
ENGROSSED HOUSE BILL 1106

State of Washington

69th Legislature

2025 Regular Session

By Representatives Barnard, Leavitt, Eslick, Penner, Klicker, Richards, Shavers, Couture, McClintock, Callan, Marshall, Kloba, Nance, and Simmons

Prefiled 12/20/24. Read first time 01/13/25. Referred to Committee on Finance.

1 AN ACT Relating to recognizing the tremendous sacrifices made by
2 our military veterans by phasing down the disability rating
3 requirements to ensure more disabled veterans are eligible for
4 property tax relief; amending RCW 84.36.381; and creating a new
5 section.

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

7 **Sec. 1.** RCW 84.36.381 and 2023 c 147 s 1 are each amended to
8 read as follows:

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

13 (1)(a) The property taxes must have been imposed upon a residence
14 which was occupied by the person claiming the exemption as a
15 principal place of residence as of the time of filing. However, any
16 person who sells, transfers, or is displaced from his or her
17 residence may transfer his or her exemption status to a replacement
18 residence, but no claimant may receive an exemption on more than one
19 residence in any year. Moreover, confinement of the person to a
20 hospital, nursing home, assisted living facility, adult family home,

1 or home of a relative for the purpose of long-term care does not
2 disqualify the claim of exemption if:

- 3 (i) The residence is temporarily unoccupied;
- 4 (ii) The residence is occupied by a spouse or a domestic partner
5 and/or a person financially dependent on the claimant for support; or
- 6 (iii) The residence is rented for the purpose of paying nursing
7 home, hospital, assisted living facility, or adult family home costs.

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

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

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

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

26 (ii) A veteran of the armed forces of the United States entitled
27 to and receiving compensation from the United States department of
28 veterans affairs at:

29 (A) A combined service-connected evaluation rating of 80 percent
30 or higher; or

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

33 (C)(I) For taxes levied for collection in calendar year 2026, the
34 combined service-connected evaluation rating in (a)(ii)(A) of this
35 subsection is 60 percent or higher; and

36 (II) For taxes levied for collection in calendar year 2027 and
37 thereafter, the combined service-connected evaluation rating in
38 (a)(ii)(A) of this subsection is 40 percent or higher.

39 (b) However, any surviving spouse or surviving domestic partner
40 of a person who was receiving an exemption at the time of the

1 person's death will qualify if the surviving spouse or surviving
2 domestic partner is 57 years of age or older and otherwise meets the
3 requirements of this section;

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

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

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

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

25 (ii) The continued eligibility under this subsection applies to
26 applications for property taxes levied for collection in calendar
27 year 2024.

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

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

1 (b)(i) A person who otherwise qualifies under this section and
2 has a combined disposable income equal to or less than income
3 threshold 2 but greater than income threshold 1 is exempt from all
4 regular property taxes on the greater of \$50,000 or 35 percent of the
5 valuation of his or her residence, but not to exceed \$70,000 of the
6 valuation of his or her residence; or

7 (ii) A person who otherwise qualifies under this section and has
8 a combined disposable income equal to or less than income threshold 1
9 is exempt from all regular property taxes on the greater of \$60,000
10 or 60 percent of the valuation of his or her residence;

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

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

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

34 NEW SECTION. **Sec. 2.** RCW 82.32.805 and 82.32.808 do not apply
35 to this act.

--- END ---