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Property Tax Relief for Individuals

- 4 Individual Benefit Programs
- Intent is to prevent loss of home due to inability to pay property tax



4 Individual Benefit Programs (IBP) Programs

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

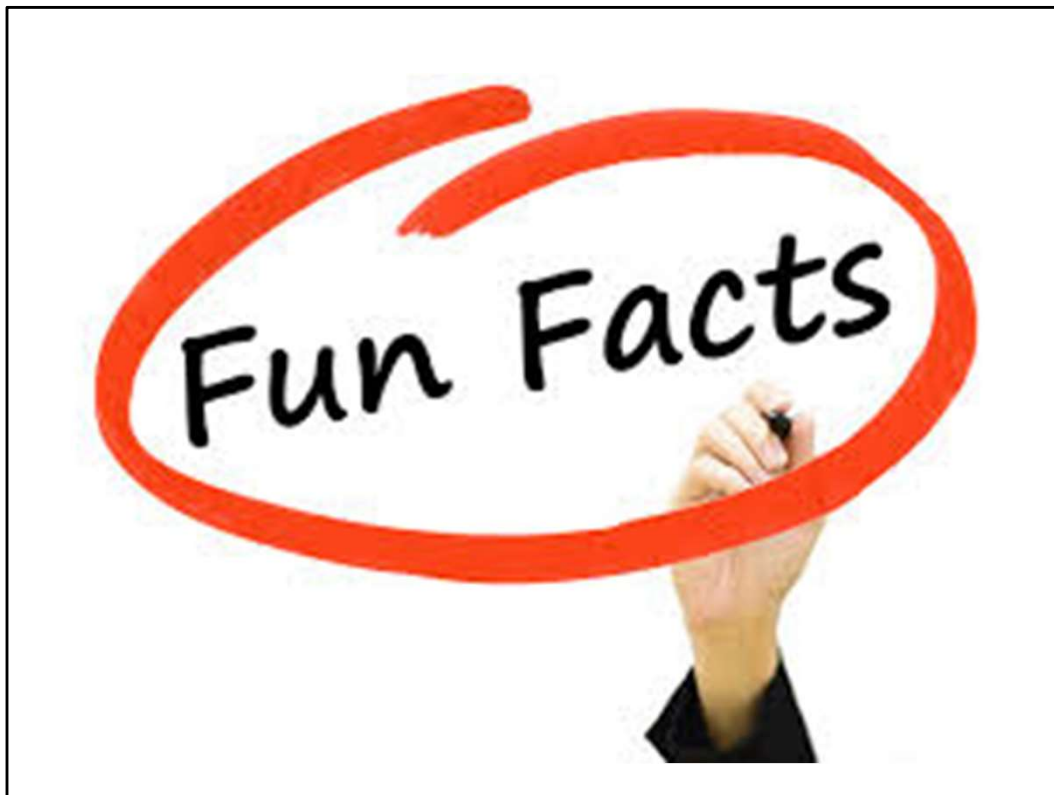
- Property Tax Deferral For Homeowners with Limited Income
- Property Tax Deferral for Senior Citizens and Disabled Persons

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



2022

Deferrals:

579 applications

\$930K relief

\$1,606/app

Grant:

11 applications- decrease in applicants over the years

2022 Exemption *preliminary*:

112,801 participants

\$273.2 million

\$2,422 average relief

Individual Benefit Programs



Same

Same!

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

Combined Disposable Income



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(6)

WAC 458-16A-100(13)

Combined disposable income defined:

RCW 84.36.383(1)

WAC 458-16A-100(6)

Start:

“Adjusted gross income” as determined under IRS rules is the starting place.

continue on next slide

Combined Disposable Income



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

Deductions:

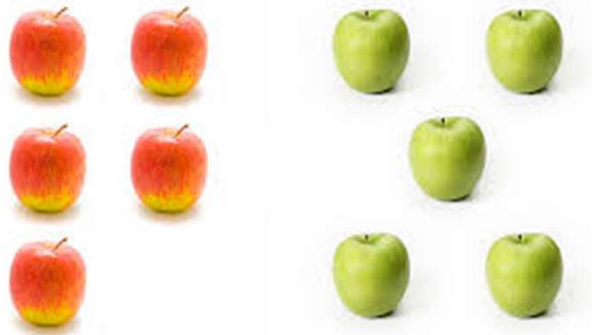
Allowable deductions include amounts paid by the applicant or his or her spouse or domestic partner for certain out-of-pocket costs.

- 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

Individual Benefit Programs



Different

Different!

- Service-connected disabled vet-only exemption program
- Income Thresholds: [\[PTRC 10-4 Income Threshold Chart\]](#)
 - \$57K limited income deferral
 - Greater of \$45K or 75% of county median household income senior/disabled deferral
 - Greater of \$40K or 65% of county median household income senior/disabled exemption
 - \$40K widow/widower grant
- Age requirement:
 - No limit limited income deferral
 - 60 senior/disabled deferral
 - 61 senior/disabled exemption
 - 57 senior/disabled exemption for surviving spouse electing to continue
 - 57 senior/disabled deferral for surviving spouse/heir/devisee electing to continue
 - 62 widow/widower grant
- Ownership requirement:
 - Deferrals and Grant – fee, contract purchase
 - Exemption – fee, contract purchase, life estate, lease for life, cooperative housing

Deferral Programs



- Deferral means: postpone payment or must be repaid at a later date
- Parcel/property must have equity to protect state's lien interest
 - 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
- If DOR is unable to collect, county treasurer includes in foreclosure action

Deferral Programs



Property Tax Deferral For Homeowners with Limited Income

RCW 84.37
WAC 458-18A

Property Tax Deferral for Senior Citizens and Disabled Persons

RCW 84.38
WAC 458-18

LIMITED INCOME:

- Annual application or renewal due September 1 – late applications need written waiver
- Defers payment of 50% annual tax due [2nd half property tax due in October] – 1st half tax must already be paid
- Must have owned the residence for 5 years - For 2020 deferral, must have owned property by 12/31/2015
- 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%
 - 2020 4%

SENIOR CITIZEN/DISABLED PERSON:

- 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



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:
 - Tier 1 Exempt from *regular* property taxes on \$60,000 or 60% of the value whichever is greater
 - Tier 2 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
 - Sale or transfer of property
 - Death of applicant– unless surviving spouse or domestic partner elects to continue
 - Does not reside for more than 9 months
 - Exceeds income threshold

Property Tax Assistance Program for Widows or Widowers of Veterans



RCW 84.39

- 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



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 appeals

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



- Property Tax Exemptions and Deferrals Manual
 - PTRC-
<https://propertytax.dor.wa.gov/Documents/IndividualBenefitProgManual.pdf>
- Fellow staff in your county or other counties
- Contact DOR
- Brochures
- August Webinar

