Property tax exemption for senior citizens and disabled persons

December 2019

If you are a senior citizen or disabled person with your residence in Washington State, there are two programs that may help you pay your property taxes and/or special assessments. Your household income and your age or disability determine your eligibility for both programs.

This publication provides an overview of the property tax exemption program that helps senior citizens and disabled persons reduce their payment of property taxes.

For information about the property tax deferral program, see the Property Tax Deferral for Senior Citizens and Disabled Persons fact sheet.

Program overview

Under the exemption program, your property taxes are reduced. First, the value of your residence is frozen for property tax purposes and you are exempt from all excess levies and Part 2 of the state school levy. Depending on your income, you may also be exempt from a portion of the regular levies.

* The exemption is available for a residence and one acre of land. If local zoning and land use regulations require more than one acre of land per residence in the area where you live, you may be eligible for a property tax exemption on up to five acres of land.

Eligibility requirements

To be eligible for this program you must meet the age or disability, ownership, occupancy, and income requirements Your application must include proof of your age or disability.

Age and disability
On Dec. 31 of the year before the tax is due, you must meet one of the following criteria.

- At least 61 years of age
- Unable to work because of a disability OR a disabled veteran with a service-connected evaluation of at least 80% or receiving compensation from the United States Department of Veterans Affairs at the 100% rate for a service-connected disability.

Example: Your 61st birthday is in Nov. 2019. You may file a 2019 application requesting an exemption on your 2020 taxes.

Ownership
You must own your home in Washington State by the year before the taxes to be exempted are due. For example, to receive an exemption in 2020, you must own your home in 2019.

The type of ownership must be in total (fee owner), as a life estate (including a lease for life), or by contract purchase.

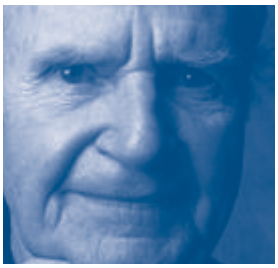
A home owned jointly by a married couple, a registered domestic partnership, or by co-tenants is considered owned by each spouse, domestic partner, or co-tenant. Only one person must meet the age or disability requirement. If you share ownership in a cooperative housing unit and your share represents the specific unit or portion where you live, you will be eligible for the exemption of your unit.

If your residence or the land under your residence is owned by a government entity and you meet the program requirements, you may be eligible for a leasehold excise tax credit.

Occupancy
Your residence must be your principal place of residence. Meaning, you must occupy your residence for more than nine months in a calendar year. For example, you must be living in your home more than nine months in 2019 to receive an exemption on your 2020 property tax. To keep your exemption going forward, you must continue to live in your home for more than nine months each year.

Your residence may qualify even if you

are in a hospital, nursing home, boarding home, adult family home, or home of a relative. You may rent your residence to someone else while you're temporarily away if the rental income is used to pay the facility costs.



Property used as a vacation home is not eligible for the exemption program.

Household income
Your annual household disposable income may not exceed *Income Threshold 3* (dor.wa.gov/incomethresholds). If your household income is between *Income Threshold 3* and *Deferral Threshold*, you may qualify for the deferral program. See the Property Tax Deferral for Senior Citizens and Disabled Persons fact sheet for more information.

Household income includes the combined disposable income of you, your spouse or domestic partner, and any co-tenants. A co-tenant is a person who lives in your home and has an ownership interest in your home.

Household income does not include income of a person who:

- Does not have ownership interest and lives in your home, except for a spouse or domestic partner. However, you must include any income that person contributes to the household.
- Has ownership interest in your home but does not live in the home. If someone living elsewhere has any ownership interest, the amount of your exemption will be based on the percentage of your ownership interest in the property.

Property tax and levies eligible for exemption

The value of your residence is "frozen" as of Jan. 1, 1995, or Jan. 1 of the initial application year, whichever is later.

Example: If you meet the qualifications in the 2019 application year, the taxable assessed value for your residence will remain "frozen" at the 2019 level, unless there is a change in your status or new construction.

The assessor will continue to establish the property market value, but you will only be billed for taxes on the lower of the market value or the frozen value.

If your annual income for the application year is *Income Threshold 3* or less, your home will be exempt from all excess levies and from Part 2 of the state school levy. Excess levies are in addition to regular levies. They require voter approval and provide money for a specific purpose.

In addition, if your income is I*ncome Threshold 2* or less, a portion of the regular levy amount may be exempt.

If your household income is between *Income Threshold 1* and *Income Threshold 2*, you are exempt from regular levies on $50,000 or 35% of the assessed value, whichever is greater (but not more than $70,000 of the assessed value).

For example:
Household income between *Income Threshold 1* and *Income Threshold 2:*

Assessed home value	$150,000
Taxable property value	$97,500

(35% of $150,000 = $52,500)

($150,000 - $52,500 = $97,500)

If your household income is *Income Threshold 1* or less, you are exempt from regular levies on the first $60,000 or 60% of your home's assessed value, whichever is greater.

For example:
Household income *Income Threshold 1* or less:

Assessed home value	$150,000
Taxable property value	$60,000

(60% of $150,000 = $90,000)
($150,000 - $90,000 = $60,000)

Computing disposable income

The maximum amount of annual income you may receive and qualify for the exemption is *Income Threshold 3*. The disposable income you receive during the application year determines your eligibility.

Example: You are filing a 2019 application requesting an exemption on your 2020 taxes. You must use your 2019 income to qualify.

