



Property Tax Relief Programs for Individuals

Washington state's primary tax agency



Webinar Instructors

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Housekeeping Items



Webinar Agenda

Tuesday, Aug 20, 2024 – 9:00 am – 4:30 pm

- **Day One**
- Program Manual, Publications & Forms
- Individual Benefit Programs (IBP) – overview
- IBP – Primary Qualifications
- Widow/Widower Grant Assistance Program
- Exemption / Deferral Programs
- Appeals & Leasehold Excise Tax Credit

Wednesday, Aug 21, 2024 – 9:00 am – 4:30 pm

- **Day Two**
- Q&A from Day One content
- Disposable Income
- Combined Disposable Income
- Trusts
- Breakout Rooms & Group Discussion on trusts, combined disposable income (CDI), etc.



Questions?



Resources

- Property Tax Resource Center
- Program Manual
- Forms & Brochures





Property Tax Resource Center (PTRC)

propertytax.dor.wa.gov

1

**Property Tax
Exemption &
Deferral
Manual**

2

**Individual
Benefit
Program
Forms**

3

**Individual
Benefit
Program
Brochures**



1

Property Tax Exemption & Deferral Manual

Available on propertytax.dor.wa.gov

- Updates for 2025
 - ADU
 - RCW & WAC
 - Reorganization of manual to follow



2

Individual Benefit Program Forms

Available on dor.wa.gov and propertytax.dor.wa.gov

- Reminder: If you use county specific forms for the Exemption Program, make sure you send any proposed revisions to DOR for final approval before you use them.
 - Senior Citizen / Disabled Person Exemption
 - [RCW 84.36.385\(1\)](#) and [WAC 458-16A-135\(5\)\(a\)](#)
 - Senior Citizen / Disabled Person Deferral
 - [RCW 84.38.040\(1\)](#), [RCW 84.38.050](#), and [WAC 458-18-030\(2\)](#)
 - Limited Income Deferral
 - [RCW 84.37.040\(1\)](#) and [WAC 458-18A-030\(2\)](#)



3

**Individual
Benefit
Program
Brochures**

Available on dor.wa.gov and propertytax.dor.wa.gov

- Property Tax Exemption for Senior Citizens and People with Disabilities
- Property Tax Deferral for Senior Citizens and People with Disabilities
- Property Tax Deferral for Homeowners with Limited Income
- Property Tax Assistance Program for Widows or Widowers of Veterans



Questions?

Individual Benefit Programs Overview



Exemption Program



- Reduction in tax amount
- Shifts the tax burden
- Exemption is tiered
- Renewal requirement

RCW 84.36.379—RCW 84.36.389

WAC 458-16A



Deferral Programs



- No reduction
- Postpones payment of property taxes and/or special assessments
- State pays the taxes/assessments and charges interest
- Renewal requirement
- Repayment of deferral balance is voluntary until a canceling event occurs and then it becomes mandatory

**Property Tax Deferral for Senior
Citizens and People with Disabilities**

RCW 84.38
WAC 458-18

**Property Tax Deferral For
Homeowners with Limited Income**

RCW 84.37
WAC 458-18A



Widows/Widowers of Qualifying Veterans



- Monetary assistance is in the form of a grant
- Applicant can not be remarried
- Assistance works with exemption program
- Renewal requirement



RCW 84.39



Property Tax Statistics 2023



Senior/Disabled Deferral

- 277 apps (2022)
- \$890,414 relief
- \$3,214 average relief

WW Grant

- 11 apps (2022)
- \$1,518
- \$138 average relief

Limited Income Deferral

- 24 apps (2022)
- \$59,482
- \$2,478 average relief

Senior/Disabled Exemption

- 114,072 participants
- \$334 million
- \$2,932 average relief
- [Program History](#)

<https://dor.wa.gov/about/statistic-reports/property-tax-statistics>

SENIOR CITIZEN PROPERTY TAX RELIEF, 1994-2023



Year Levies Due	Approved Applicants	Total Relief	Average Relief
2023	114,072	\$334,407,601	\$2,932
2022	116,077	305,495,989	2,632
2021	112,803	273,234,116	2,422
2020	109,029	249,650,782	2,290
2019	108,751	207,539,822	1,908
2018	113,691	198,222,177	1,744
2017	106,699	172,294,657	1,615
2016	104,237	170,069,535	1,632
2015	106,456	160,875,085	1,511
2014	107,399	154,767,720	1,441
2013	112,733	155,238,091	1,377
2012	112,874	160,865,559	1,425
2011	114,800	175,512,451	1,529
2010	114,359	173,844,936	1,520
2009	113,239	176,066,722	1,555
2008	113,948	180,895,710	1,588
2007	114,862	168,383,834	1,466
2006	115,801	161,494,134	1,395
2005	109,926	150,015,797	1,365
2004	112,587	120,099,341	1,067
2003	112,671	121,315,779	1,077
2002	116,197	112,313,715	967
2001	122,928	112,498,359	915
2000	126,914	117,387,875	925
1999	128,686	113,706,695	884
1998	131,924	80,614,685	611
1997	135,742	81,077,359	597
1996	136,036	79,043,697	581
1995	130,650	73,191,817	560
1994	126,641	67,368,802	532

Property Tax Statistics 2023



Questions?



Question Time!

We would like to know how long you have been working with IBP?

- 0 - 3 months
- 3 - 6 months
- 6 - 12 months
- 12 - 24 months
- 2 - 3 years
- 4 - 5 years
- 5+ years



Program Requirements



Program Requirements

Age or
Disability

Occupancy &
Ownership

Income



Program Requirements

Program	Age Requirement	Disability Requirement
Senior/Disabled Exemption	61 years old by Dec. 31 of assessment year (year prior to taxes due)	OR disabled by SSA definition OR a Veteran with disabilities with service-connected disability 80% evaluation or 100% compensated.
Senior/Disabled Deferral	60 years old by Dec. 31 of the filing year (tax year)	OR disabled by SSA definition
Limited Income Deferral	None	None
Widow/Widower Grant Assistance	62 years old by Dec. 31 of the filing year (tax year)	OR disabled by SSA definition



Program Requirements

Disability Requirement

OR disabled by **SSA definition**
OR a Veteran with disabilities with service-connected disability 80% evaluation or 100% compensated.

OR disabled by **SSA definition**

None

OR disabled by **SSA definition**

SSA definition

The inability 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.



Program Requirements

Program	Occupancy Requirement	Ownership Requirement
Senior/Disabled Exemption	Must occupy property as principal residence.	Must own or be purchasing.
Senior/Disabled Deferral	Must occupy property as principal residence.	Must own (on title).
Limited Income Deferral	Must occupy property as principal residence.	Must have owned the property for 5 years.
Widow/Widower Grant Assistance	Must occupy property as principal residence.	Must own or be purchasing.



Program Requirements

Occupancy Requirement

Must occupy property as
principal residence.

Must occupy property as
principal residence.

Must occupy property as
principal residence.

Must occupy property as
principal residence.

Definition of “residence” in RCW 84.36.383 and WAC 458-16A-100

- Can include an ADU beginning with tax year 2025 and forward
- Up to one acre – OR – up to 5 acres if the larger parcel size is required under local land use regulations
- Must be the applicant’s principal residence
- Occupy the home for more than six months each calendar year
- Applicant *may* still meet the occupancy requirement when not occupying home



Program Requirements

Home is still considered primary residence if applicant isn't occupying in the following circumstances:

Applicant confined to:

- Hospital
- Nursing home
- Assisted living home
- Boarding home
- Adult family home OR
- Home of relative for long-term care

AND

Primary residence is:

- Temporarily vacant
- Rented to offset costs of facility
- Occupied by someone financially dependent on applicant OR
- Occupied by unpaid caretaker



Program Requirements

Primary residence is:

- Temporarily vacant,
- Rented to offset costs of facility,
- Occupied by someone financially dependent on applicant, OR
- Occupied by unpaid caretaker.

