

# SENATE BILL REPORT

## SB 6343

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As of February 5, 2026

**Title:** An act relating to providing tax relief to Washington residents impacted by the atmospheric river and winter weather event.

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

**Sponsors:** Senators Orwall, Conway, Kauffman, Lovelett, Nobles, Shewmake, Slatter, Wellman and Wilson, C..

**Brief History:**

**Committee Activity:** Ways & Means: 2/05/26.

**Brief Summary of Bill**

- Extends the application deadline for the property tax exemption for physical improvements made to a single-family dwelling damaged by a natural disaster from June 30, 2026, to June 30, 2031.
- Creates a retail sales and use tax exemption in the form of a remittance for qualifying repairs to real property damaged as a result of a natural disaster.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Alia Kennedy (786-7405)

**Background:** Property Tax. All real and personal property in the state is subject to property tax each year based on its value, unless a specific exemption is provided by law. The Washington State Constitution limits regular property tax levies to a maximum of 1 percent of the property's value. Excess levies are not subject to this constitutional limit and require voter approval. There are statutory rate maximums for individual taxing districts

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and aggregate rate maximums to keep the total tax rate of regular property taxes within the constitutional limit.

All regular levies, except the state levies, are subject to a statutory revenue growth limit. If the taxing authority has a population of 10,000 or more, the revenue growth limit is the lesser of inflation, or 1 percent plus the valuation of new construction. If the taxing authority has a population of less than 10,000, the revenue growth limit is 1 percent plus the value of new construction.

*Destroyed Property.* Any real or personal property that has been destroyed in whole or part and has been reduced in value by more than 20 percent may be eligible for a property assessment reduction or abatement of property taxes, or both.

*Natural Disaster Property Tax Exemption.* In 2021, the Legislature established a property tax exemption for physical improvements made to a single-family dwelling damaged by a natural disaster. The exemption is for three years following completion of the improvements. To qualify for the exemption, 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 as a result of 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 as a result of a natural disaster, or their relatives.

An area that has been declared a disaster area by the Governor includes areas within the scope of the Governor's request to the President of the United States for a major disaster declaration.

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. The proclamation allowed state resources, including the National Guard, to support recovery efforts and enabled requests for federal assistance. 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.

Retail Sales and Use Tax. Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and all cities levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent. Local sales and use tax rates vary from 0.5 percent to 4.1 percent, depending on the location.

Tax Preference Performance Review and Expiration. State law provides a range of tax preferences that confer reduced tax liability upon a designated class of taxpayer. Tax preferences include tax exclusions, deductions, exemptions, preferential tax rates, deferrals, and credits. All new tax preference legislation is required to include a tax preference performance statement. The performance statement must clearly specify the public policy objectives of the tax preference and the specific metrics and data that will be used by the Joint Legislative Audit and Review Committee to evaluate the efficacy of the tax preference. An automatic ten-year expiration date is applied to new tax preferences if an alternative expiration date is not provided in the legislation.

**Summary of Bill:** Natural Disaster Property Tax Exemption. 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 has, before the effective date of this act, initiated construction of physical improvements to a single-family dwelling as a result of natural disaster that occurred on or after December 1, 2025, then the taxpayer may apply for the exemption by October 1, 2026.

Retail Sales and Use Tax Exemption for Eligible Flood Restoration Projects. A retail sales and use tax exemption is created for materials incorporated into, and labor and services rendered in respect to, an eligible flood restoration project. The exemption is in the form of a remittance of state and local retail sales and use taxes.

A qualifying purchaser may apply for a remittance to the Department of Revenue (DOR) on a quarterly basis. The application must specify the amount of exempted taxes and the qualifying purchases for which the exemption is claimed. A qualifying purchaser may not apply for more than one remittance per calendar quarter.

DOR must determine eligibility based on information provided by the qualifying purchaser and through audit and other administrative records. The qualifying purchaser must retain, in adequate detail, documentation that provides proof of taxes paid, including construction

invoices and other documents. DOR must on quarterly basis remit exempted taxes to persons whose applications were approved during the previous quarter.

"Eligible flood restoration project" means the restoration, repair, or replacement of real property damaged as a result of a natural disaster and located within a designated area of a major disaster declaration by the federal government.

"Natural disaster" means an extreme weather event that is within the scope of a major disaster declaration by the federal government.

"Qualifying purchaser" means a person who is the legal or beneficial owner of the real property at the time it was damaged by a natural disaster, or their relatives.

The exemption expires July 1, 2031.

Tax Preference Performance Review and Expiration. The act is exempt from tax preference performance review and automatic expiration.

**Appropriation:** None.

**Fiscal Note:** Requested on January 30, 2026.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** The bill contains several effective dates. Please refer to the bill.