Disposable income includes income from all sources, regardless of whether the income is taxable for federal income tax purposes. Some of the most common sources of income include:

- Social Security and Railroad Retirement benefits.
- Military pay and benefits other than attendant-care and medical-aid payments.
- Veterans benefits other than attendant-care payments, medical-aid payments, veteran's disability compensation and dependency and indemnity compensation.
- Pension receipts. Include distributions from retirement bonds and Keogh plans. Include only the taxable portion of Individual Retirement Accounts (IRA's).
- Business or rental income.

Depreciation cannot be deducted and you may not deduct business or rental losses or use those losses to offset other income.

- Annuity receipts. For purposes of this program, "annuity" is defined as a series of long-term payments, where long-term means a period of more than one full year from the annuity starting date.
- A one-time, lump sum, total distribution is not an "annuity" for purposes of this section and, in this instance, only the taxable portion included in federal adjusted gross income should be included in disposable income.
- Interest and dividend receipts.
- Capital gains other than the gain from the sale of your residence that was reinvested in another residence within one year. Capital losses may not be deducted from income or used to offset capital gains.

If there was a change in your circumstances prior to November 1 that is expected to last indefinitely and also affected your income for at least two months, you may be able to estimate income using income averaging. Check with your county assessor.

Example: You retired in September and your monthly income is reduced from $2,000 to $1,000 beginning in October. Multiply $1,000 x 12. The total, $12,000, is your new estimated annual disposable income.

Deductions from disposable income
To determine your combined disposable income you may take deductions for the following expenses paid by you, your spouse, or your domestic partner:

- Non-reimbursed amounts paid for you, your spouse, or your domestic partner to live in a nursing home, boarding home, or adult family home.

- Non-reimbursed amounts paid for prescription drugs for you, your spouse, or your domestic partner.
- Insurance premiums for Medicare under Title XVIII of the Social Security Act.
- Non-reimbursed amounts paid for goods and services that allow you, your spouse, or your domestic partner to receive in-home care. The care received must be similar to the care provided by a nursing home. In-home care includes medical treatment, physical therapy, Meals on Wheels (or similar services), and household and personal care. Personal care includes assistance with preparing meals, getting dressed, eating, taking medications, or personal hygiene. Special furniture and equipment such as wheelchairs, hospitals beds, and oxygen also qualify.

Applying for the exemption

Your county assessor administers this program and is responsible for determining if you meet the qualifications. Please contact your local assessor's office to request an application form.

If you want an exemption for taxes due in 2020, your application is due Dec. 31, 2019. Your assessor has the authority to accept late applications and, because the assessor uses your 2019 income to determine whether you meet the income requirements, most assessors request that you wait until you receive your year-end income information to submit your application.

Appeal process

Your county assessor must notify you in writing if your application is denied. You may appeal the assessor's decision to the county Board of Equalization. The county Board of Equalization must receive your appeal by July 1, or within 30 days of when the denial was mailed, whichever date is later.

Refunds for prior years

If you paid prior years' taxes because of a mistake, oversight, or a lack of knowledge about this program, you may be eligible for a refund. You must meet all of the qualifications for the exemption as if you had applied at the time the application was due. Separate applications must be submitted for each of the tax years. In order to receive a refund, applications must be filed within three years of the date the taxes were due. Refunds will not be made beyond the three years.

Renewal applications every six years

A renewal application is required at least once every six years. After your initial application and approval, you will be notified by your county assessor when it is time to submit a renewal application. However, it is your responsibility to notify your assessor's office if you have a change in status that may affect your exemption level or your eligibility for exemption. Examples include, but are not limited to, changes in income, ownership, or occupancy.

Frequently asked questions

Q. What if my circumstances change?

A: A Change in Status Report must be filed with the assessor's office if changes in your income or living circumstances affect the exemption. Change of Status Reports are available from your county assessor or on the Department of Revenue's website at dor.wa.gov under forms, Property Tax.

Change in status includes:

- Death of the eligible applicant (survivors must notify assessor)
- Change in income
- Sale or transfer of the property
- Change your occupancy at your residence
- Change in disability status
- Change in zoning or land use designation if your principle residence includes more than one acre of land

Q. In the event of my death, will my surviving spouse or domestic partner continue to receive the exemption?

A: Your surviving spouse or domestic partner may continue to receive the exemption if he or she is at least 57 years old and meets all of the other eligibility requirements.

Q: In the event of my death, will my heirs have to repay the exemption I received in previous years?

A: No. The exemption you receive under this program is a tax reduction and does not have to be repaid. Upon your death, the taxes will be recalculated and pro-rated beginning with the day after your death.

Q. If I sell my home, will the new owner continue receiving the exemption?

A: If you sell your home, the exemption will continue through your period of ownership. The taxes will be recalculated without the exemption for the remainder of the tax year and the new owner will be billed for the portion of taxes for his/her period of ownership.

Q. Can my exemption be transferred to a different residence?

A: If you sell, transfer, or are otherwise displaced from your Washington residence, you may transfer the exempt status to a replacement residence located in Washington. However, you may not receive an exemption on more than the equivalent of one residence in any year. When an exemption is transferred to a new residence, the value of the new residence is frozen as of Jan. 1 of the year of change.

Laws and rules
Revised Code of Washington (RCW Chapter 84.36 379-389—Exemptions (Property Tax)

Washington Administrative Code (WAC) Chapter 458-16A-100 through 150—Senior Citizen/Disabled Persons Property, Tax Exemptions

For more information
If you need help or have questions regarding the property tax exemption, application form, or the application process, contact your local county assessor's office.

Visit our website at:
dor.wa.gov

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