What is “temporarily vacant”?

Nothing in law or rule saying the stay in the facility must be temporary.

No specific definition in law about upper range of “temporary”.

Case law in other states appears to hold “intent” as the determining factor.



Program Requirements

Primary residence is:

- Temporarily vacant,
- Rented to offset costs of facility,
- Occupied by someone financially dependent on applicant, OR
- Occupied by unpaid caretaker.

What is “temporarily vacant”? (continued)

Department opinion - “Senior citizens always intend to return home regardless of the length of time they are incarcerated in a hospital, boarding home, adult family home or nursing home.”

Clear situation where participant specifically expresses intent to not return to the residence even when/if able, **AND** residence is vacant, property would no longer qualify for exemption. Get it in writing!



Program Requirements

Ownership Requirement

Must **own** or be purchasing.

Must **own** (on title).

Must have **owned** the property
for 5 years.

Must **own** or be purchasing.

Ownership

The applicant must have an ownership interest in the property.

Qualifying Ownership includes fee simple and contract purchase.

- Exemption program additionally can allow life estate & lease for life
- Trusts may meet the ownership qualification, depending on the program



Program Requirements

Program	Income Limits	Approval Authority
Senior/Disabled Exemption	70% county median household income (2024 taxes and forward)	Assessor
Senior/Disabled Deferral	75% county median household income (2024 taxes and forward)	Assessor
Limited Income Deferral	\$57,000	Assessor
Widow/Widower Grant Assistance	70% county median household income (2025 taxes and forward)*	Dept. of Revenue



Program Requirements

Income Limits

70% county median household income
(2024 taxes and forward)

75% county median household income
(2024 taxes and forward)

\$57,000

70% county median household income
(2025 taxes and forward)*

“County median household income”
definition:

RCW 84.36.383 & WAC 458-16A-100

- Median household income estimates for the state of Washington by county
- Published by the Office of Financial Management (OFM)
- Department updates income thresholds every three years



Program Requirements

The screenshot shows the Washington State Department of Revenue website. The header includes the department logo, navigation links (Laws & rules, Subscribe, Careers, Contact, About, Log in), and a search bar. The main navigation menu includes Home, Open a business, Manage a business, Taxes & rates, File & pay taxes, Education, and Forms & publications. The page content is titled 'Senior citizens and people with disabilities exemption and deferred income thresholds' and includes a 'Print' button. The main text lists income thresholds for 2024-2026, 2020-2023, and 2019 and prior. A 'More information' sidebar lists property tax exemptions and deferrals for senior citizens and disabled persons, along with RCW (84.36.379 - 84.36.389, 84.38) and WAC (458-16A-100 - 458-16A-150, 458-18) references.

Department of Revenue
Washington State

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Home / Taxes & Rates / Property Tax / Senior Citizens And People With Disabilities Exemption And Deferred Income Thresholds Print

Senior citizens and people with disabilities exemption and deferred income thresholds

Income thresholds:

- 2024 - 2026
- 2020 - 2023
- 2019 and prior

More information

Property tax exemptions and deferrals for senior citizens and disabled persons

RCW
84.36.379 - 84.36.389
84.38

WAC
458-16A-100 - 458-16A-150
458-18

www.dor.wa.gov/incomethresholds



Program Requirements



**What is
Disposable
Income?**



Program Requirements

Disposable Income

- RCW 84.36.383(6) and WAC 458-16A-100(12)
- Total gross taxable and non-taxable income
- Start with adjusted gross income (AGI) and “add back” non-taxable sources

Combined Disposable Income

- RCW 84.36.383(1) and WAC 458-16A-100(6)
- Combined disposable income is the total of the disposable income of the applicant, the applicant’s spouse or domestic partner, and any co-tenants, less allowable deductions.



Questions?



Question Time!

What program requires the applicant to be 60 in the year they file?

- Senior/Disabled Exemption
- Senior/Disabled Deferral
- Limited Income Deferral
- Widow/Widower Grant Assistance



Widows and Widowers of Veterans Grant Assistance Program



Overview



RCW 84.39

- Provides monetary assistance in the form of a grant for qualifying applicant
- Partial repayment may be required if applicant ceases to reside in primary residence prior to December 15 in the year assistance is paid
- Does not create a tax shift and is not a lien that needs to be paid back.



Qualifications	Widow/Widowers of Veterans Grant Assistance Program
Age	62 years old by Dec. 31 of the filing year (tax year)
Disability	OR disabled by SSA definition
Occupancy/ Ownership	Must occupy property as principal residence. Must own or be purchasing.
Income Limits	70% county median household income (2025 taxes and forward)* For tax year 2024 and prior - \$40,000
Marital Status	Must NOT have remarried or entered into domestic partnership.



Additional Qualifications

Must be a widow/widower of a veteran who:

- Died as result of service-connected disability OR
- Was 100% disabled for 10 years prior to death OR
- Was a POW and 100% disabled for 1 or more years prior to death OR
- Died on active duty/training status



Applications

- Applicant should apply for exemption, if eligible
- Applicant must meet eligibility for each year
- Applications due 30 days before tax due date (late and prior year applications are accepted)
- Must renew annually



Roles and Responsibilities

- DOR administers and educates public
- Assessor provides assistance when needed
 - Value (frozen or market, taxable, and total)
 - Exemption level
 - Levy rates (regular levy including part 1 of state school levy, part 2 of state school levy, and excess levies)
- Appeals are made to BTA



Levels of Assistance (2024 and prior)

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

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



Levels of Assistance (2025 and forward)

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

- Income Threshold 1 – first \$200,000 of assessed value
- Income Threshold 2 – first \$150,000 of assessed value
- Income Threshold 3 – first \$100,000 of assessed value



Loss of Assistance

- Loss of Assistance – RCW 84.39.050
 - Ceases to reside on the property between application date and December 15th of assistance year
- Applicant must repay appropriate amount of assistance



Questions?



Question Time!

Does the Widow and Widower of Veterans Grant Assistance program create:

- A tax shift
- A tax lien
- Neither one



Senior Citizen / People with Disabilities Exemption Program



Overview

- Reduces tax due based on applicant's income threshold
 - Reduction – does not have to be repaid
- Generally results in a “tax shift”
- Establishes “frozen” taxable assessed value

RCW 84.36.379—RCW 84.36.389
WAC 458-16A



Qualifications	Senior Citizen / People with Disabilities Exemption Program
Age	61 years old by Dec. 31 of assessment year. (year prior to taxes due)
Disability	OR disabled by SSA definition OR a Veteran with disabilities with service-connected disability 80% evaluation or 100% compensated.
Occupancy/ Ownership	Must occupy property as principal residence. Must own or be purchasing.
Income Limits	70% county median household income. (2024 taxes and forward)



Qualifications	Senior Citizen / People with Disabilities Exemption Program
Age	61 years old by Dec. 31 of assessment year. (year prior to taxes due)

For participants who are currently on the program:

- Surviving spouse or domestic partner may continue the exemption
- Must be at least 57 years old in year of death
- Must otherwise meet program requirements



Qualifications	Senior Citizen / People with Disabilities Exemption Program
Disability	OR disabled by SSA definition OR a Veteran with disabilities with service-connected disability 80% evaluation or 100% compensated.

Substantial gainful activity

Social Security Administration determines annually the amount a claimant may earn without being considered “gainfully employed”. There are separate limits for those who are blind.



