



RULE-MAKING ORDER PERMANENT RULE ONLY

CR-103P (December 2017) (Implements RCW 34.05.360)

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: December 04, 2018

TIME: 2:22 PM

WSR 18-24-108

Agency: Department of Revenue

Effective date of rule:

Permanent Rules

31 days after filing.

Other (specify) _____ (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

Yes No If Yes, explain:

Purpose: WACs 458-16A-130 and 458-16A-140 are being amended to incorporate:

- Substitute House Bill 2597 that passed during the 2018 legislative session concerning extending the senior citizen, disabled person, and disabled veteran property tax exemption to certain increases in property taxes imposed by a county or city;
- Substitute Senate Bill 5167 that passed during the 2011 legislative session concerning the eligibility criteria of a disabled veteran for the senior citizen, disabled person, and disabled veteran property tax exemption.

Incorporating the updated statutory requirements into these rules will assist county assessors, taxpayers, and program participants to understand the requirements that need to be met to qualify for this property tax exemption.

Citation of rules affected by this order:

New:

Repealed:

Amended: WAC 458-16A-130 Senior citizen, disabled person, and ~~one hundred percent~~ disabled veteran exemption-
Qualifications for exemption; WAC 458-16A-140 Senior citizen, disabled person, and ~~one hundred percent~~ disabled
veteran exemption-Exemption described-Exemption granted-Exemption denied-Freezing property values.

Suspended:

Statutory authority for adoption: RCW 84.36.865.

Other authority:

PERMANENT RULE (Including Expedited Rule Making)

Adopted under notice filed as WSR 18-20-054 on September 26, 2018 (date).

Describe any changes other than editing from proposed to adopted version: None

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

Name:

Address:

Phone:

Fax:

TTY:

Email:

Web site:

Other:

**Note: If any category is left blank, it will be calculated as zero.
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.**

The number of sections adopted in order to comply with:

Federal statute:	New	___	Amended	___	Repealed	___
Federal rules or standards:	New	___	Amended	___	Repealed	___
Recently enacted state statutes:	New	___	Amended	2	Repealed	___

The number of sections adopted at the request of a nongovernmental entity:

New	___	Amended	___	Repealed	___
-----	-----	---------	-----	----------	-----

The number of sections adopted on the agency's own initiative:

New	___	Amended	2	Repealed	___
-----	-----	---------	---	----------	-----

The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New	___	Amended	2	Repealed	___
-----	-----	---------	---	----------	-----

The number of sections adopted using:

Negotiated rule making:	New	___	Amended	___	Repealed	___
Pilot rule making:	New	___	Amended	___	Repealed	___
Other alternative rule making:	New	___	Amended	2	Repealed	___

Date Adopted: December 4, 2018

Name: Erin T. Lopez

Title: Rules Coordinator

Signature:



AMENDATORY SECTION (Amending WSR 08-16-078, filed 7/31/08, effective 8/31/08)

WAC 458-16A-130 Senior citizen, disabled person, and ~~((one hundred percent))~~ disabled veteran exemption—Qualifications for exemption.

(1) **Introduction.** This rule describes the qualifications a claimant must meet for the senior citizen, disabled person, and ~~((one hundred percent))~~ disabled veteran property tax exemption. The definitions in WAC 458-16A-100 apply to this rule. In order to qualify for the exemption, the claimant must:

- (a) ~~((Must))~~ Meet age or disability requirements;
- (b) ~~((Must))~~ Have a combined disposable income below the statutory limit amount provided in RCW 84.36.381; and
- (c) ~~((Must))~~ Own the property and occupy it as his or her principal residence.

(2) **Age, retirement, and disability requirements.** In order to qualify for the exemption:

(a) The senior citizen claiming the exemption must be age sixty-one or older on December 31st of the year in which the claim is filed. No proof is required concerning a senior citizen's employment status to claim the exemption.

(b) The disabled person claiming the exemption must be at the time of filing, retired from regular gainful employment and unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve months (42 U.S.C. Sec. 423 (d) (1) (A)).

