DEPARTMENT OF REVENUE
WASHINGTON STATE

PROPERTY TAX INFORMATION

Property Tax Exemptions

for Senior Citizens and Disabled Persons

If you are a senior citizen or if you are disabled, Washington has two programs that may help you to 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 a basic description of the property tax exemption program for senior citizens and persons with disabilities. See the fact sheet titled *Property Tax Deferrals for Seniors Citizens and Disabled Persons* for more information on the deferral program. This fact sheet is current at the time of publication, however, future law changes may make some of this information incorrect. This material is intended for general information purposes, it does not alter or supersede any administrative regulations or rulings issued by the Department of Revenue.

The Senior Citizen and Disabled Person Property Tax Exemption Program freezes the value of your residence, exempts all excess levies, and may exempt a portion of regular levies. This results in:

1. freezing the value of your residence as of January 1, 1995, or January 1 of the initial application year, whichever is later.

2. providing you with a reduction in your property taxes.

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

Eligibility Requirements

Age or Disability

You must be at least 61 years old on December 31 of the year in which you apply, or you must be unable to work because of a physical disability. As proof of disability, you must send a doctor's statement with your application.

Ownership

The exemption is available for your principal home and up to one acre of land. A mobile home may qualify as your residence, even if you do not own the land where the mobile home is located.

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The property must be your principal home at the time you apply for the exemption. You must occupy the home for at least six months each year.

Your residence may qualify even if you are temporarily in a hospital, nursing home, boarding home, or adult family home. You may rent your residence to someone else during your hospital, nursing home, boarding home, or adult family home stay, if the income is used to pay the hospital, nursing home, boarding home, or adult family home costs.

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

You must own the home for which the exemption is claimed, either in total (fee owner), as a contract purchaser, mortgagee, deed of trust, or as a life estate (including a lease for life). If you transfer your home under a revocable trust agreement, you must retain the full use of the property and be able to revoke the trust and take ownership at any time. Irrevocable trusts qualify, if they can be deemed a life estate.

A home owned by a married couple or by co-tenants is considered owned by each spouse 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.

Leasehold Interest

If your primary residence or the land under your primary residence is owned by a government entity, you are eligible for a comparable exemption, if you meet the minimum qualifications.

Household Income

Your annual household income may not exceed $35,000. If your household income is between $35,000 and $40,000, you may qualify for the deferral program. See the fact sheet titled *Property Tax Deferrals for Senior Citizens and Disabled Persons* for more information about the program.

Household income includes your disposable income, that of your spouse, and any co-tenants. A co-tenant is a person living in your home who also has an ownership interest. Household income does **not** include:

- the income of a person, other than a spouse, who does not have ownership interest and lives in your home. However, the application must show any income the person contributes to the household.
- the income of a person who has ownership interest and lives elsewhere. However, if someone living elsewhere has any ownership interest, the amount of your exemption will be based on the percentage of **your** interest in the property.

Computing Disposable Income

The maximum amount of annual income you may receive to qualify for the exemption is $35,000. The disposable income you receive during the year you apply determines your eligibility. (The assessor will require proof of income.) Disposable income includes all sources, whether or not they are taxable for federal income tax purposes. Losses and depreciation may not be deducted. Some of the most common sources of income include:

- Wages, salaries, and tips.
- Social Security benefits.
- Railroad retirement benefits.
- Pension and annuity receipts, including retirement bonds, Individual Retirement Accounts, and distributions from Keogh plans. An annuity is a payment of a fixed sum of money received at regular intervals. Some examples of annuity payments include unemployment compensation, disability payments, and welfare receipts (excluding amounts received for the care of dependent children).
- Interest and dividend receipts.

- Business income. Depreciation and business losses may not be deducted.

- Rental income. Depreciation and rental losses may not be deducted.

- Capital gains.

If you were retired for two or more months during the application year, your household income will be computed by multiplying the average monthly disposable income received during the months you were retired by twelve. If your spouse died before November 1 of the application year or you have a significant change in income that is expected to last an indefinite period of time, your household income is computed by multiplying the average monthly disposable income, after the occurrence, by twelve.

Deductions from Disposable Income

To determine your disposable income, you may take deductions for the following:

- Capital gains your receive from the sale of your principal residence, IF the gain is reinvested in a replacement principal residence.

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

- Non-reimbursed amounts paid for prescription drugs for yourself or your spouse.

- Insurance premiums for Medicare under Title XVIII of the Social Security Act.

- Non-reimbursed amounts you pay for goods and services that allow you or your spouse to receive in-home care. The care received must be similar to the care provided by a nursing home.

- In-home care including medical treatment, physical therapy, Meals on Wheels (or similar meal delivery service), and household and personal care. Personal care includes assistance with preparing meals, getting dressed, eating, taking medications, or areas of personal hygiene.

- Special furniture and equipment, such as wheelchairs, hospital beds, and oxygen.

Exemptions

When your annual income for the application year is $35,000 or less, your home will be exempt from all excess or special levies. Excess or special levies are in addition to regular levies. They require voter approval and provide money for a specific purpose, such as school bonds and maintenance and operation levies.

In addition, when your income is $30,000 or less, a portion of the regular levy amount may be exempt. These exemptions are:

- When your household income is $25,000 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, if your household income is $12,000 and the assessed value of your property is $150,000, the taxable value of your property is $60,000 ($150,000 - $90,000 = $60,000). Sixty percent of $150,000 ($90,000) is greater than $60,000.

- When your household income is between $25,001 and $30,000, you are exempt from regular levies of $50,000 or 35 percent of the assessed value, whichever is greater, not to exceed $70,000 or assessed value.

