



Deferral, Exemption, Assistance Programs

4 Individual Benefit Programs (IBP) Programs: to prevent loss of home due to inability to pay property tax.

Deferral Programs: allows taxpayers to postpone their payment of property taxes; state pays on their behalf and charges interest; must be repaid; no shift of tax burden

- Property Tax Deferral For Homeowners with Limited Income
- Property Tax Deferral for Senior Citizens and Disabled Persons

Exemption Program: reduces property tax amount; no repayment; results in a tax shift

- Property Tax Exemption for Senior Citizens and Disabled Persons

Assistance Program: funds in the form of a grant payment; no repayment; no shift of tax burden

- Property Tax Assistance Program for Widows or Widowers of Veterans



Individual Benefit Programs

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What is the same?

- Disposable & combined disposable income definitions
- Disability requirement
- Primary residence and parcel size

What is different?

- Income thresholds
- Age requirements
- Ownership requirements

Same!

- Definitions of disposable income and combined disposable income
- Disability requirement:
 - Retired from regular gainful employment by reason of disability – same as 42 U.S.C. Sec. 423(d)(1)(A)
- Primary residence and parcel
 - One acre (up to 5 acres)
 - Reside more than 6 months
 - Confinement in hospital, nursing home, boarding (assisted living) home, or adult family home does not disqualify

Different!

- Income Thresholds: Now adjusted by county: dor.wa.gov/incomethresholds
 - \$57K limited income deferral
 - See website: senior/disabled deferral
 - \$40K exemption; widow/widower grant
- Age requirement:
 - No limit limited income deferral
 - 60 senior/disabled deferral
 - 61 senior/disabled exemption
 - 57 senior/disabled exemption/deferral for surviving spouse electing to continue
 - 62 widow/widower grant
- Disability requirement:
 - Service-connected disabled vet for exemption program only
- Ownership requirement:
 - Deferrals and Grant – fee, contract purchase
 - Exemption – fee, contract purchase, life estate, lease for life, cooperative housing

Deferral Program

Taxpayer may postpone payment to a later date

- Parcel/property must have equity to protect state's lien interest
- Repayment made directly to DOR
- If DOR is unable to collect, county treasurer includes in foreclosure action.
- Senior Citizen/Disabled program
- Limited Income program

RCW 84.37 & WAC 458-18A

RCW 84.38 & WAC 458-18



- Equity = Assessed Value minus ALL Liens
 - If DOR is listed as loss payee on current insurance policy the equity calc will include AV of improvement & land
 - If DOR is not listed as loss payee on current insurance policy the equity calc will include AV of land only
- Repayment made directly to DOR, voluntary until cancelling event (then mandatory):
 - Sale or transfer of property
 - Cease as principal residence
 - Lapse in insurance and insufficient equity in land only
 - Death of applicant – unless surviving spouse or domestic partner elects to continue
 - Condemned property

LIMITED INCOME: RCW 84.37 & WAC 458-18A

- Annual application or renewal due September 1 – late applications need written waiver
- Defers payment of 2nd half property tax due in October – 1st half tax must already be paid
- Must have owned the residence for 5 years - For 2019 deferral, must have owned property by 12/31/2014
- Defers a maximum of 40% of taxpayer's equity value
- Balance accrues simple interest:
 - Interest rate for each year based on average of federal short-term rate, plus 2%

SENIOR CITIZEN/DISABLED PERSON: RCW 84.38 & WAC 458-18

- Annual application or renewal due 30 days before tax due – late applications accepted
- Prior year applications:
 - Same application for all years
 - Must meet only ownership requirement for previous years
 - No limit to prior years if tax is unpaid
 - Refunds limited to 3 years from date taxes were due
- Defers full year taxes or those not covered by exemption
- Defers a maximum of 80% of taxpayer's equity value
- Balance accrues simple interest:
 - 8% annually for deferrals made prior to 01/01/07
 - 5% annually for deferrals made 01/01/07 and forward

Property Tax Exemption for Senior Citizens and Disabled Persons



- Based on anticipated total income
- Renewal at least once every six years
- Must meet eligibility for each year
- Taxable Value is frozen
- Exemption is tiered