(c) The veteran claiming the exemption must be at the time of filing ~~((be))~~, a veteran of the armed forces of the United States ~~((with one hundred percent))~~ entitled to and receiving compensation from the United States Department of Veterans Affairs at a total disability rating for a service-connected disability.

(d) The surviving spouse or domestic partner of a claimant, who applies to continue their spouse's or domestic partner's exemption, must be age fifty-seven or older in the calendar year the claimant dies.

(3) **Income requirements.** In order to qualify for the exemption, the claimant's combined disposable income, as defined in RCW 84.36.383 and WAC 458-16A-120, must be below the statutory limit amount provided in RCW 84.36.381.

(4) **Principal residence requirements.** In order to qualify for the exemption, the claimant must own the property and occupy it as his or her principal residence. The claimant must occupy the principal residence at the time of filing for each year the exemption is claimed. ~~((See))~~ WAC 458-16A-100 ~~((definitions of principal residence and residence), and WAC))~~ and 458-16A-135 ~~((+))~~ provide additional information regarding the definitions of principal residence and residence, and the supporting documents required to demonstrate the property is owned and occupied as a claimant's principal residence ~~((+))~~.

AMENDATORY SECTION (Amending WSR 18-04-007, filed 1/25/18, effective 2/25/18)

WAC 458-16A-140 Senior citizen, disabled person, and ~~((one hundred percent)) disabled veteran exemption—Exemption described—Exemption granted—Exemption denied—Freezing property values.~~ (1) (a) Introduction. This rule explains how county assessors process a claimant's application form for the senior citizen, disabled person, or ~~((one hundred percent)) disabled veteran property tax exemption.~~ The rule describes the exemption and what happens when the exemption is granted or denied by the assessor.

(b) Definitions. The definitions in WAC 458-16A-100 apply to this rule.

(2) **The exemption described.** This property tax exemption reduces or eliminates property taxes on a senior citizen's, disabled person's, or ~~((one hundred percent)) disabled veteran's principal residence.~~ Except for benefit charges made by a fire protection district, this exemption does not reduce or exempt an owner's payments for special assessments against the property. Local governments impose special assessments on real property because the real property is specially ~~((benefitted)) benefited~~ by improvements made in that area (e.g., local improvement district assessments for roads or curbs, surface water management fees, diking/drainage fees, weed control fees, etc.). All ~~((the))~~ property owners in that area share in paying for these improvements. The only exceptions related to this program is for benefit charges made by a fire protection district, a regional fire protection service authority, or by a city or town for enhancement of fire protection services. Fire protection benefit charges are reduced twenty-five, fifty, or seventy-five percent depending upon the combined disposable income of the claimant. RCW 52.18.090, 52.26.270, and 35.13.256.

(a) **Excess levies.** A qualifying claimant receives an exemption from excess levies on his or her principal residence.

(b) **Regular levies.** A qualifying claimant receives an exemption from the state property tax levy imposed under RCW 84.52.065(2) on his or her principal residence, and the portion of the regular property taxes authorized pursuant to a lid lift under RCW 84.55.050 and approved by the voters, if the legislative authority of the county or city imposing the increase in regular property taxes identified the exemption under RCW 84.36.381 in the ordinance placing the lid lift measure on the ballot.

Depending ~~((upon))~~ on the claimant's combined disposable income, the exemption may also apply to all or a portion of the regular property tax levies, including all or a portion of the state property tax levy imposed under RCW 84.52.065(1), on the claimant's principal residence. Both the level of the claimant's combined disposable income and the assessed value of the home determine the amount of the regular levy exempted from property taxes. The exemption applies to all ~~((the))~~ regular and excess levies when the assessed value of the claimant's principal residence falls below the amount of exempt assessed value identified in RCW 84.36.381 (5)(b) and the claimant's combined disposable income is also below the levels set in that subsection.