For example, if your household income is $26,000 and the assessed value of your property is $150,000, the taxable value of your property is $97,500 ($150,000 - $52,500 = $97,500). Thirty-five percent of $150,000 ($52,500) is greater than $50,000, but less than $70,000.

Effective Date

The effective date of the exemption is the date the taxes are paid.

Death of the Applicant

If you pass away before the taxes are paid, the taxes will be recalculated to the full assessed amount of the principal residence on a pro rata basis beginning the day following the date of the claimant's death for the remainder of the year. Your surviving spouse may continue to receive the exemption if he or she is at least 57 years old and meets all the other eligibility requirements.

Sale or Transfer of Property / Exemption

If you sell your home before the taxes are paid, the exemption will continue through your period of ownership, provided you pay the portion of taxes owing for your period of ownership and the new owner pays the portion of taxes for his/her period of ownership. If the new owner pays the entire amount, the taxes will be recalculated without using the exemption.

If you sell, transfer, or are otherwise displaced from your residence, you may transfer the exempt status to a replacement residence. 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 January 1 of the year of change.

If you are moving to Washington, you may transfer an exemption from another state to your new Washington residence, providing you meet all other eligibility requirements and provide proof of the exemption.

How to Apply

Your county assessor administers this program. Applications are available from that office.

When to Apply

You may apply for the exemption program during the year before the year the taxes are due and payable. For example, if you want an exemption for taxes due in 2005, you must apply no later than December 31, 2004, using your 2004 income.

When your application is filed after the deadline, you must use the income from the same year as you would have, if you had filed your application on time. For example, you would use your 2002 income, for a 2002 application to receive the exemption from the 2003 taxes.

Refunds

If you have paid prior years' taxes because of a mistake, oversight, or a lack of knowledge, you may apply for a refund by filing an application for refund with the county assessor. You must file the application within three years of the dates the taxes were paid. Refunds will **not** be made beyond the three-year period.

Renewals

After approval, the exemption applies until a new application is required. This happens:

- at least once every four years (you will be notified by the county assessor).
- when you sell your property and move to a new home.

Changes in Circumstances

You must file a Change in Status report 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.

Appeal Process

The county assessor must notify you 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.

For More Information

If you have questions regarding the property tax exemption for senior citizens or disabled persons, contact your local county assessor's office at the telephone number listed in the blue pages of your telephone book.

Or you may contact:

State of Washington
Department of Revenue
Property Tax Division
Post Office Box 47471
Olympia, Washington 98504-7471
FAX: (360) 586-7602
Telephone: (360) 570-5867

Laws and Rules

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

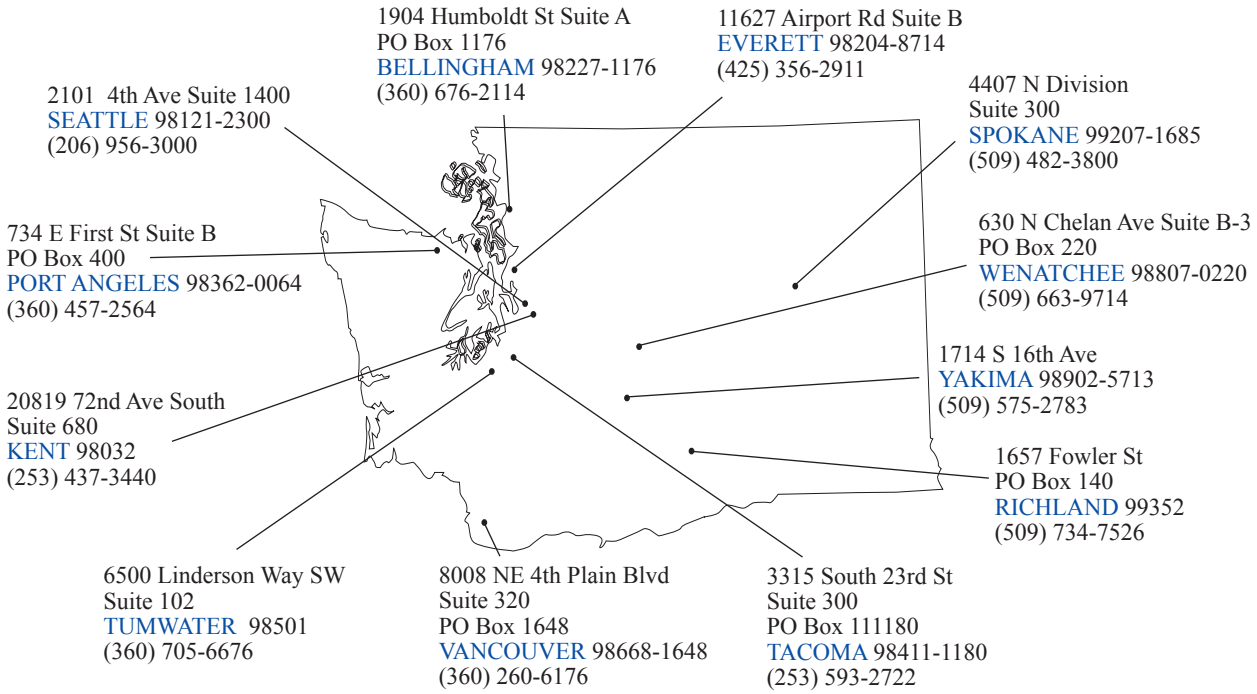
Washington Administrative Code (WAC) Chapter 458-16A-100 through 150—Senior Citizen/ Disabled Persons Property Tax Exemptions

The Department of Revenue will provide copies of specific laws and rules, upon request. Please call our Telephone Information Center at 1-800-647-7706 for this service.

Department of Revenue Taxpayer Assistance

http://dor.wa.gov

Field Office Locations



Telephone Information Center
1-800-647-7706

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