Substantial gainful activity

- For 2024, limits will be:
 - \$1,550 per month for non-blind
 - \$2,590 per month for blind
- Table on page 122 in the manual
- Annual update at <https://www.ssa.gov/OACT/COLA/sga.html>



Proof of Disability Award Letter

- Must contain date of disability
- Date of disability must be as of Dec. 31 of the assessment year (year prior)

Example:

12/07/2020 could qualify for tax year 2021 and beyond

Social Security Administration

Retirement, Survivors and Disability Insurance
Notice of Award

Office of Central Operations
1500 Woodlawn Drive
Baltimore, Maryland 21241-1500
Date: March 1, 2022
Claim Number: xxx-xx-xxxxHA

Matthew Claimant
123 Claimant Lane
Somewhere, NC 28996

You are entitled to monthly disability benefits beginning June 2021.

The Date You Became Disabled

We found that you became disabled under our rules on **December 7, 2020**. However, you have to be disabled for 5 full calendar months in a row before you can be entitled to benefits. For these reasons, your first month of entitlement to benefits is June 2021.

What We Will Pay And When

- You will receive \$7,356.00 on approximately March 7, 2022.
- This is the money you are due for June 2021 through February 2022.
- Your next payment of \$1,065.00, which is for March 2022, will be received on or about the second Wednesday of April 2022.
- After that, you will receive **\$1,065.00** on the second Wednesday of each month.
- These and any future payments will go to the financial institution you selected.



Qualifications	Senior Citizen / People with Disabilities Exemption Program
Disability	OR disabled by SSA definition OR a Veteran with disabilities with service-connected disability 80% evaluation or 100% compensated.

VA Award Letter

- Must contain percentage of service-connected disability
- Must contain effective date of service-connected disability
- Date of disability must be as of Dec. 31 of the assessment year (year prior)



VA Award Letter



DEPARTMENT OF VETERANS AFFAIRS
810 Vermont Ave NW
Washington, D.C. 20420

July 1, 2021

John Michael Doe
5445 Honor Drive
Hope, AR 71802

In Reply Refer to:
xxx-xx-4321
27/eBenefits

Dear Mr. Doe,

This letter is a summary of benefits you currently receive from the Department of Veterans Affairs (VA). We are providing this letter to disabled Veterans to use in applying for benefits such as state or local property or vehicle tax relief, civil service preference, to obtain housing entitlements, free or reduced state park annual memberships, or any other program or entitlement in which verification of VA benefits is required. Please safeguard this important document. This letter is considered an official record of your VA entitlement.

Our records contain the following information:



Your VA claim number is: xxx-xx-4321

You are the Veteran.

Military Information

Your most recent, verified periods of service (up to three) include:

Branch of Service	Character of Service	Entered Active Duty	Released/Discharged
Army	Honorable	September 17, 1990	June 22, 1996
Army	Honorable	June 23, 1999	May 5, 2005

(There may be additional periods of service not listed above.)

VA Benefit Information

You have one or more service-connected disabilities:

Yes

Your combined service-connected evaluation is:

100%

Your current monthly award amount is:

\$4268.39

The effective date of the last change to your current award was:

January 1, 2021

You are considered to be totally and permanently disabled due solely to your service-connected disabilities:

Yes

The effective date of when you became totally and permanently disabled due to your service-connected disabilities:

December 15, 2004



Qualifications	Senior Citizen / People with Disabilities Exemption Program
Occupancy/ Ownership	Must occupy property as principal residence. Must own or be purchasing.

Occupancy

“Principal Place of Residence” (RCW 84.36.383(10))

- Defined as: *“a residence occupied for more than six months each calendar year by a person claiming an exemption...”*
- 2020 and after
- 2019 “Hiccup year” – required more than nine months occupancy



Qualifications	Senior Citizen / People with Disabilities Exemption Program
Occupancy/ Ownership	Must occupy property as principal residence. Must own or be purchasing.

Ownership

- Must have ownership interest as of the time a timely filing would have been due



Ownership

- Must own:
 - In fee
 - Life Estate (Lease for life)
 - Contract purchase
 - Cooperative housing share
 - Trust – Revocable or Irrevocable



Ownership

- Must own:
 - In fee
 - Life Estate (Lease for life)
 - Contract purchase
 - Cooperative housing share
 - Trust – Revocable or Irrevocable

Trust ownership **may** qualify if:

- It creates a life estate for the applicant
- Revocable/Irrevocable where applicant is settlor who granted self beneficial interest for life in residence
- Irrevocable where applicant has a life-time beneficial interest in residence
- Manual pages 106-110



Ownership

Can also be:

- Partial ownership
- Inheritance – Will (devises), intestate succession (heir) RCW 11.04.015
- Adverse Possession doctrine
- Spouses
- Parent/child
- Mobile/Manufactured Home



Ownership

Can also be:

- Partial ownership
- Inheritance – Will (devisee),
intestate succession (heir)
RCW 11.04.015
- Adverse Possession doctrine
- Spouses
- Parent/child
- Mobile/Manufactured Home

RCW 21.35.005 definitions of devisee/heir

Devisee

- means any person designated in a will to receive a disposition of real or personal property

Heir


- means those persons, including the surviving spouse, who are entitled under the statutes of intestate succession to the property of a decedent



Ownership

Can also be:

- Partial ownership
- Inheritance – Will (devisee), intestate succession (heir) RCW 11.04.015
- Adverse Possession doctrine
- Spouses
- Parent/child
- Mobile/Manufactured Home**



STATE OF WASHINGTON
Vehicle Certificate of Title

Title Number [REDACTED]						
License Number	Vehicle Identification Number (VIN)	Year	Make	Model	Style	Series/Body
[REDACTED]	[REDACTED]	1983	LIBER			60/28
Date of Application	Odometer Miles	Odometer Status		Fuel Type		
10/25/1996	000000	E				
Scale Weight	Gross Vehicle Weight Rating Code	Vehicle Color		Prior Title State	Prior Title Number	
00000				WA	[REDACTED]	
Comments 23000-1996						
Brands						
Sale price \$ _____						
Date of sale _____						
Legal Owner: To release interest, sign below and give this title to the registered owner/transferee or to a vehicle licensing office with the proper fee within 10 days of satisfaction of the security interest, or you may be liable to the owner/transferee for penalties.						
Buyer: You must apply for title within 15 calendar days of acquiring the vehicle to avoid a penalty Take this signed title to a vehicle/vessel licensing office with the appropriate fees.						
Legal Owner			Registered Owner			
DEPARTMENT OF REVENUE PROPERTY TAX DIVISION DEFERRALS			[REDACTED]			



Qualifications	Senior Citizen / People with Disabilities Exemption Program
Income Limits	70% county median household income. (2024 taxes and forward)

Defined in RCW 84.36.383 and WAC 458-16A-100

- Current:
 - equal to the greater of "income threshold 3" for the previous year or 70 percent of the county median household income
 - Next adjustment: assessment year 2026 for tax year 2027
- 2020 - 2023:
 - equal to the greater of "income threshold 3" for the previous year or 65 percent of the county median household income
- 2016 - 2019:
 - \$40,000 Combined Disposable Income (fixed amount for all counties)



Program Benefits

- Frozen Value
- Exemption Levels
- Transfer Exemption



Program Benefits

- Frozen Value
- Exemption Levels
- Transfer Exemption

- Value is frozen as of January 1 of the application year of first qualification (page 36 in manual)
- Exemption is applied to lower of frozen value or assessor's market value
- Only changes are for:
 - New construction
 - Addition/reduction of ADU (beginning TY2025)
 - Addition/reduction in allowable acreage
 - Destroyed property
 - Sale, transfer, change in use



Program Benefits

- Frozen Value
 - Exemption Levels
 - Transfer Exemption
- Exemption level is based on combined disposable income of the applicant, the applicant's spouse or domestic partner, and any co-tenants.
 - Three different levels of exemption, tiered based on income threshold limits



