
SUBSTITUTE SENATE BILL 5798

State of Washington

69th Legislature

2025 Regular Session

By Senate Ways & Means (originally sponsored by Senators Pedersen, Riccelli, Alvarado, Bateman, Frame, Nobles, Valdez, and Wellman)

READ FIRST TIME 04/19/25.

1 AN ACT Relating to property tax reform by providing additional
2 property tax reductions under the senior citizen property tax relief
3 program, consolidating the state property tax, and making the use of
4 state property tax revenues more transparent; amending RCW 84.36.381,
5 84.36.383, 84.38.020, 84.56.020, 84.52.065, and 84.36.630; and
6 creating new sections.

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

8 **PART I**
9 **EXPANDING THE PROPERTY TAX RELIEF PROGRAM FOR RETIRED PERSONS**

10 **Sec. 101.** RCW 84.36.381 and 2023 c 147 s 1 are each amended to
11 read as follows:

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

16 (1)(a) The property taxes must have been imposed upon a residence
17 which was occupied by the person claiming the exemption as a
18 principal place of residence as of the time of filing. However, any
19 person who sells, transfers, or is displaced from his or her
20 residence may transfer his or her exemption status to a replacement

1 residence, but no claimant may receive an exemption on more than one
2 residence in any year. Moreover, confinement of the person to a
3 hospital, nursing home, assisted living facility, adult family home,
4 or home of a relative for the purpose of long-term care does not
5 disqualify the claim of exemption if:

6 (i) The residence is temporarily unoccupied;

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

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

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

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

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

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

29 (ii) A veteran of the armed forces of the United States entitled
30 to and receiving compensation from the United States department of
31 veterans affairs at:

32 (A) A combined service-connected evaluation rating of 80 percent
33 or higher; or

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

36 (b) However, any surviving spouse or surviving domestic partner
37 of a person who was receiving an exemption at the time of the
38 person's death will qualify if the surviving spouse or surviving
39 domestic partner is 57 years of age or older and otherwise meets the
40 requirements of this section;

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

4 (b) If the person claiming the exemption was retired for two
5 months or more of the assessment year, the combined disposable income
6 of such person must be calculated by multiplying the average monthly
7 combined disposable income of such person during the months such
8 person was retired by 12.

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

17 (d) (i) If the income of the person claiming the exemption
18 increases as a result of a cost-of-living adjustment to social
19 security benefits or supplemental security income in an amount that
20 would disqualify the applicant from eligibility, the applicant is not
21 disqualified but instead maintains eligibility.

22 (ii) The continued eligibility under this subsection applies to
23 applications for property taxes levied for collection in calendar
24 year 2024.

25 (e) If it is necessary to estimate income to comply with this
26 subsection (4), the assessor may require confirming documentation of
27 such income prior to May 31st of the year following application;

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

37 (b) (i) A person who otherwise qualifies under this section and
38 has a combined disposable income equal to or less than income
39 threshold 2 but greater than income threshold 1 is exempt from all
40 regular property taxes on the greater of ~~((\$50,000))~~ \$70,000 or

1 ((35)) 45 percent of the valuation of his or her residence, but not
2 to exceed ((~~\$70,000~~) \$200,000 of the valuation of his or her
3 residence; or

4 (ii) A person who otherwise qualifies under this section and has
5 a combined disposable income equal to or less than income threshold 1
6 is exempt from all regular property taxes on the greater of
7 ((~~\$60,000~~) \$80,000 or ((~~60~~) 80 percent of the valuation of his or
8 her residence, but not to exceed \$500,000 of the valuation of his or
9 her residence;

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

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

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

33 **Sec. 102.** RCW 84.36.383 and 2024 c 119 s 1 are each amended to
34 read as follows:

35 As used in RCW 84.36.381 through 84.36.389, unless the context
36 clearly requires otherwise:

37 (1) "Accessory dwelling unit" means a separate, autonomous
38 residential dwelling unit that provides complete independent living

1 facilities for one or more persons and includes permanent provisions
2 for living, sleeping, eating, cooking, and sanitation.