RCW 84.36.379—RCW 84.36.389 & WAC 458-16A

- Applications due December 31 of assessment year
 - Based on the anticipated total income for the assessment year
 - Late applications accepted - generally request that applicant wait to apply until he/she has complete income information
 - Renewals required at least once every six years
 - surviving spouse/domestic partner of someone who was receiving exemption
 - Prior year applications:
 - Separate application for each year
 - Must meet eligibility for each year
 - No limit to prior years if tax is unpaid
 - Refunds limited to 3 years from date taxes were due
 - Taxable Value is frozen
 - Exemption is tiered:
 - All participants exempt from:
 - *Excess* levies
 - Part 2 of state school levy
 - Voter-approved lid lifts if exemption identified on ballot measure
- In addition:
- \$0 - \$30,000 Exempt from *regular* property taxes on \$60,000 or 60% of the value whichever is greater
 - \$30,001 - \$35,000 Exempt from *regular* property taxes on \$50,000 or 35% of the value whichever is greater, not to exceed \$70,000
- Loss of Exemption – Taxes recalculated using full assessed value beginning day following date of change in status
 - Sale or transfer of property
 - Death of applicant– unless surviving spouse or domestic partner elects to continue
 - Cease as primary residence

Property Tax Assistance Program for Widows or Widowers of Veterans

Monetary assistance in the
form of a grant.

RCW 84.39



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- Annual application/renewal due 30 days before tax due – late applications accepted
- Prior year applications:
 - Separate application for each year
 - Must meet eligibility for each year
- Monetary assistance in the form of a grant
- Must not have remarried or entered into domestic partnership
- Deceased veteran must meet specific criteria

Assistance equal to regular and excess property tax on difference between value eligible for exemption and:

\$0 - \$30,000 – first \$100,000
\$30,001 - \$35,000 – first \$75,000
\$35,001 - \$40,000 – first \$50,000



Applicant
Assessor
Treasurer
DOR
BOE
BTA

Who does what?

Applicant:

Provide the application(s) and supporting documents
Change in status
File appeal if applicable

Assessor:

Mails deferral renewals in January
Mails exemption renewals on schedule established by your county assessor
Accepts and processes exemption/deferral applications
Approves or denies exemption/deferral applications

Treasurer:

Provides property tax statements with current interest and penalties
Refund if necessary
Assist in deferral foreclosure process

DOR:

Widow/widower grant program-

- Mails renewals in January
- Accepts, processes, and approves/denies applications

Requests payment from state treasurer to county treasurer for approved deferrals

Administers the deferral after approval - makes payments, files liens, and maintains accounts receivable including collections

Acts in advisory role for all programs

Exemptions and Deferrals section has authority to audit individual applications

County Performance section has authority to audit administration process at county level

County Board of Equalization (BOE):

Hears taxpayer appeals of county assessor approval/denial of exemption/deferral applications

- BOE is final for deferral

State Board of Tax Appeals: (BTA)

Hears appeals of BOE approval/denial of exemption applications

Hears appeals of DOR approval/denial of widow/widower grant applications



Combined Disposable Income

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Includes:

- Capital gains
- Losses
- Depreciation
- Pension and annuity receipts
- Military pay and benefits
- Veteran benefits
- Social Security and railroad retirement benefits
- Dividend receipts
- Interest on state and municipal bonds

Combined disposable income is the *disposable* income of the applicant plus the *disposable* income of:

- his or her spouse or domestic partner, and
- any co-tenants occupying the residence;

Minus allowable deductions.

Disposable income defined: RCW 84.36.383(5) & WAC 458-16A-100(12)

Combined disposable income defined: RCW 84.36.383(4) & WAC 458-16A-100(6)

Start:

1. "Adjusted gross income" as determined under IRS rules is the starting place.
2. Add-in:

- Capital gains
- Losses
- Depreciation
- Pension and annuity receipts
- Military pay and benefits – except attendant-care and medical aid payments
- Veteran benefits – except attendant-care, medical aid payments, VA disability, and dependency and indemnity compensation
- Social Security and railroad retirement benefits
- Dividend receipts
- Interest on state and municipal bonds

3. Deductions (include amounts paid by the applicant or spouse/domestic partner for certain out-of-pocket costs):

- Prescription drugs
- Medicare insurance premiums
- Nursing homes, boarding homes (assisted living facility), or adult family homes
- In-home care

=== SHB 1438 eff 7/25/2021

- Medicare supplemental insurance premiums
- Durable medical equipment, mobility enhancing equipment, medically prescribed oxygen, prosthetic devices
- Long-term care insurance premiums
- Cost-sharing amounts
- Nebulizers
- Medicines of mineral, animal, and botanical origin prescribed, administered, dispensed, or used in the treatment of an individual by a WA licensed naturopath
- Ostomic items
- Insulin for human use
- Kidney dialysis devices
- Disposable devices used to deliver drugs for human use



