

Special Notice

Intended audience: County assessors, property tax exemption and deferral program participants

Sept. 9, 2021

Legislative changes for property tax relief programs to calculate combined disposable income

The 2021 Legislature passed [Substitute House Bill 1438](#) that allows claimants to deduct additional health care related expenses when calculating their combined disposable income for the following property tax relief programs:

- The senior citizen and people with disabilities exemption program.
- The senior citizen and people with disabilities deferral program.
- The people with limited income deferral program.
- The grant assistance program for widows/widowers of deceased veterans.

Combined disposable income is the claimant's disposable income plus the disposable income of the claimant's spouse or domestic partner and any co-tenants less the deductions outlined below. Disposable income, for the purpose of the property tax relief programs, is defined in [RCW 84.36.383\(6\)](#).

Property tax relief in a calendar year is based on the combined disposable income calculation for the previous calendar year. For example, property tax relief in calendar year 2022 is based on the combined disposable income calculation for calendar year 2021. This bill is effective for property tax relief starting in calendar year 2022.

Deductions for tax relief in calendar year 2022 and after:

Claimants applying for property tax relief in calendar years 2022 and after may deduct the following non-reimbursed amounts if paid by them or their spouse or domestic partner:

- Legally prescribed drug costs.
- Home health care expenses.
- Nursing home, boarding home, assisted living, or adult family home expenses.
- Medicare Parts A, B, C, and D insurance premiums.

Additional deductions allowed by [Substitute House Bill 1438](#):

- Medicare supplemental/Medigap insurance premiums.
- Long-term care insurance premiums ([RCW 48.84.020](#)).
- Cost-sharing amounts ([RCW 48.43.005\(18\)](#)).
- Medicines of mineral, animal, and botanical origin prescribed, administered, dispensed, or used in the treatment of an individual by a naturopath licensed under Washington law.
- Durable medical equipment costs ([RCW 82.08.0283](#)).
- Mobility enhancing equipment costs ([RCW 82.08.0283](#)).
- Prosthetic devices costs ([RCW 82.08.0283](#)).
- Medically prescribed oxygen ([RCW 82.08.0283](#)).
- Nebulizers ([RCW 82.08.0283](#)).
- Ostomic items ([RCW 82.08.804](#)).
- Kidney dialysis devices.
- Disposable devices used to deliver drugs for human use ([RCW 82.08.935](#)).

Definitions

Co-tenant means a person who resides with the person claiming the exemption and who has an ownership interest in the residence.

Long-term care insurance means any insurance policy or benefit contract primarily advertised, marketed, offered, or designed to provide coverage or services for either institutional or community-based convalescent, custodial, chronic, or terminally ill care.

Cost-sharing amounts means amounts paid to health carriers directly providing services, health care providers, or health care facilities by enrollees and may include copayments, coinsurance, or

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deductibles. In other words, amounts applied toward your health plan's "out-of-pocket maximum".

Durable medical equipment means equipment, including repair and replacement parts for durable medical equipment that:

- (i) Can withstand repeated use;
- (ii) Is primarily and customarily used to serve a medical purpose;
- (iii) Generally is not useful to a person in the absence of illness or injury; and
- (iv) Is not worn in or on the body.

Mobility enhancing equipment means equipment, including repair and replacement parts for mobility enhancing equipment that:

- (i) Is primarily and customarily used to provide or increase the ability to move from one place to another and that is appropriate for use either in a home or a motor vehicle;
- (ii) Is not generally used by persons with normal mobility; and
- (iii) Does not include any motor vehicle or equipment on a motor vehicle normally provided by a motor vehicle manufacturer.

Prosthetic device means a replacement, corrective, or supportive device, including repair and replacement parts for a prosthetic device, worn on or in the body to:

- (i) Artificially replace a missing portion of the body;
- (ii) Prevent or correct a physical deformity or malfunction; or
- (iii) Support a weak or deformed portion of the body.

Medically prescribed oxygen, including, but not limited to, oxygen concentrator systems, oxygen enricher systems, liquid oxygen systems, and gaseous, bottled oxygen systems prescribed for an individual by an osteopath or physician licensed under Washington law.

Nebulizer means a device, not a building fixture, that converts a liquid medication into a mist so that it can be inhaled.

Ostomic items means disposable medical supplies used by colostomy, ileostomy, and urostomy patients, and includes bags, belts to hold up bags, tapes, tubes, adhesives, deodorants, soaps, jellies, creams, germicides, and other like supplies. Does not include undergarments, pads and shields to protect undergarments, sponges, or rubber sheets.

Disposable devices used to deliver drugs means single use items such as syringes, tubing, or catheters. Does not include a stand or device that holds the tubing or catheter.

More information

Read [Substitute House Bill 1438](#).

Search for Medicare plans:

- [Part C Advantage](#)
- [Supplemental/Medigap](#)

Review [WAC 458-20-18801](#) for examples of:

- Durable Medical Equipment (Table 1).
- Mobility Enhancing Equipment (Table 3).
- Prosthetic Devices (Table 5).

Questions?

If you have questions or need additional information, please contact the Department of Revenue, Property Tax Division at 360-534-1400 or MyDeferral@dor.wa.gov or your county assessor.