3 (2) "Combined disposable income" means the disposable income of
4 the person claiming the exemption, plus the disposable income of his
5 or her spouse or domestic partner, and the disposable income of each
6 cotenant occupying the residence for the assessment year, less the
7 standard deduction amount or amounts paid by the person claiming the
8 exemption or his or her spouse or domestic partner during the
9 assessment year for the items in this subsection (2). In determining
10 combined disposable income, the person claiming the exemption may
11 choose to use the standard deduction amount or the total itemized
12 amount of the following items:

13 (a) Drugs supplied by prescription of a medical practitioner
14 authorized by the laws of this state or another jurisdiction to issue
15 prescriptions;

16 (b) The treatment or care of either person received in the home
17 or in a nursing home, assisted living facility, or adult family home;

18 (c) Health care insurance premiums for medicare under Title XVIII
19 of the social security act;

20 (d) Costs related to medicare supplemental policies as defined in
21 Title 42 U.S.C. Sec. 1395ss;

22 (e) Durable medical equipment, mobility enhancing equipment,
23 medically prescribed oxygen, and prosthetic devices as defined in RCW
24 82.08.0283;

25 (f) Long-term care insurance as defined in RCW 48.84.020;

26 (g) Cost-sharing amounts as defined in RCW 48.43.005;

27 (h) Nebulizers as defined in RCW 82.08.803;

28 (i) Medicines of mineral, animal, and botanical origin
29 prescribed, administered, dispensed, or used in the treatment of an
30 individual by a person licensed under chapter 18.36A RCW;

31 (j) Ostomic items as defined in RCW 82.08.804;

32 (k) Insulin for human use;

33 (l) Kidney dialysis devices; and

34 (m) Disposable devices used to deliver drugs for human use as
35 defined in RCW 82.08.935.

36 (3) "Cotenant" means a person who resides with the person
37 claiming the exemption and who has an ownership interest in the
38 residence.

39 (4) "County median household income" means the median household
40 income estimates for the state of Washington by county of the legal

1 address of the principal place of residence, as published by the
2 office of financial management.

3 (5) "Department" means the state department of revenue.

4 (6) "Disability" has the same meaning as provided in 42 U.S.C.
5 Sec. 423(d)(1)(A) as amended prior to January 1, 2005, or such
6 subsequent date as the department may provide by rule consistent with
7 the purpose of this section.

8 (7) "Disposable income" means adjusted gross income as defined in
9 the federal internal revenue code, as amended prior to January 1,
10 1989, or such subsequent date as the director may provide by rule
11 consistent with the purpose of this section, plus all of the
12 following items to the extent they are not included in or have been
13 deducted from adjusted gross income:

14 (a) Capital gains, other than gain excluded from income under
15 section 121 of the federal internal revenue code to the extent it is
16 reinvested in a new principal residence;

17 (b) Amounts deducted for loss;

18 (c) Amounts deducted for depreciation;

19 (d) Pension and annuity receipts;

20 (e) Military pay and benefits other than attendant-care and
21 medical-aid payments;

22 (f) Veterans benefits, other than:

23 (i) Attendant-care payments;

24 (ii) Medical-aid payments;

25 (iii) Disability compensation, as defined in Title 38, part 3,
26 section 3.4 of the Code of Federal Regulations, as of January 1,
27 2008; ~~(and)~~

28 (iv) Dependency and indemnity compensation, as defined in Title
29 38, part 3, section 3.5 of the Code of Federal Regulations, as of
30 January 1, 2008; and

31 (v) Combat-related special compensation under 10 U.S.C. Sec.
32 1413a;

33 (g) Federal social security act and railroad retirement benefits;

34 (h) Dividend receipts; and

35 (i) Interest received on state and municipal bonds.

36 (8) "Income threshold 1" means:

37 (a) For taxes levied for collection in calendar years prior to
38 2020, a combined disposable income equal to \$30,000;

39 (b) For taxes levied for collection in calendar years 2020
40 through 2023, a combined disposable income equal to the greater of

1 "income threshold 1" for the previous year or 45 percent of the
2 county median household income; (~~and~~)

3 (c) For taxes levied for collection in calendar years 2024 (~~and~~
4 ~~thereafter~~) through 2026, a combined disposable income equal to the
5 greater of "income threshold 1" for the previous year or 50 percent
6 of the county median household income(~~(, adjusted every three years~~
7 ~~beginning August 1, 2023, as provided in RCW 84.36.385(8))~~); and

8 (d) For taxes levied for collection in calendar years 2027 and
9 thereafter, a combined disposable income equal to the greater of
10 "income threshold 1" for the previous year or 60 percent of the
11 county median household income, adjusted every three years beginning
12 August 1, 2023, as provided in RCW 84.36.385(8).