Equalization

Appeals Board



RCW 84.48.010

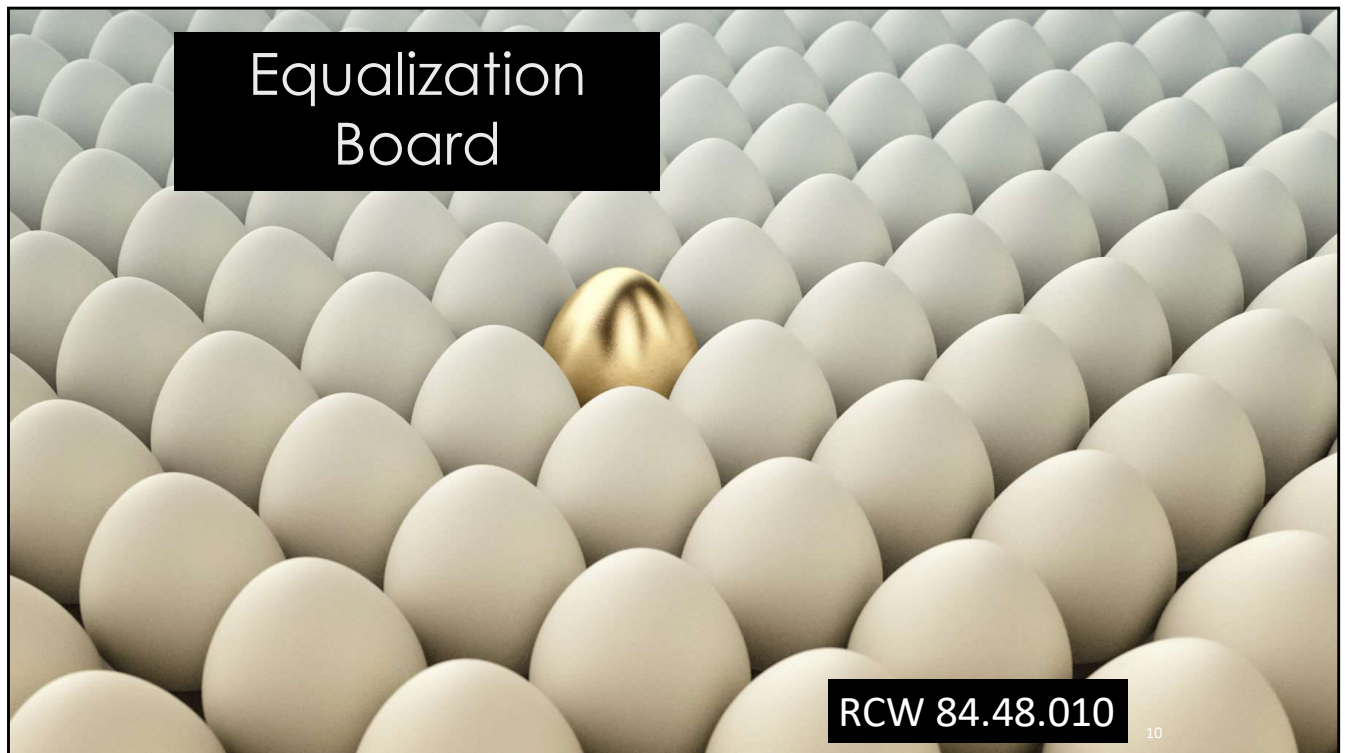
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If a property owner disputes the assessed value of property, the Board of Equalization will hear the owner's appeal and make an informed decision.

Hearings are held on an individual basis consistent with property policies established by law.

The board's jurisdiction involves appeals of Assessor determinations, including:

- Change in real and personal property values* [RCW 84.48.010]
- Denials of senior citizen/disable persons exemptions [RCW 84.36.385]
- Denials of senior citizen/disable persons exemptions [RCW 84.36.385]
- Denials of home improvement exemptions [RCW 84.36.400]
- Decisions regarding historic property [RCW 84.26.130]
- Forest land classification determinations [RCW 84.33]
- Current use determinations [RCW 84.34]
- Destroyed property determinations [RCW 84.70.010]
- Claims for either real or personal property tax exemptions [RCW 84.36.010]
- * There is no provision in state law to directly appeal property taxes.



The assessor's presumption of correctness extends to values examined under the board's equalization authority. RCW 84.40.0301

Equalization: RCW 84.48.010 : Authorized to examine and compare assessments to see if comparable properties are comparably valued, without an appeal.

Authority to Equalize:

- On the board's own motion during the regular 28-day session (current assessment year)
- By the Department to perform equalization duties (prior assessment years).

May come from...

- A pattern of appeals indicating there may be inequality within a group or class of properties.
- A taxpayer or taxpayer group may call or write about their assessed value as compared to similar properties.
- The assessor may propose equalization to the board.

Process:

- Identify discrepancies or potential errors on the assessment roll (appeals of other properties may point to potential discrepancies).
- The board might investigate to determine if there are legitimate reasons for value differences between appealed properties and similar properties.

Taxpayer Letters

July 16, 2018

To whom it may concern:

I want to inform you that the county assessor has incorrectly assessed property in my neighborhood. He has valued all blue houses at \$200,000, substantially less than red houses at \$350,000.