(c) **Property taxes due.** Generally, the owner pays the property taxes on the principal residence and obtains ~~((directly))~~ the benefit

of this exemption. If the claimant is not the property's owner, or is not otherwise obligated to pay the property taxes on the principal residence, but (~~(=)~~) owned(~~(=)~~) the principal residence for purposes of this exemption, the property owner that owes the tax must reduce any amounts owed to them by the claimant up to the amount of the tax exemption. If the amounts owed by the claimant to this property owner are less than the tax exemption, the owner must pay to the claimant in cash any amount of the tax exemption remaining after this offsetting reduction. RCW 84.36.387(6).

(3) **Processing exemption applications.** County assessors process applications for the senior citizen, disabled person, or (~~(one hundred percent)~~) disabled veteran exemption. The assessors grant or deny the exemption based upon these completed applications.

(a) **Application review.** The county assessor reviews a completed application and its supporting documents.

The assessor:

(i) Notes on a checklist for the claimant's file the supporting documents received;

(ii) Reviews the supporting documents;

(iii) Records relevant information from the supporting documents into the claimant's file. In particular, the assessor records into the file the claimant's age and a summary of the income information received; and

(iv) After reviewing the supporting documents, must either destroy or return the supporting documents used to verify the claimant's age and income.

(b) **Incomplete applications.** A county assessor may return an incomplete application or a duplicate application. An incomplete application may be missing:

(i) Signatures;

(ii) Information upon the form; or

(iii) Supporting documents.

Upon returning an incomplete application, the assessor should provide the claimant with a dated denial form listing the signatures, information, or documents needed to complete the application. The denial of an incomplete application may be appealed in the same manner as a denial of the exemption.

(c) **Retroactive applications.** The assessor may accept any late filings for the exemption even after the taxes have been levied, paid, or become delinquent. An application filed for the exemption in previous years constitutes a claim for a refund under WAC 458-18-210.

(4) **Exemption timing if approved.** Property taxes are reduced or eliminated on the claimant's principal residence for the year following the year the claimant became eligible for the program. When a late application is filed, the exemption may only result in:

(a) A refund for any paid property taxes that were due within the previous three years; and

(b) Relief from unpaid property taxes for any previous years.

(5) **Exemption procedure when claim granted.** When the exemption is granted, the county assessor:

(a) Freezes the assessed value of the principal residence upon the assessment roll;

(b) Determines the level of exemption the claimant qualifies for;

(c) Notifies the claimant that the exemption has been granted;

(d) Notifies the claimant of his or her duty to file timely renewal applications;

(e) Notifies the claimant of his or her duty to file change of status forms when necessary;

(f) Notifies the claimant of the need to reapply for the exemption if the claimant moves to a replacement residence;

(g) Notifies the claimant that has supplied estimated income information whether or not follow-up income information is needed;

(h) Places the claimant on a notification list for renewal of the exemption;

(i) Places the claimant on a notification list if supporting documents are needed to confirm estimated income information prior to May 31st of the following year;

(j) Exempts the residence from all or part of its property taxes; and

(k) Provides the department with a recomputation of the assessed values for the immediately preceding year as a part of the annual re-computation process.

(6) **Exemption procedure when claim denied.** The assessor denies the exemption when the claimant does not qualify. The assessor provides a dated denial form listing his or her reasons for this denial. A claimant may appeal the ~~((exemption's))~~ denial of the exemption to the county board of equalization as provided ~~((for))~~ in WAC 458-14-056.

(7) **Freezing the property value.** The assessor freezes the assessed value of the principal residence either on the latter of January 1, 1995, or January 1st of the year when a claimant first qualifies for the exemption. The assessor then tracks both the market value of the principal residence and its frozen value. The assessor provides both the principal residence's market value and its frozen value in the valuation notices sent to the owner.

(a) **Adding on improvement costs.** The assessor adds onto the frozen assessed value the cost of any improvements made to the principal residence.

(b) **One-year gaps in qualification.** If a claimant receiving the exemption fails to qualify for only one year because of high income, the previous frozen property value must be reinstated on January 1st of the following year when the claimant again qualifies for the program.

(c) **Moving to a new residence.** If an eligible claimant moves, the county assessor freezes the assessed value of the new principal residence on January 1st of the assessment year in which the claimant transfers the exemption to the replacement residence.