13 (9) "Income threshold 2" means:

14 (a) For taxes levied for collection in calendar years prior to
15 2020, a combined disposable income equal to \$35,000;

16 (b) For taxes levied for collection in calendar years 2020
17 through 2023, a combined disposable income equal to the greater of
18 "income threshold 2" for the previous year or 55 percent of the
19 county median household income; (~~and~~)

20 (c) For taxes levied for collection in calendar years 2024 (~~and~~
21 ~~thereafter~~) through 2026, a combined disposable income equal to the
22 greater of "income threshold 2" for the previous year or 60 percent
23 of the county median household income(~~(, adjusted every three years~~
24 ~~beginning August 1, 2023, as provided in RCW 84.36.385(8))~~); and

25 (d) For taxes levied for collection in calendar years 2027 and
26 thereafter, a combined disposable income equal to the greater of
27 "income threshold 2" for the previous year or 70 percent of the
28 county median household income, adjusted every three years beginning
29 August 1, 2023, as provided in RCW 84.36.385(8).

30 (10) "Income threshold 3" means:

31 (a) For taxes levied for collection in calendar years prior to
32 2020, a combined disposable income equal to \$40,000;

33 (b) For taxes levied for collection in calendar years 2020
34 through 2023, a combined disposable income equal to the greater of
35 "income threshold 3" for the previous year or 65 percent of the
36 county median household income; (~~and~~)

37 (c) For taxes levied for collection in calendar years 2024 (~~and~~
38 ~~thereafter~~) through 2026, a combined disposable income equal to the
39 greater of "income threshold 3" for the previous year or 70 percent

1 of the county median household income (~~(, adjusted every three years~~
2 ~~beginning August 1, 2023, as provided in RCW 84.36.385(8))~~); and

3 (d) For taxes levied for collection in calendar years 2027 and
4 thereafter, a combined disposable income equal to the greater of
5 "income threshold 3" for the previous year or 80 percent of the
6 county median household income, adjusted every three years beginning
7 August 1, 2023, as provided in RCW 84.36.385(8).

8 (11) "Principal place of residence" means a residence occupied
9 for more than six months each calendar year by a person claiming an
10 exemption under RCW 84.36.381.

11 (12) The term "real property" also includes a mobile home which
12 has substantially lost its identity as a mobile unit by virtue of its
13 being fixed in location upon land owned or leased by the owner of the
14 mobile home and placed on a foundation (posts or blocks) with fixed
15 pipe, connections with sewer, water, or other utilities. A mobile
16 home located on land leased by the owner of the mobile home is
17 subject, for tax billing, payment, and collection purposes, only to
18 the personal property provisions of chapter 84.56 RCW and RCW
19 84.60.040.

20 (13) The term "residence" means a single-family dwelling unit
21 whether such unit be separate or part of a multiunit dwelling, may
22 include one accessory dwelling unit and includes the land on which
23 such dwellings stand not to exceed one acre, except that a residence
24 includes any additional property up to a total of five acres that
25 comprises the residential parcel if this larger parcel size is
26 required under land use regulations. The term also includes a share
27 ownership in a cooperative housing association, corporation, or
28 partnership if the person claiming exemption can establish that his
29 or her share represents the specific unit or portion of such
30 structure in which he or she resides. The term also includes a
31 single-family dwelling situated upon lands the fee of which is vested
32 in the United States or any instrumentality thereof including an
33 Indian tribe or in the state of Washington, and notwithstanding the
34 provisions of RCW 84.04.080 and 84.04.090, such a residence is deemed
35 real property.

36 (14) "Standard deduction amount" means \$7,500 for the person
37 claiming the exemption plus an additional \$7,500 for the person's
38 spouse or domestic partner.

1 **Sec. 103.** RCW 84.38.020 and 2023 c 147 s 4 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) (a) "Claimant" means a person who either elects or is required
6 under RCW 84.64.050 to defer payment of the special assessments
7 and/or real property taxes accrued on the claimant's residence by
8 filing a declaration to defer as provided by this chapter.

9 (b) When two or more individuals of a household file or seek to
10 file a declaration to defer, they may determine between them as to
11 who the claimant is.

12 (2) "Devisee" has the same meaning as provided in RCW 21.35.005.

13 (3) "Equity value" means the amount by which the fair market
14 value of a residence as determined from the records of the county
15 assessor exceeds the total amount of any liens or other obligations
16 against the property.

17 (4) "Heir" has the same meaning as provided in RCW 21.35.005.