Program Benefits

Tax year 2020 and forward:

Income Thresholds	Level of Exemption
Income Threshold 3	Exempt from 100% of excess levies and 100% of Part 2 of state school levy
Income Threshold 2	Exempt from regular property taxes and Part 1 of state school levy on \$50,000 or 35% of the value whichever is greater, not to exceed \$70,000 <i>*Plus excess/special levies from Income Threshold 3</i>
Income Threshold 1	Exempt from regular property taxes and Part 1 of state school levy on \$60,000 or 60% of the value whichever is greater <i>*Plus excess/special levies from Income Threshold 3</i>



Program Benefits

Prior to tax year 2020 (ex. TY2018 & TY2019)

Income Thresholds	Level of Exemption
\$35,001 - \$40,000	Exempt from 100% of excess levies and 100% of Part 2 of state school levy
\$30,001 - \$35,000	Exempt from regular property taxes and Part 1 of state school levy on \$50,000 or 35% of the value whichever is greater, not to exceed \$70,000 <i>*Plus excess/special levies from Income Threshold 3</i>
\$0 - \$30,000	Exempt from regular property taxes and Part 1 of state school levy on \$60,000 or 60% of the value whichever is greater <i>*Plus excess/special levies from Income Threshold 3</i>



Program Benefits

- Frozen Value
- Exemption Levels
- Transfer Exemption

No reduction/exemption on Special Assessments

Except Fire Protection Benefit Assessments/Charges

- WAC 458-16A-140(2)
- Made by a fire protection district, regional fire protection service authority, or by a city or town
- Assessment/charge is reduced by 25%, 50%, or 75% depending on CDI income threshold



Program Benefits

- Frozen Value
- Exemption Levels
- Transfer Exemption

RCW 84.36.381

- (1)(a) However, any person who sells, transfers, or is displaced from his or her residence may transfer his or her exemption status to a replacement residence, but no claimant may receive an exemption on more than one residence in any year.
- (6)(a) If the person transfers the exemption under this section to a different residence, the valuation of the different residence is the assessed value of the different residence on January 1st of the assessment year in which the person transfers the exemption.
 - ❖ WAC 458-16A-140(7)(c)
 - ❖ WAC 458-16A-150(2)(c) & (5)



Roles & Responsibilities

- Educate public – Department & County Assessor
- County Assessor approves or denies and has full responsibility for administering
- County Treasurer bills/collects based on reduced tax amount
- Appeals are made to local BOE – then BTA
- Department of Revenue has an advisory role only



Applications

- Applications due December 31st of the assessment year
 - Application is made based on anticipated income in the assessment year
 - Assessor may require documentation of actual income prior to May 31st of year following application – RCW 84.36.381(4)(e)



Question Time!

How does your county administer applications?

- Applications due 12/31 of assessment year, based on estimated income from assessment year
- “Late” applications in the tax year, based on actual income from assessment year





Applications

- Signature
 - 2020 tax year and before by applicant in presence of 2 witnesses or county Assessor/Deputy
 - 2021 tax year and after by applicant under oath
- Assessor may accept late applications WAC 458-16A-140(3)(c)
 - Regardless of whether taxes have been levied, paid, or become delinquent



Applications

- Taxpayer may apply late – WAC 458-16A-135(2)
 - Prior year exemption requests must be filed as separate applications for each year
 - Applicant must meet eligibility for each year as if the application had been filed timely
 - No limit to prior years if tax is unpaid
 - Refunds limited to 3 years from date the taxes were due – WAC 458-16A-135(2) and RCW 84.69.030



Applications

- Upon approval:
 - Value is frozen as of January 1 of the application/assessment year (the year before the tax is due)
 - Correct level of exemption applied
 - Placed on renewal cycle
- Denials must be in writing and must advise the applicant of reason for denial and appeal rights



Applications - Renewal

RCW 84.36.385(3) and WAC 458-16A-150(2)

- Renewal required at least once every 6 years
 - Assessor must notify taxpayer of requirement to renew
 - If applicant no longer meets qualifications, exemption must be removed
 - If applicant received exemption in prior years based on erroneous information, taxes must be collected subject to penalties
 - as provided in RCW 84.40.130
 - period not to exceed five years



Applications – Change in Status

RCW 84.36.385(2) and WAC 458-16A-150(3)

- Taxpayer must notify assessor of a change in status - anything that affects entitlement to or level of exemption
 - Death of someone currently receiving the exemption
 - Change in marital status
 - Move to a different primary residence that you own
 - Move to another home, nursing home or assisted living facility – even if temporary
 - Sale or transfer of the primary residence
 - Do not physically occupy the primary residence for more than 6 months during a calendar year
 - Change in disability status (no longer disabled or have entered into gainful employment)
 - Change in income - **ONLY** if it will affect the exemption status you are currently receiving.



Applications – Loss of Exemption

Loss of Exemption

- Sale of property
- Death of applicant – unless there is a surviving spouse/domestic partner eligible to assume
 - must be 57 in year applicant died
 - must apply and meet program requirements
- Portion of property removed
- No longer principal place of residence
- No longer meets income or other qualifications



Applications – Loss of Exemption

Loss of Exemption

- For changes that occur in the assessment year (i.e.: 2024), the exemption would be removed for the following tax year (i.e.: 2025).
- Exception – anything that changes ownership (death, interest transfer, sale). Exemption is terminated as of the ownership change.



Questions?



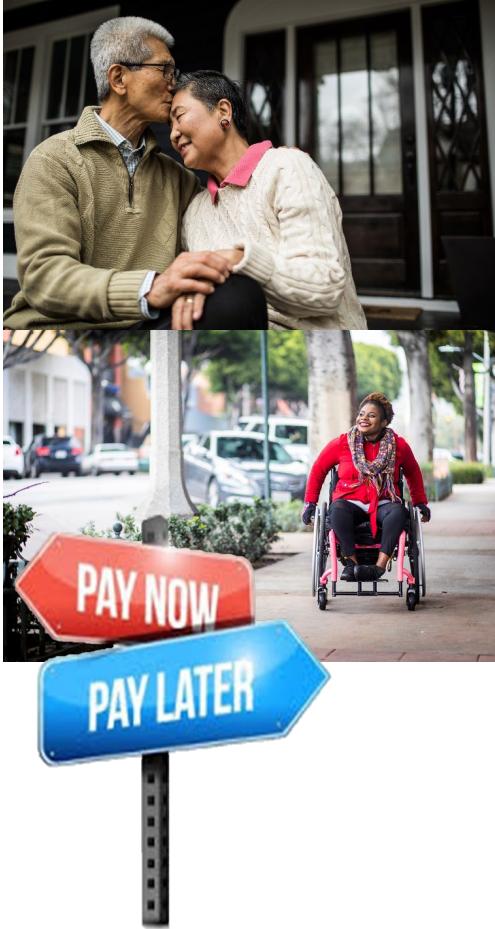
Question Time!

What is your county renewal cycle?

