
Finance Committee

SSB 6343

Brief Description: Providing tax relief to Washington residents impacted by the atmospheric river and winter weather event.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Orwall, Conway, Kauffman, Lovelett, Nobles, Shewmake, Slatter, Wellman and Wilson, C.).

<p style="text-align: center;">Brief Summary of Substitute Bill</p> <ul style="list-style-type: none">• Extends the application deadline for the property tax exemption for physical improvements made to a single-family dwelling damaged by a natural disaster.
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Hearing Date: 2/26/26

Staff: Kristina King (786-7190).

Background:

Property Tax—Regular Levies.

All real and personal property is subject to a tax each year based on the highest and best use, unless a specific exemption is provided by law. The annual growth of all regular property tax levy revenue is limited as follows:

- For jurisdictions with a population of less than 10,000, revenue growth is limited to 1 percent.
- For jurisdictions with a population of 10,000 or more, revenue growth is limited to the lesser of inflation or 1 percent plus the value of new construction.

An additional amount is added on based on the increase in assessed value in a district from:

- new construction;

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- construction of wind turbine, solar, biomass, and geothermal facilities;
- improvements to property;
- state-assessed property; and
- real property within a local tax increment finance area designated by a local government, excluding the state school levies or ports and public utility district bond levies.

The state collects two regular property tax levies for common schools. The revenue growth limit applies to both levies. Participants in the senior citizens, individuals with disabilities, and qualifying veterans property tax exemption program receive a partial exemption from the original state levy and a full exemption from the additional state levy.

The Washington Constitution also limits regular levies to a maximum of 1 percent of the property's value, or \$10 per \$1,000 of assessed value. There are individual district rate maximums and aggregate rate maximums to keep the total tax rate for regular property taxes within the constitutional limit. For example:

- The state levy rate is limited to \$3.60 per \$1,000 of assessed value.
- County general levies are limited to \$1.80 per \$1,000 of assessed value.
- County road levies are limited to \$2.25 per \$1,000 of assessed value.
- City levies are limited to \$3.375 per \$1,000 of assessed value.

For property tax purposes, the state, counties, and cities are collectively referred to as senior taxing districts. Junior taxing districts—a term that includes fire, hospital, flood control zone, and most other special purpose districts—each have specific rate limits as well.

Destroyed Property Tax Relief.

A reduction in assessed value or an abatement of property taxes, or both, is provided for any real or personal property improvement that loses value due to involuntary destruction or due to the impact of a natural disaster. For involuntary destruction, the property must be placed on the assessment roll as of January 1 of the year in which the property is destroyed in whole or in part.

For natural disaster relief, the property tax exemption is for physical improvements made to a single-family dwelling due to a natural disaster and is for three years following completion of the improvements. Additionally, the dwelling must be:

- located in an area that has been declared a disaster area by the Governor or the county legislative authority;
- reduced in value by more than 20 percent due to a natural disaster that occurred on or after August 31, 2020; and
- held by the same people who owned the property at the time it was reduced in value due to a natural disaster, or their relatives.

The amount of the exemption is determined by deducting the value of the property after it was damaged from the value of the property before it was damaged. To obtain the exemption, a taxpayer must file an application with the county assessor before beginning construction of the improvement. If a taxpayer began construction before the effective date of this act, then the

taxpayer may apply for the exemption by October 1, 2021. County assessors may not approve any application for exemption received after June 30, 2026.

December 2025 Atmospheric River and Winter Weather Event.

On December 10, 2025, the Governor declared a statewide emergency in response to an atmospheric river and winter weather event that caused damage to homes, businesses, and major roadways in Washington. On December 12, 2025, the President approved an expedited emergency declaration authorizing federal assistance for emergency protective measures in numerous areas of the state. The following areas were designated as adversely affected by the declared emergency: Benton, Chelan, Clallam, Grays Harbor, Jefferson, King, Kittitas, Lewis, Mason, Pierce, Skagit, Snohomish, Thurston, Wahkiakum, Whatcom, and Yakima Counties; the Samish Indian Nation; and all Tribal Nations within the specified jurisdictions.

Tax Preference Performance Statement.

Tax preferences confer reduced tax liability upon a designated class of taxpayers. These include tax exclusions, deductions, exemptions, preferential tax rates, deferrals, and credits. There are over 700 tax preferences. Legislation that establishes or expands a tax preference must include a tax preference performance statement (TPPS) that identifies the public policy objective of the preference, as well as specific metrics that the Joint Legislative Audit and Review Committee (JLARC) can use to evaluate the effectiveness of the preference. All new tax preferences automatically expire after 10 years unless an alternative expiration date is provided.

Summary of Bill:

Applications for the property tax exemption for physical improvements made to a single-family dwelling damaged by a natural disaster may be accepted until June 30, 2031. If a taxpayer initiates construction of physical improvements to a single-family dwelling due to a natural disaster that occurred on or after December 1, 2025, before the effective date of the act, then the taxpayer may apply for the exemption by October 1, 2026. The exemption applies to taxes levied for collection in 2027 and thereafter.

An exemption from a TPPS, JLARC review, and the 10-year expiration is included.

Appropriation: None.

Fiscal Note: Requested on February 13, 2026.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.