18 (5) "Income threshold" means: (a) For taxes levied for collection
19 in calendar years prior to 2020, a combined disposable income equal
20 to \$45,000; ~~((and))~~ (b) for taxes levied for collection in calendar
21 year 2020 ~~((and thereafter))~~ through 2026, a combined disposable
22 income equal to the greater of the income threshold for the previous
23 year, or 75 percent of the county median household income; and (c)
24 for taxes levied for collection in calendar year 2027 and thereafter,
25 a combined disposable income equal to the greater of the income
26 threshold for the previous year, or 90 percent of the county median
27 household income, adjusted every three years beginning August 1,
28 2023, as provided in RCW 84.36.385(8). Beginning with the adjustment
29 made by August 1, 2023, as provided in RCW 84.36.385(8), if the
30 income threshold in a county is not adjusted based on percentage of
31 county median income as provided in this subsection, then the income
32 threshold must be adjusted based on the growth of the consumer price
33 index for all urban consumers (CPI-U) for the prior ~~((twelve))~~ 12-
34 month period as published by the United States bureau of labor
35 statistics. In no case may the adjustment be greater than one
36 percent. The adjusted threshold must be rounded to the nearest one
37 dollar. If the income threshold adjustment is negative, the income
38 threshold for the prior year continues to apply.

39 (6) "Local government" means any city, town, county, water-sewer
40 district, public utility district, port district, irrigation

1 district, flood control district, or any other municipal corporation,
2 quasi-municipal corporation, or other political subdivision
3 authorized to levy special assessments.

4 (7) "Real property taxes" means ad valorem property taxes levied
5 on a residence in this state in the preceding calendar year.

6 (8) "Residence" has the meaning given in RCW 84.36.383.

7 (9) "Special assessment" means the charge or obligation imposed
8 by a local government upon property specially benefited.

9 **PART II**

10 **REQUIRING PROPERTY TAX STATEMENTS TO LIST THE STATE PROPERTY TAX AS**
11 **THE STATE SCHOOL LEVY**

12 **Sec. 201.** RCW 84.56.020 and 2023 c 376 s 1 are each amended to
13 read as follows:

14 **Treasurers' tax collection duties.**

15 (1) The county treasurer must be the receiver and collector of
16 all taxes extended upon the tax rolls of the county, whether levied
17 for state, county, school, bridge, road, municipal or other purposes,
18 and also of all fines, forfeitures or penalties received by any
19 person or officer for the use of his or her county. No treasurer may
20 accept tax payments or issue receipts for the same until the
21 treasurer has completed the tax roll for the current year's
22 collection and provided notification of the completion of the roll.
23 Notification may be accomplished electronically, by posting a notice
24 in the office, or through other written communication as determined
25 by the treasurer. All real and personal property taxes and
26 assessments made payable by the provisions of this title are due and
27 payable to the county treasurer on or before the 30th day of April
28 and, except as provided in this section, are delinquent after that
29 date.

30 **Tax statements.**

31 (2) (a) Tax statements for the current year's collection must be
32 distributed to each taxpayer on or before March 15th provided that:

33 (i) All city and other taxing district budgets have been
34 submitted to county legislative authorities by November 30th per RCW
35 84.52.020;

36 (ii) The county legislative authority in turn has certified taxes
37 levied to the county assessor in accordance with RCW 84.52.070; and

1 (iii) The county assessor has delivered the tax roll to the
2 county treasurer by January 15th per RCW 84.52.080.

3 (b) Each tax statement must include a notice that checks for
4 payment of taxes may be made payable to "Treasurer of
5 County" or other appropriate office, but tax statements may not
6 include any suggestion that checks may be made payable to the name of
7 the individual holding the office of treasurer nor any other
8 individual.

9 (c) Each tax statement distributed to an address must include a
10 notice with information describing the:

11 (i) Property tax exemption program pursuant to RCW 84.36.379
12 through 84.36.389; and

13 (ii) Property tax deferral program pursuant to chapter 84.38 RCW.

14 (d) Each tax statement must identify the state property tax as
15 the "state school levy."

16 **Tax payment due dates.**

17 **On-time tax payments: First-half taxes paid by April 30th and**
18 **second-half taxes paid by October 31st.**

19 (3)(a) When the total amount of tax or special assessments on
20 personal property or on any lot, block or tract of real property
21 payable by one person is \$50 or more, and if one-half of such tax is
22 paid on or before the 30th day of April, the remainder of such tax is
23 due and payable on or before the following 31st day of October and is
24 delinquent after that date.