- Renewal Cycle – every year
- Renewal Cycle – 2 years
- Renewal Cycle – 3 years
- Renewal Cycle – 4 years
- Renewal Cycle – 5 years
- Renewal Cycle – 6 years



Senior Citizen / People with Disabilities Deferral Program



Overview

- Postpones payment of property taxes
- Department pays property taxes and charges interest (5% annually)
- Prior year applications accepted – must meet ownership requirement only
- No limit to prior years if tax is unpaid
- Repayment of deferral balance is voluntary until a canceling event occurs and then it becomes mandatory

RCW 84.38

WAC 458-18



- Postpones payment of property taxes
- Department pays property taxes and charges interest (5% annually)
- Prior year applications accepted – must meet ownership requirement only
- No limit to prior years if tax is unpaid
- Repayment to DOR voluntary until canceling event then it is mandatory

Interest Rate

Hard coded in statute (RCW 84.38.100)

5% annually for deferrals made 2007 and after

8% annually for deferrals made 2006 and prior



Qualifications	Senior Citizen / People with Disabilities Deferral Program
Age	60 years old by Dec. 31 of the filing year. (tax year)
Disability	OR disabled by SSA definition.
Occupancy/ Ownership	Must occupy property as principal residence. Must own (on title).
Income Limits	75% county median household income. (2024 taxes and forward)
Equity	Must have sufficient equity to protect the interest of the State of Washington



Qualifications	Senior Citizen / People with Disabilities Deferral Program
Age	60 years old by Dec. 31 of the filing year. (tax year)

For participants who are currently on the program:

- Surviving spouse, domestic partner, heir or devisee may continue the exemption
- Must be at least 57 years old in year of death
- Must otherwise meet program requirements



Qualifications	Senior Citizen / People with Disabilities Deferral Program
Age	60 years old by Dec. 31 of the filing year. (tax year)
Disability	OR disabled by SSA definition.
Occupancy/ Ownership	Must occupy property as principal residence. Must own (on title).
Income Limits	75% county median household income. (2024 taxes and forward)
Equity	Must have sufficient equity to protect the interest of the State of Washington



Occupancy/ Ownership	Must occupy property as principal residence. Must own (on title).
-------------------------	--

Ownership

What does NOT meet the ownership requirement for the deferral?

- Cooperative housing
- Life estate
- Lease for life
- Revocable trust
- Irrevocable trust may qualify



Ownership

What does NOT meet the ownership requirement for the deferral?

- Cooperative housing
- Life estate
- Lease for life
- Revocable trust
- Irrevocable trust **may** qualify

For an Irrevocable trust to qualify, it must be:

- Expressly not revocable
- Applicant is trustee or beneficiary
- Applicant has a life-time beneficial interest in the residence
- No spendthrift clause preventing encumbrance of trust assets



Ownership



Can also be:

- Partial ownership
- Inheritance – Will (devisee), intestate succession (heir) RCW 11.04.015
- Adverse Possession doctrine
- Spouses
- Parent/child
- Mobile/Manufactured Home



Qualifications	Senior Citizen / People with Disabilities Deferral Program
Equity	Must have sufficient equity to protect the interest of the State of Washington

Equity Requirement

- The maximum dollar amount of deferred taxes allowable on a parcel is limited by the applicant’s equity in that property.
- Equity = most current assessed value (-) all liens and encumbrances against the property

As soon as your value notices are mailed, you should use that as current value.
(Manual pg. 61 – 62)



Equity Requirement

- The maximum dollar amount of deferred taxes allowable on a parcel is limited by the applicant's equity in that property.
- Equity = most current assessed value (-) all liens and encumbrances against the property

Homeowners insurance?	State listed as Loss Payee?	Maximum Allowable Deferral
Yes	Yes	80% of equity value in improvement and land
Yes	No	100% of equity in land value only
No	No	100% of equity in land value only



Equity Example – Full Ownership (New Deferral Applicant)

New Deferral Applicant	Insurance & Loss Payee	No Insurance No Loss Payee
Land Value (+)	75,000	75,000
Improvement Value (+)	250,000	-----
Total Value (=)	325,000	75,000
Total Liens / Encumbrances (-)	25,000	25,000
Total Equity (=)	300,000	50,000
Percent of Equity Allowed (*)	80%	100%
Total Amount Available for Deferral (=)	240,000	50,000

What if the applicant had a larger lien/encumbrance balance?



Equity Example – Full Ownership (New Deferral Applicant)

New Deferral Applicant	Insurance & Loss Payee	No Insurance No Loss Payee
Land Value (+)	75,000	75,000
Improvement Value (+)	250,000	-----
Total Value (=)	325,000	75,000
Total Liens / Encumbrances (-)	200,000	200,000
Total Equity (=)	125,000	-125,000
Percent of Equity Allowed (*)	80%	100%
Total Amount Available for Deferral (=)	100,000	-125,000

In order for the applicant with no homeowner's insurance and/or no loss payee to defer their taxes, they will need to obtain homeowners insurance **AND** have the DOR added as a loss payee.



Equity Example – Full Ownership (Renewal Deferral Applicant)

Renewal applicant that has been deferring since 1999

New Deferral Applicant	Insurance & Loss Payee	No Insurance No Loss Payee
Land Value (+)	75,000	75,000
Improvement Value (+)	250,000	-----
Total Value (=)	325,000	75,000
Total Liens / Encumbrances (-)	25,000	25,000
Total Equity (=)	300,000	50,000
Percent of Equity Allowed (*)	80%	100%
Amount Available for Deferral (=)	240,000	50,000
Existing Deferral Principal Balance (-)	26,175	26,175
DOR Interest (-)	27,390	27,390
Remaining Amount Available for Deferral (=)	186,435	-3,565



Equity Requirement – Partial Ownership

- Equity is based on applicant's share of the value minus ALL liens and encumbrances.
- Can defer full tax when there is enough equity
- Equity = Applicants share (i.e. 50%) of most current assessed value (-) ALL liens and encumbrances against the property



Equity Example – Full Ownership

New Deferral Applicant	Insurance & Loss Payee	No Insurance No Loss Payee
Land Value (+)	75,000	75,000
Improvement Value (+)	250,000	-----
Total Value (=)	325,000	75,000
Total Liens / Encumbrances (-)	50,000	50,000
Total Equity (=)	275,000	25,000
Percent of Equity Allowed (*)	80%	100%
Amount Available for Deferral (=)	220,000	25,000



Equity Example – Partial Ownership

Applicant's ownership is 50%

New Deferral Applicant	Insurance & Loss Payee	No Insurance No Loss Payee
Land Value (+) (75,000 / 2)	37,500	37,500
Improvement Value (+) (250,000 / 2)	125,000	-----
Total Value (=)	162,500	37,500
Total Liens / Encumbrances (-)	50,000	50,000
Total Equity (=)	112,500	-12,500
Percent of Equity Allowed (*)	80%	100%
Amount Available for Deferral (=)	80,000	-12,500

In order for the applicant with no homeowner's insurance and/or no loss payee to defer their taxes, they will need to obtain homeowners insurance **AND** have the DOR added as a loss payee.



Applications

- Applicant **must** apply for exemption if eligible
 - WAC 458-18-020(2)(f)
- Applications due annually, 30 days before tax due date
- Use DOR forms
- Department has authority to waive the due date
 - typically a blanket waiver
- Applications are accepted, approved, and processed all year long



Applications

- Signed by applicant as well as any others with an ownership interest in the property
- May request to defer both current and delinquent taxes on same application
 - must meet current year eligibility only – but must have ownership interest in the delinquent years



Applications

Assessor role

If application is approved:

- Notify treasurer or assessment district of pending deferral and request tax and/or special assessment statement
- Forward a copy of application packet to DOR

If application is denied:

- Issue a written denial letter
 - provide a reason for denial
 - include information on appeal rights



Applications – Approved only

- DOR authorizes payment by State of Washington
 - Full year taxes and/or special assessments
 - Can authorize payment for prior years
 - Must have had an ownership interest in the year tax/special assessment originally due
 - Special assessments must be on installment plan if available



Roles & Responsibilities

County Assessor

- Educate public – point of contact
- Approves or denies
 - Procedures similar to those used for exemptions
- Sends renewal applications to persons who deferred in prior tax year
- Notifies DOR of canceling events – more discussion later on this subject
- Appeals are made to local BOE



Roles & Responsibilities

County Treasurer

- Provides tax statement
- Foreclosure process for collection

County Board of Equalization

- Hears taxpayer appeals of county assessor decisions
 - Final decision-not appealable beyond BOE



Roles & Responsibilities

Department of Revenue

- Acts in advisory role
 - Assessors
 - Treasurers
 - Taxpayers
- Has authority to audit applications



Roles & Responsibilities

Department of Revenue

- Administers after approval
 - Files liens
 - Requests payments from Office of State Treasurer (OST) to counties/taxing districts
 - Maintains accounts receivable
 - Provides annual reports to assessors and treasurers
 - Collects account balances



Collection of Deferred Tax

Repayments made directly to DOR

- Voluntary repayments may be made at any time and in any amount
- If a canceling event occurs, then repayment becomes mandatory





Collection of Deferred Tax

Deferred tax plus interest must be repaid if a canceling event happens:

- Ownership is transferred
- No longer principal residence
- Negative equity
- Applicant dies – unless surviving spouse, domestic partner, heir/devisee qualifies and elects to continue
- Property is condemned





Collection of Deferred Tax

We count on you!