Owner of a red house.

A taxpayer or taxpayer group may call or write about their assessed value as compared to other similar property.

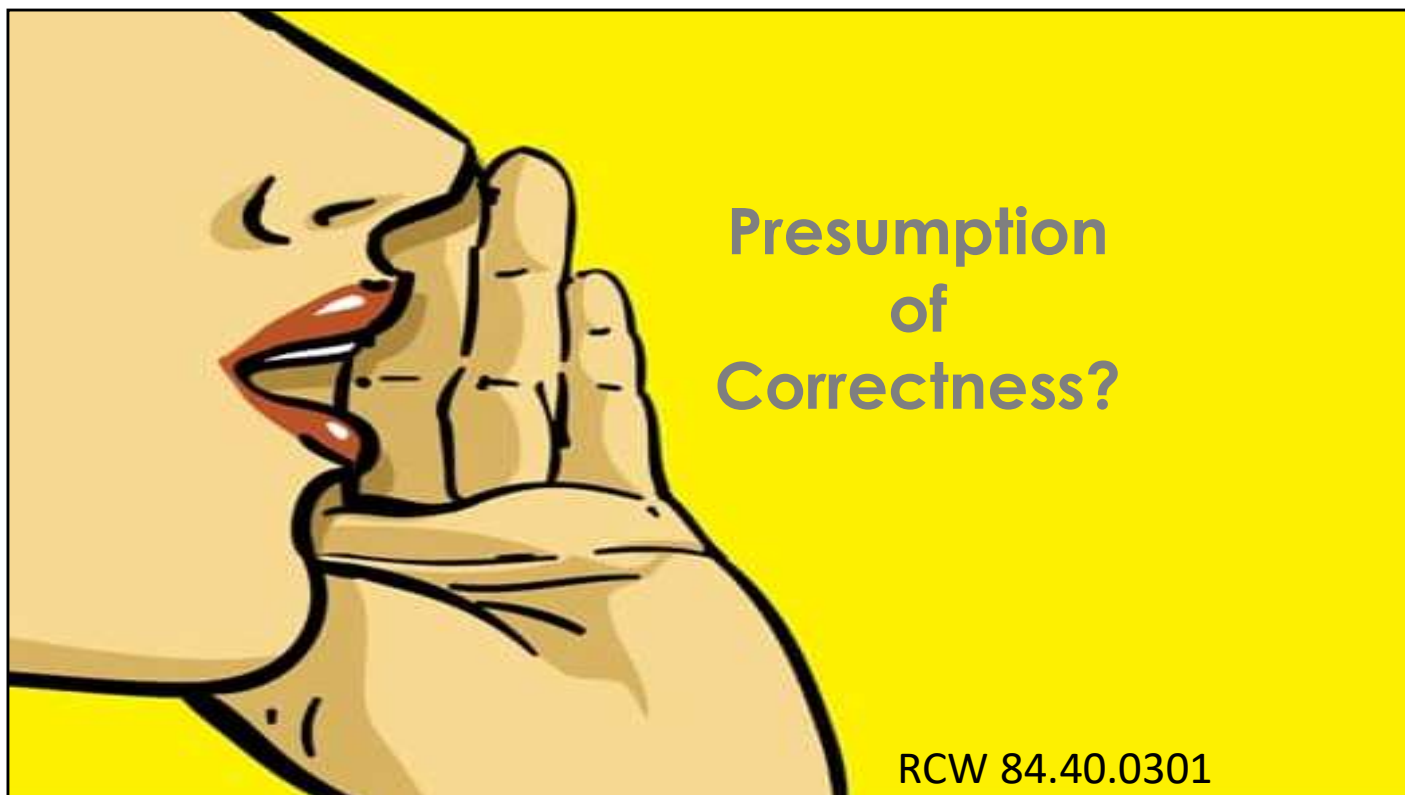
Mistakes Happen



Example – Assessor applied an incorrect trend factor to land within a school district.
The Assessor requests DOR reconvene the board to equalize the land values.
The Assessor provided the Board of Equalization with new recommended values.



The property on the left is assessed at \$200,000, while the neighboring property is assessed at \$175,000. The left property has an appeal pending while the property on the right does not.



The assessor's presumption of correctness extends to values examined under the board's equalization authority.

Board Orders for Equalization



When the board exercises its equalization authority, orders must be issued for all properties affected, clearly indicating **the reasons** for any change in value.

Orders take effect:

- If the property value *decreases* due to equalization, the board order becomes effective on the issue date (WAC 458-14-116).
- If the property value *increases* as a result of equalization, the board order becomes effective 30 days after issuance of the order, unless appealed (WAC 458-14-116(4)).
- Either party has 30 days to appeal the board order to either the BOE or BTA.