25 (b) Payments generated by an automated check processing service
26 or payments sent via United States mail with no discernable postmark
27 date and received within three business days of the 30th day of April
28 or the 31st day of October, as required under (a) of this subsection,
29 are not delinquent.

30 **Delinquent tax payments for current year: First-half taxes paid**
31 **after April 30th.**

32 (4)(a) When the total amount of tax or special assessments on any
33 lot, block or tract of real property, personal property, or on any
34 mobile home payable by one person is \$50 or more, and if one-half of
35 such tax is paid after the 30th day of April but before the 31st day
36 of October, together with the applicable interest and penalty on the
37 full amount of tax payable for that year, the remainder of such tax
38 is due and payable on or before the following 31st day of October and
39 is delinquent after that date.

1 (b) Payments generated by an automated check processing service
2 or payments sent via United States mail with no discernable postmark
3 date and received within three business days of the 30th day of April
4 or the 31st day of October, as required under (a) of this subsection,
5 are not delinquent.

6 **Delinquent tax payments: Interest, penalties, and treasurer**
7 **duties.**

8 (5)(a) Except as provided in (c) of this subsection, delinquent
9 taxes under this section are subject to interest as provided in this
10 subsection computed on a monthly basis on the amount of tax
11 delinquent from the date of delinquency until paid. Interest must be
12 calculated at the rate as described below.

13 (i) Until December 31, 2022, the interest rate is 12 percent per
14 annum for all nonresidential real property, residential real
15 property, and personal property.

16 (ii) Beginning January 1, 2023, interest rates are as follows:

17 (A) Nine percent per annum for all residential real property with
18 four or fewer units per taxable parcel, including manufactured/mobile
19 homes as defined in RCW 59.20.030 for taxes levied in 2023 or after;
20 or

21 (B) Twelve percent per annum for all other property.

22 (b)(i) Penalties on delinquent taxes under this section may not
23 be assessed beginning January 1, 2022, and through December 31, 2022.

24 (ii) Beginning January 1, 2023, delinquent taxes under this
25 section are subject to penalties for nonresidential real property,
26 residential real property with greater than four units per taxable
27 parcel, and for personal property as follows:

28 (A) A penalty of three percent of the amount of tax delinquent is
29 assessed on the tax delinquent on June 1st of the year in which the
30 tax is due.

31 (B) An additional penalty of eight percent is assessed on the
32 delinquent tax amount on December 1st of the year in which the tax is
33 due.

34 (iii) Penalties may not be assessed on residential real property
35 with four or fewer units per taxable parcel, including manufactured/
36 mobile homes as defined in RCW 59.20.030.

37 (c)(i) If a taxpayer is successfully participating in a payment
38 agreement under subsection (15)(b) of this section or a partial
39 payment program pursuant to subsection (15)(c) of this section, the
40 county treasurer may not assess additional penalties on delinquent

1 taxes that are included within the payment agreement. Interest and
2 penalties that have been assessed prior to the payment agreement
3 remain due and payable as provided in the payment agreement.

4 (ii) The following remain due and payable as provided in any
5 payment agreement:

6 (A) Interest that has been assessed prior to the payment
7 agreement; and

8 (B) Penalties assessed prior to January 1, 2022, that have been
9 assessed prior to the payment agreement.

10 (6) A county treasurer must provide notification to each taxpayer
11 whose taxes have become delinquent under subsections (4) and (5) of
12 this section. The delinquency notice must specify where the taxpayer
13 can obtain information regarding:

14 (a) Any current tax or special assessments due as of the date of
15 the notice;

16 (b) Any delinquent tax or special assessments due, including any
17 penalties and interest, as of the date of the notice; and

18 (c) Where the taxpayer can pay his or her property taxes directly
19 and contact information, including but not limited to the phone
20 number, for the statewide foreclosure hotline recommended by the
21 Washington state housing finance commission.

22 (7) Within 90 days after the expiration of two years from the
23 date of delinquency (when a taxpayer's taxes have become delinquent),
24 the county treasurer must provide the name and property address of
25 the delinquent taxpayer to a homeownership resource center or any
26 other designated local or state entity recommended by the Washington
27 state housing finance commission.