Please let us know if you hear of any canceling event situations.





Question Time!

What does your deferral application count look like annually?

- 0
- 1-5
- 6-10
- 11-15
- 16-20
- 21-25
- 26-30
- 30+





Foreclosure Action

RCW 84.64.050(6) offers some protection from foreclosure

- The county treasurer may not sell property that is eligible for deferral of taxes under chapter 84.38 RCW but must require the owner of the property to file a declaration to defer taxes under chapter 84.38 RCW.
- Senior Citizen/People with Disabilities deferral **ONLY** - does NOT apply to Limited Income deferral



Foreclosure Action

What if the parcel has been segregated and the non-eligible portion still has delinquent tax?

- Generally speaking, when the delinquent parcel is not a separate legal parcel and foreclosure requires including the portion of the parcel that is eligible for deferral, the statutory provision provides protection for the taxpayer and prohibits foreclosure action.
- Legally, there are ways for the county to legally segregate the parcel into multiple legal parcels and then foreclose on the parcel w/delinquencies. DOR does not advise either way - consult with prosecuting attorney.



Foreclosure Action

How should you treat deferral account balances during the foreclosure process?

- RCW 84.64.050(3)
 - Include deferral balances in the minimum bids on the Certificate of Delinquency.
 - Use the list sent in January or updated list upon request
- RCW 84.60.010
 - Deferral liens have same priority as tax lien.



Foreclosure Action

RCW 84.64.060

- Payment to redeem property may not include the deferral balance if the account is not in collection status under RCW 84.37.080 or 84.38.130.
- Payment to redeem property must include the deferral balance if the account is in collection status under RCW 84.37.080 or 84.38.130



Foreclosure Action

How will you know the account is in collection status under RCW 84.37.080 or 84.38.130?

- The report sent in January shows “In Collection Status” and/or
- DOR requests foreclosure action
 - Sends written request in the form of a letter stating DOR has been unable to collect



Questions?



Question Time!

What is the significance of a “spendthrift” clause?

- Prevents encumbrance
- A lien cannot be filed
- Unable to secure the State’s interest
- DOR cannot pay the property tax
- None of the above
- All of the above



Limited Income Deferral Program



Overview

- Postpones payment of second half of property taxes due for current year ONLY
- First half taxes due (on April 30) must already have been paid
- Department pays property taxes and charges interest (6% for 2024 - adjusted annually)
- Repayment of deferral balance is voluntary until a canceling event occurs and then it becomes mandatory

RCW 84.37
WAC 458-18A



- Postpones payment of second half of property taxes due for current year ONLY
- First half taxes due (on April 30) must already have been paid
- Department pays property taxes and charges interest (6% for 2024 - adjusted annually)
- Repayment to DOR voluntary until canceling event then it is mandatory

Interest Rate

Adjusted annually

https://dor.wa.gov/sites/default/files/2023-08/Interest_Rates.pdf

Based on average of federal short-term rate, plus 2% (RCW 84.37.030)

Calendar Year	Assessments	Refunds
2024	6%	6%
2023	3	3
2022	2	2
2021	3	3
2020	4	4
2019	4	4
2018	3	3
2017	3	3
2016	2	2



Limited Income Deferral Program

Qualifications	Limited Income Deferral Program
Age	None
Disability	None
Occupancy/ Ownership	Must occupy property as principal residence. Must have owned the property for 5 years.
Income Limits	\$57,000
Equity	Must have sufficient equity to protect the interest of the State of Washington



Qualifications	Limited Income Deferral Program
Equity	Must have sufficient equity to protect the interest of the State of Washington

Equity Requirement

- The maximum dollar amount of deferred taxes allowable on a parcel is limited by the applicant's equity in that property.
- Equity = most current assessed value (-) all liens and encumbrances against the property

As soon as your value notices are mailed, you should use that as current value.
(Manual pg. 80)



Equity Requirement

- The maximum dollar amount of deferred taxes allowable on a parcel is limited by the applicant’s equity in that property.
- Equity = most current assessed value (-) all liens and encumbrances against the property

Homeowners insurance?	State listed as Loss Payee?	Maximum Allowable Deferral
Yes	Yes	40% of equity value in improvement and land
Yes	No	100% of equity in land value only
No	No	100% of equity in land value only



Equity Example – Full Ownership (New Deferral Applicant)

New Deferral Applicant	Insurance & Loss Payee	No Insurance No Loss Payee
Land Value (+)	75,000	75,000
Improvement Value (+)	250,000	-----
Total Value (=)	325,000	75,000
Total Liens / Encumbrances (-)	25,000	25,000
Total Equity (=)	300,000	50,000
Percent of Equity Allowed (*)	40%	100%
Total Amount Available for Deferral (=)	120,000	50,000

What if the applicant had a larger lien/encumbrance balance?



Equity Example – Full Ownership (New Deferral Applicant)

New Deferral Applicant	Insurance & Loss Payee	No Insurance No Loss Payee
Land Value (+)	75,000	75,000
Improvement Value (+)	250,000	-----
Total Value (=)	325,000	75,000
Total Liens / Encumbrances (-)	200,000	200,000
Total Equity (=)	125,000	-125,000
Percent of Equity Allowed (*)	40%	100%
Total Amount Available for Deferral (=)	50,000	-125,000

In order for the applicant with no homeowner's insurance and/or no loss payee to defer their taxes, they will need to obtain homeowners insurance **AND** have the DOR added as a loss payee.



Equity Requirement – Partial Ownership

- Equity = Applicants share of value minus ALL liens and encumbrances against the property
- **NOTE**: can defer 50% of tax bill on eligible property if equity is sufficient



Equity Example – Full Ownership

New Deferral Applicant	Insurance & Loss Payee	No Insurance No Loss Payee
Land Value (+)	75,000	75,000
Improvement Value (+)	250,000	-----
Total Value (=)	325,000	75,000
Total Liens / Encumbrances (-)	25,000	25,000
Total Equity (=)	300,000	50,000
Percent of Equity Allowed (*)	40%	100%
Total Amount Available for Deferral (=)	120,000	50,000



Equity Example – Partial Ownership

Applicant's ownership is 50%

New Deferral Applicant	Insurance & Loss Payee	No Insurance No Loss Payee
Land Value (+) (75,000 / 2)	37,500	37,500
Improvement Value (+) (250,000 / 2)	125,000	-----
Total Value (=)	162,500	37,500
Total Liens / Encumbrances (-)	50,000	50,000
Total Equity (=)	112,500	-12,500
Percent of Equity Allowed (*)	40%	100%
Amount Available for Deferral (=)	45,000	-12,500

In order for the applicant with no homeowner's insurance and/or no loss payee to defer their taxes, they will need to obtain homeowners insurance **AND** have the DOR added as a loss payee.



