estate;

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

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

1 (ii) A veteran of the armed forces of the United States entitled
2 to and receiving compensation from the United States department of
3 veterans affairs at:

4 (A) A combined service-connected evaluation rating of eighty
5 percent or higher; or

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

8 (b) However, any surviving spouse or surviving domestic partner
9 of a person who was receiving an exemption at the time of the
10 person's death will qualify if the surviving spouse or surviving
11 domestic partner is fifty-seven years of age or older and otherwise
12 meets the requirements of this section;

13 (4) The amount that the person is exempt from an obligation to
14 pay is calculated on the basis of combined disposable income, as
15 defined in RCW 84.36.383. If the person claiming the exemption was
16 retired for two months or more of the assessment year, the combined
17 disposable income of such person must be calculated by multiplying
18 the average monthly combined disposable income of such person during
19 the months such person was retired by twelve. If the income of the
20 person claiming exemption is reduced for two or more months of the
21 assessment year by reason of the death of the person's spouse or the
22 person's domestic partner, or when other substantial changes occur in
23 disposable income that are likely to continue for an indefinite
24 period of time, the combined disposable income of such person must be
25 calculated by multiplying the average monthly combined disposable
26 income of such person after such occurrences by twelve. If it is
27 necessary to estimate income to comply with this subsection, the
28 assessor may require confirming documentation of such income prior to
29 May 31 of the year following application;

30 (5) (a) A person who otherwise qualifies under this section and
31 has a combined disposable income equal (~~(+to+)~~) to or less than
32 income threshold 3 is exempt from all excess property taxes, 25
33 percent of the state property tax imposed under RCW 84.52.065(1), the
34 additional state property tax imposed under RCW 84.52.065(2), and the
35 portion of the regular property taxes authorized pursuant to RCW
36 84.55.050 and approved by the voters, if the legislative authority of
37 the county or city imposing the additional regular property taxes
38 identified this exemption in the ordinance placing the RCW 84.55.050
39 measure on the ballot; and

1 (b) (i) A person who otherwise qualifies under this section and
2 has a combined disposable income equal to or less than income
3 threshold 2 but greater than income threshold 1 is exempt from all
4 regular property taxes on the greater of fifty thousand dollars or
5 thirty-five percent of the valuation of his or her residence, but not
6 to exceed seventy thousand dollars of the valuation of his or her
7 residence; or

8 (ii) A person who otherwise qualifies under this section and has
9 a combined disposable income equal to or less than income threshold 1
10 is exempt from all regular property taxes on the greater of sixty
11 thousand dollars or sixty percent of the valuation of his or her
12 residence;

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

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

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

37 NEW SECTION. **Sec. 5.** RCW 84.55.0101 (Limit factor—Authorization
38 for taxing district to use one hundred one percent or less—Ordinance

1 or resolution) and 2007 sp.s. c 1 s 2 & 1997 c 3 s 204 are each
2 repealed.

3 NEW SECTION. **Sec. 6.** This act applies to taxes levied for
4 collection in 2024 and thereafter.

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