28 **Collection of foreclosure costs.**

29 (8) (a) When real property taxes become delinquent and prior to
30 the filing of the certificate of delinquency, the treasurer is
31 authorized to assess and collect tax foreclosure avoidance costs.

32 (b) When tax foreclosure avoidance costs are collected, such
33 costs must be credited to the county treasurer service fund account,
34 except as otherwise directed.

35 (c) For purposes of chapter 84.64 RCW, any taxes, interest, or
36 penalties deemed delinquent under this section remain delinquent
37 until such time as all taxes, interest, and penalties for the tax
38 year in which the taxes were first due and payable have been paid in
39 full.

40 **Periods of armed conflict.**

1 (9) Subsection (5) of this section notwithstanding, no interest
2 or penalties may be assessed during any period of armed conflict
3 regarding delinquent taxes imposed on the personal residences owned
4 by active duty military personnel who are participating as part of
5 one of the branches of the military involved in the conflict and
6 assigned to a duty station outside the territorial boundaries of the
7 United States.

8 **State of emergency.**

9 (10) During a state of emergency declared under RCW
10 43.06.010(12), the county treasurer, on his or her own motion or at
11 the request of any taxpayer affected by the emergency, may grant
12 extensions of the due date of any taxes payable under this section as
13 the treasurer deems proper.

14 **Retention of funds from interest.**

15 (11) All collections of interest on delinquent taxes must be
16 credited to the county current expense fund.

17 (12) For purposes of this chapter, "interest" means both interest
18 and penalties.

19 **Retention of funds from property foreclosures and sales.**

20 (13) The direct cost of foreclosure and sale of real property,
21 and the direct fees and costs of distraint and sale of personal
22 property, for delinquent taxes, must, when collected, be credited to
23 the operation and maintenance fund of the county treasurer
24 prosecuting the foreclosure or distraint or sale; and must be used by
25 the county treasurer as a revolving fund to defray the cost of
26 further foreclosure, distraint, and sale because of delinquent taxes
27 without regard to budget limitations and not subject to indirect
28 costs of other charges.

29 **Tax due dates and options for tax payment collections.**

30 **Electronic billings and payments.**

31 (14) For purposes of this chapter, and in accordance with this
32 section and RCW 36.29.190, the treasurer may collect taxes,
33 assessments, fees, rates, interest, and charges by electronic billing
34 and payment. Electronic billing and payment may be used as an option
35 by the taxpayer, but the treasurer may not require the use of
36 electronic billing and payment. Electronic bill presentment and
37 payment may be on a monthly or other periodic basis as the treasurer
38 deems proper for:

- 39 (a) Delinquent tax year payments; and
40 (b) Prepayments of current tax.

1 **Tax payments.**

2 **Prepayment for current taxes.**

3 (15)(a) The treasurer may accept prepayments for current year
4 taxes by any means authorized. All prepayments must be paid in full
5 by the due date specified in subsection (16) of this section.

6 **Payment agreements for current year taxes.**

7 (b)(i) The treasurer may provide, by electronic means or
8 otherwise, a payment agreement that provides for payment of current
9 year taxes, inclusive of prepayment collection charges. The payment
10 agreement must be signed by the taxpayer and treasurer or the
11 treasurer's deputy prior to the sending of an electronic or
12 alternative bill, which includes a payment plan for current year
13 taxes.

14 **Payment agreements for delinquent year taxes.**

15 (ii)(A) The treasurer may provide, by electronic means or
16 otherwise, a payment agreement for payment of past due delinquencies.
17 The payment agreement must be signed by the taxpayer and treasurer or
18 the treasurer's deputy prior to the sending of an electronic or
19 alternative bill, which includes a payment plan for past due
20 delinquent taxes and charges.

21 (B) Tax payments received by a treasurer for delinquent year
22 taxes from a taxpayer participating on a payment agreement must be
23 applied first to the oldest delinquent year unless such taxpayer
24 requests otherwise.

25 **Partial payments: Acceptance of partial payments for current and**
26 **delinquent taxes.**

27 (c)(i) In addition to the payment agreement program in (b) of
28 this subsection, the treasurer may accept partial payment of any
29 current and delinquent taxes including interest and penalties by any
30 means authorized including electronic bill presentment and payments.

31 (ii) All tax payments received by a treasurer for delinquent year
32 taxes from a taxpayer paying a partial payment must be applied first
33 to the oldest delinquent year unless such taxpayer requests
34 otherwise.