Applications

- Applications are due to the Assessor annually by September 1
- Use DOR forms
- Must be signed by applicant as well as any others with an ownership interest in the property
- Department has authority to waive the due date
 - Only for “good cause”



Applications

- Department has authority to waive the due date
 - Only for “good cause”

WAC 458-18A-010(9) defines “good cause” as factors peculiar to each claimant.

- Factors outside of applicant’s control which would prevent a reasonable person from filing a timely application
- Acting or failing to act based on written advice from someone on whom they should normally rely



Applications

- Department has authority to waive the due date
 - Only for “good cause”
 - Severe weather conditions preventing safe travel
 - Incapacity due to illness or injury
 - Other factors of similar gravity

Note: Inadvertence or oversight is not a basis for a "good cause" extension of the filing deadline.



Applications

Assessor role

If application is approved:

- Notify treasurer or assessment district of pending deferral and request 50% tax and/or special assessment statement
- Forward a copy of application packet to DOR

If application is denied:

- Issue a written denial letter
 - provide a reason for denial
 - include information on appeal rights



Applications – Approved Only

DOR authorizes payment by State of Washington

- 50% property tax due October 31



Questions?



Question Time!

What is the interest rate for the Limited Income Deferral Program?

- 2%
- 3%
- 4%
- 5%
- 6%
- 7%
- 8%



Application Processing: Both Deferral Programs



Overview – General Guidelines

- Senior Citizen/People with Disabilities Deferral – procedures begin on page 68 in manual
- Limited Income Deferral – page 82 in the manual
- January – mail renewal declarations to those taxpayers who deferred in the previous tax year





Application processing

Assign deferral account number:

- In the “County use only” area at the top of Page 1 – enter “Deferral number”
- Must be in following format for our software systems:

-

- First 2 digits are county code: 01 – 39, in alpha order (i.e. Adams is 01 and Yakima is 39).
- Last 4 digits are next consecutive deferral number in your county (0001 – 9999)



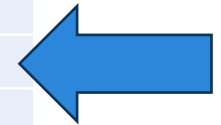
Application Processing

Best Practice

- Deferral number log

We don't keep a running log of your deferrals, so please keep a list so you can pick the next available number!

Deferral Number	Taxpayer Name
17-0200	Smith, Jane
17-0201	Burns, Tim
17-0202	Miller, Matthew
17-0203	Snow, Larry
17-0204	
17-0205	
17-0206	
17-0207	
17-0208	
17-0209	
17-0210	
17-0211	
17-0212	
17-0213	
17-0214	
17-0215	





Application Processing

Verify the following:

- Age/Disability, Ownership, occupancy, and income
- Tax years/special assessments requested to be paid are clearly identified
- All sections of form have been completed correctly



Application Processing

Verify the following:

- Applicant listed January 1 balance for liens and mortgages and amounts listed are correct - verified by documentation provided by applicant
- Insurance information – make sure applicant understands if DOR is NOT listed as a “loss payee” the value of the dwelling will not be included in the equity calculation



Application Processing

Verify the following:

- Parcel size and zoning/land use requirements – make sure applicable part of application is complete (Part 3 – LI; Part 4 – Senior)*
- Manufactured home ownership – applicant must provide documentation showing they are the registered owner on DOL records or title has been eliminated

*new applications



Application Processing

Verify the following:

- Application is signed by mortgage company/lender if required
 - Senior/Disabled program only
- Application is signed by **ALL** owners of interest
 - applicant, applicant's spouse or domestic partner, power of attorney, co-tenants, and any other owners of interest



Application Processing

- Next:
 - Do preliminary equity calculation – if equity requirement is not met, DOR will return application to you for denial.

Do you want the equity calculation to be added back onto the deferral forms?



Application Processing

- Next:
 - Complete administrative segs before approval - include corrected parcel numbers and/or legal descriptions with application packet sent to DOR
 - **Note:** DOR files a lien on the entire legal parcel unless the taxpayer specifically requests that the lien only cover the eligible property



Application Processing

- Next:
 - Complete corrections to tax roll for new exemptions or changes in status for existing exemptions – include corrected tax statement with application packet sent to DOR
 - **Note:** DOR pays interest through the last day of the month in which the application is approved by the assessor's office



Application Processing



Approve or Deny



Application Processing

- Denial:
 - Notify applicant in writing
 - Include reason for denial
 - Include information on appeal rights and procedures for submitting appeal
 - Form 64 0090 is correct appeal form



Application Processing

- Approval:
 - Complete the “County use only” area at top of Page 1 – enter approved date & processed by
 - Request tax statement from treasurer (for delinquent years – request interest through end of assessor’s approval month)
 - Use the checklist in the manual pg. 72 & 89 to make sure you remembered everything



Application Processing

- Approval:
 - Send copy of approved application to DOR, keep original for your files
 - Email in pdf format
 - mydeferral@dor.wa.gov
 - separate document for each application
 - make sure it's legible
 - send secure-optional
 - Regular mail



Application Processing

- **Include** the following with the copy sent to DOR:
 - Insurance documentation if provided
 - For new applicants:
 - copy of deed with full legal description
 - Manufactured/mobile home info
 - Tax and/or special assessment statement(s)
 - Copies of other applicable information
 - Trusts or other ownership docs, POA's, etc.



Questions?



Question Time!

How are you feeling on the equity calculation portion for the deferrals?

- Very confident – I've got this!
- Confident – I'm pretty sure.
- Somewhat confident – I'm ok.
- Not really confident – I'm not sure.
- Not confident at all – I don't got this!



Reports – Deferral Programs



Reports



Year-end reports

- 6 reports
- 3 for each program

We will send year-end reports for both deferral programs

- Mid-January



Reports

- **Active Deferral Account Reports:**
 - List of all active deferral accounts and 12/31 balances for the year just ended
 - Limited Income Deferral Active Accounts
 - Senior/Disabled Deferral Active Accounts
- Review these lists to make sure our records match and the participant still owns the property.



Reports

- **Active Deferral Account Reports:**

Remember – we count on you!

If you see an active deferral account and find that the property has sold, an exemption has been removed, the owner passed away, etc., **please** let us know so we can pursue collection of the account balance.



Reports

- **Prior Year Applicants:**
 - Limited Income Deferral Renewals
 - Senior/Disabled Deferral Renewals
- Use as mailing lists for renewal applications
 - Statutes require mailing renewal applications to applicants who deferred taxes in the prior year
 - RCW 84.37.050 and RCW 84.38.050
 - Reports list applicants who applied for and received a deferral last year and who still have an active account



Reports

- **Deferral Accounts Paid/Closed During prior year:**
 - Senior/Disabled Deferral Accounts Closed
 - Limited Income Deferral Accounts Closed
- If participants re-apply in the future, issue new deferral account number
 - Cannot re-use the old account number after the account is closed



Questions?



Question Time!

If you see an active deferral account on the deferral report and find that the property has sold, an exemption has been removed, the owner passed away, etc., what do you do?