35 **Payment for delinquent taxes.**

36 (d) Payments on past due taxes must include collection of the
37 oldest delinquent year, which includes interest, penalties, and taxes
38 within an ((eighteen)) 18-month period, prior to filing a certificate
39 of delinquency under chapter 84.64 RCW or distraint pursuant to RCW
40 84.56.070.

1 **Due date for tax payments.**

2 (16) All taxes upon real and personal property made payable by
3 the provisions of this title are due and payable to the treasurer on
4 or before the 30th day of April and are delinquent after that date.
5 The remainder of the tax is due and payable on or before the
6 following 31st of October and is delinquent after that date. All
7 other assessments, fees, rates, and charges are delinquent after the
8 due date.

9 **Electronic funds transfers.**

10 (17) A county treasurer may authorize payment of:

11 (a) Any current property taxes due under this chapter by
12 electronic funds transfers on a monthly or other periodic basis; and

13 (b) Any past due property taxes, penalties, and interest under
14 this chapter by electronic funds transfers on a monthly or other
15 periodic basis. Delinquent taxes are subject to interest and
16 penalties, as provided in subsection (5) of this section. All tax
17 payments received by a treasurer from a taxpayer paying delinquent
18 year taxes must be applied first to the oldest delinquent year unless
19 such taxpayer requests otherwise.

20 **Payment for administering prepayment collections.**

21 (18) The treasurer must pay any collection costs, investment
22 earnings, or both on past due payments or prepayments to the credit
23 of a county treasurer service fund account to be created and used
24 only for the payment of expenses incurred by the treasurer, without
25 limitation, in administering the system for collecting prepayments.

26 **Waiver of interest and penalties for qualified taxpayers subject
27 to foreclosure.**

28 (19) No earlier than 60 days prior to the date that is three
29 years after the date of delinquency, the treasurer must waive all
30 outstanding interest and penalties on delinquent taxes due from a
31 taxpayer if the property is subject to an action for foreclosure
32 under chapter 84.64 RCW and the following requirements are met:

33 (a) The taxpayer is income-qualified under RCW 84.36.381(5) (a),
34 as verified by the county assessor;

35 (b) The taxpayer occupies the property as their principal place
36 of residence; and

37 (c) The taxpayer has not previously received a waiver on the
38 property as provided under this subsection.

39 **Definitions.**

1 (20) The definitions in this subsection apply throughout this
2 section unless the context clearly requires otherwise.

3 (a) "Electronic billing and payment" means statements, invoices,
4 or bills that are created, delivered, and paid using the internet.
5 The term includes an automatic electronic payment from a person's
6 checking account, debit account, or credit card.

7 (b) "Internet" has the same meaning as provided in RCW
8 19.270.010.

9 (c) "Tax foreclosure avoidance costs" means those direct costs
10 associated with the administration of properties subject to and prior
11 to foreclosure. Tax foreclosure avoidance costs include:

12 (i) Compensation of employees for the time devoted to
13 administering the avoidance of property foreclosure; and

14 (ii) The cost of materials, services, or equipment acquired,
15 consumed, or expended in administering tax foreclosure avoidance
16 prior to the filing of a certificate of delinquency.

17 PART III

18 CONSOLIDATING THE STATE PROPERTY TAX

19 **Sec. 301.** RCW 84.52.065 and 2022 c 56 s 13 are each amended to
20 read as follows:

21 (1) Except as otherwise provided in this section, subject to the
22 limitations in RCW 84.55.010, in each year the state must levy for
23 collection in the following year for the support of common schools of
24 the state a tax of ~~((three dollars and sixty cents))~~ \$3.60 per
25 ~~((thousand dollars))~~ \$1,000 of assessed value upon the assessed
26 valuation of all taxable property within the state adjusted to the
27 state equalized value in accordance with the indicated ratio fixed by
28 the state department ~~((of revenue))~~.

29 ~~(2) (a) ((In addition to the tax authorized under subsection (1)
30 of this section, the state must levy an additional property tax for
31 the support of common schools of the state.~~

32 ~~(i) For taxes levied for collection in calendar years 2018
33 through 2021, the rate of tax is the rate necessary to bring the
34 aggregate rate for state property tax levies levied under this
35 subsection and subsection (1) of this section to a combined rate of
36 two dollars and forty cents per thousand dollars of assessed value in
37 calendar year 2019 and two dollars and seventy cents per thousand
38 dollars of assessed value in calendar years 2018, 2020, and 2021. The~~

1 ~~state property tax levy rates provided in this subsection (2) (a) (i)~~
2 ~~are based upon the assessed valuation of all taxable property within~~
3 ~~the state adjusted to the state equalized value in accordance with~~
4 ~~the indicated ratio fixed by the state department of revenue.~~

5 ~~(ii) For taxes levied for collection in calendar year 2022 and~~
6 ~~thereafter, the tax authorized under this subsection (2) is subject~~
7 ~~to the limitations of chapter 84.55 RCW.~~

8 ~~(b) (i) Except as otherwise provided in this subsection, all taxes~~
9 ~~collected under this subsection (2) must be deposited into the state~~
10 ~~general fund.~~

11 ~~(ii) For fiscal year 2019, taxes collected under this subsection~~
12 ~~(2) must be deposited into the education legacy trust account for the~~
13 ~~support of common schools.~~

14 ~~(3) For taxes levied for collection in calendar years 2019~~
15 ~~through 2021, the state property taxes levied under subsections (1)~~
16 ~~and (2) of this section are not subject to the limitations in chapter~~
17 ~~84.55 RCW.~~

18 ~~(4) (a) For taxes levied for collection in calendar year 2022 and~~
19 ~~thereafter, the aggregate rate limit for state property taxes levied~~
20 ~~under subsections (1) and (2) of this section is three dollars and~~
21 ~~sixty cents per thousand dollars of assessed value upon the assessed~~
22 ~~valuation of all taxable property within the state adjusted to the~~
23 ~~state equalized value in accordance with the indicated ratio fixed by~~
24 ~~the state department of revenue.~~

25 ~~(b) If the aggregate rate of state property taxes levied under~~
26 ~~subsections (1) and (2) of this section for collection in any~~
27 ~~calendar year after 2021 exceeds \$3.60 per \$1,000 of assessed value,~~
28 ~~each rate must be reduced on a pro rata basis until the aggregate~~
29 ~~rate no longer exceeds \$3.60 per \$1,000 of assessed value.~~

30 ~~(5) For property taxes levied for collection in calendar years~~
31 ~~2019 through 2021, the rate of tax levied under subsection (1) of~~
32 ~~this section is the actual rate that was levied for collection in~~
33 ~~calendar year 2018 under subsection (1) of this section.~~

34 (6)) For taxes levied for collection in calendar year 2026, the
35 state property tax levy rate is \$2.095 per \$1,000 of assessed value.
36 The state property tax levy rate provided in this subsection (2) (a)
37 is based upon the assessed valuation of all taxable property within
38 the state adjusted to the state equalized value in accordance with
39 the indicated ratio fixed by the department.

1 (b) For taxes levied for collection in calendar year 2027 and
2 thereafter, the limitations of chapter 84.55 RCW apply.

3 (3) As used in this section, "the support of common schools"
4 includes the payment of the principal and interest on bonds issued
5 for capital construction projects for the common schools.

6 **Sec. 302.** RCW 84.36.630 and 2017 3rd sp.s. c 13 s 312 are each
7 amended to read as follows:

8 (1) All machinery and equipment owned by a farmer that is
9 personal property is exempt from property taxes levied for any state
10 purpose (~~(, including the additional state property tax imposed under~~
11 ~~RCW 84.52.065(2),~~) if it is used exclusively in growing and
12 producing agricultural products during the calendar year for which
13 the claim for exemption is made.

14 (2) (~~"Farmer"~~) For purposes of this section, "farmer" and
15 "agricultural product" have the same meaning as defined in RCW
16 82.04.213.

17 (3) A claim for exemption under this section must be filed with
18 the county assessor together with the statement required under RCW
19 84.40.190, for exemption from taxes payable the following year. The
20 claim must be made solely upon forms as prescribed and furnished by
21 the department (~~(of revenue)~~).

22 **PART IV**
23 **MISCELLANEOUS**

24 NEW SECTION. Sec. 401. Except for sections 101(5)(b), 102, and
25 103 of this act, this act applies to taxes levied for collection in
26 2026 and thereafter.

27 NEW SECTION. Sec. 402. Sections 101(5)(b), 102, and 103 of this
28 act apply to taxes levied for collection in 2027 and thereafter.

29 NEW SECTION. Sec. 403. RCW 82.32.805 and 82.32.808 do not apply
30 to this act.

31 NEW SECTION. Sec. 404. This act is necessary for the support of
32 the state government and its existing public institutions.

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