- Hide
- Cry
- Ignore it
- Let DOR know



Appeals



Appeals



- Exemptions
 - RCW 84.36.385(5)
 - WAC 458-16A-140(6)
- Deferrals
 - RCW 84.38.040(3) and 84.37.040(3)
 - WAC 458-18-090 and WAC 458-18A-090
- BOE
 - RCW 84.48.010
 - RCW 84.40.038
 - WAC 458-14-056



Appeals

- For the Exemption Program and both Deferral Programs, appeals are made to the local BOE
- Form 64 0090
 - Taxpayer Petition
 - Exemptions – BOE decision can be appealed to BTA
 - Deferrals – BOE decision is final
- Form 64 0113
 - Assessor's Answer to Petition Appealing Senior Citizen/Disabled Person Exemption Determination or Deferral Determination



Appeals

- When to file:
 - Within thirty days after determination notice has been mailed or transmitted electronically
 - Within sixty days after determination notice has been mailed or transmitted electronically if the longer time period is adopted by the county legislative authority



Appeals

- What can be appealed?
 - Whether the taxpayer is entitled to an exemption or deferral
 - Denials
 - The amount of the exemption
 - Level of exemption
 - Portion of value covered by exemption



Appeals

Reasons for the appeal can include any of the program requirements

- Age/disability
- Ownership
- Occupancy
- Portion of value covered by exemption
- Frozen value
- Combined disposable income (taxpayer disagrees with denial or with level of exemption)
- Sufficient equity (deferrals)



Appeals

DOR BOE/Appeals Specialist

- Ashleigh Palmer
- (360) 534-1383
- AshleighP@dor.wa.gov





Questions?



Question Time!

An exemption applicant was denied and wants to appeal the Assessor's decision. What options for appealing do they have?

- None
- County BOE
- County BOE and State BTA



Leasehold Excise Tax Credit



Leasehold Excise Tax Credit



RCW 82.29A.120

provides a credit for lessees and sub-lessees who would qualify for a property tax exemption if the property were privately owned



Leasehold Excise Tax Credit

- Publicly owned property not subject to property tax (i.e. port, forest service lands, etc.)
- Applicant meets all requirements for exemption under RCW 84.36.381
 - Submits application for exemption
 - Submits application for credit



Leasehold Excise Tax Credit

Assessor:

- Approves or denies exemption eligibility using same criteria as for any other exemption
- Completes “County Use” section of application for Leasehold Excise Tax Credit for Senior Citizens and Disabled Persons – form 64 0082



Leasehold Excise Tax Credit

Taxpayer:

- Completes worksheet to calculate credit using form 86 0072
- Provides copy of approved exemption application and completed worksheet with Excise Tax Return

Department-TAA–Leasehold Excise Tax:

- Applies credit



Leasehold Excise Tax Credit

Taxpayers must file annually to continue the credit.

- http://dor.wa.gov/content/FindTaxesAndRates/OtherTaxes/tax_leasehold.aspx
- Leasehold Excise Tax Credit Application Form Form 64 0082
- Leasehold Excise Tax Calculation Worksheet Form 86 0072





Questions?



Question Time!

Are there any Leasehold Excise Tax Credits in your county?

- Yes
- No



Documentation, Confidential Taxpayer Information, Records Retention



Documentation



WAC 458-16A-135(5)(e)

- Keep necessary copies, not originals - except for affidavits
- Documentation listed in rule
- Any other documents required to demonstrate that the applicant meets the program requirements



Documentation

Ownership:

- Copies of legal documents showing ownership when county records show otherwise
 - Examples – trusts, wills, death certificate

Occupancy:

- Driver's license
- Voter registration
- Other?



Documentation

Age:

- Driver's license or other ID
- Birth certificate

Disability:

- Written decision from:
 - Social Security
 - Department of Veterans Affairs
- Physician affidavit



Age:

- Driver's license or other ID
- Birth certificate

Disability:

- Written decision from:
 - Social Security
 - Department of Veterans Affairs
- Physician affidavit

Documentation

Physician affidavit (Proof of Disability – REV 64 0095):

- States term of disability and that applicant is unable to enter into regular gainful employment
- Completed by:
 - Licensed physician or certified physician assistant
 - Medical or osteopath
 - Licensed or certified psychologist
 - Licensed podiatrist



Documentation

Income:

- Tax returns and supporting documents
 - 1099's, W-2's, etc.
- Other documents demonstrating source of funds for living expenses
 - Bank statements, public assistance, other income streams



Documentation

Deductions:

- Prescription drug printout or receipts if more than \$500
- Invoices for facility or in-home care
- Documents showing Medicare premiums paid



Confidential Taxpayer Information

Application form may not be disclosed

- Copy may be disclosed only if all income information is redacted
- Destroy or return documents used to verify age and income after review – WAC 458-16A-140(3)

RCW 84.36.389 allows disclosure of confidential income information only to DOR or in a judicial proceeding unless taxpayer gives written consent



Confidential Taxpayer Information

Reminder!

If you send documents to DOR,
redact identifying information
before sending.



Records Retention

Documents not used to verify age and income fall under regular retention schedule – manual page 118

- Each county should have records retention schedule
- If no approved schedule, contact Local Records Committee before destroying documents



Questions?



Question Time!

Day One content is done. How are you feeling so far?

- Great
- Good
- Ok – it's a lot of info to take in
- Confused – I have a few questions
- Not great – I need more help



Disposable Income



Disposable Income



For purposes of the property tax relief programs, “disposable income”:

- was given a specific definition by the Legislature
- is independent of the federal income tax statutes
- federal “adjusted gross income” used for determining “taxable income” is only the starting point



Disposable Income

RCW 84.36.383(6) and WAC 458-16A-100(13)

Disposable income is **adjusted gross income** as defined by IRS, plus, the following items to the extent that they are not included, or have been deducted, in determination of adjusted gross income.



Disposable Income

RCW 84.36.383(6) and WAC 458-16A-100(13)

Disposable income is adjusted gross income as defined by IRS, **plus, the following items** to the extent that they are not included, or have been deducted, in determination of adjusted gross income.

- Capital Gains – except the capital gain from sale of primary residence to the extent that the gain was re-invested in a replacement primary residence – either before the sale of the former residence or within the same calendar year
- Amounts deducted for losses
- Depreciation
- Pension and annuity receipts



Disposable Income

RCW 84.36.383(6) and WAC 458-16A-100(13)

Disposable income is adjusted gross income as defined by IRS, **plus, the following items** to the extent that they are not included, or have been deducted, in determination of adjusted gross income.

- Military pay and benefits – except attendant-care and medical-aid payments
- Veterans’ benefits – except attendant-care and medical-aid payments **AND** beginning with the **2008** income year, disability compensation and dependency and indemnity compensation paid by Department of Veterans’ Affairs



Disposable Income

RCW 84.36.383(6) and WAC 458-16A-100(13)

Disposable income is adjusted gross income as defined by IRS, **plus, the following items** to the extent that they are not included, or have been deducted, in determination of adjusted gross income.

- Social Security and railroad retirement benefits
- Dividends
- Interest on state and municipal bonds



Disposable Income

Tax Return Provided

- Start with Adjusted Gross Income as defined by IRS
- Make adjustments as required by RCW 84.36.383(6) and WAC 458-16A-100(13)



Disposable Income

No Tax Return Provided

WAC 458-16A-110 and WAC 458-16A-115 provide instructions for calculating gross income and adjusted gross income when no tax return is provided.



Disposable Income

Verification of federal records via IRS

- Form 4506 (copy of tax return)
- Form 4506-T (transcript only)
 - As of July 2019, no longer mail/fax to third party
 - Online transcript-
<https://www.irs.gov/individuals/get-transcript>



Disposable Income

Zero Income Reported

- WAC 458-16A-135(5)(e)(vi)(G) says: claimants “must have income to maintain themselves and their residences”
- Claimant must produce copies of documents demonstrating the sources and amounts of funds used for daily living expenses (i.e. checking account registers and bank statements; utility invoices; etc.)
- See manual for sample letter and questionnaire



Disposable Income

Mid-year Changes in Income (Income Average)

- Affecting 2 or more months of income/assessment year
- Retirement
- Death of spouse/domestic partner
- Other substantial changes in income likely to continue indefinitely



Disposable Income

MUST calculate disposable income using average monthly income after mid-year change

- RCW 84.36.381(4)

This is not optional!



Disposable Income

Use:

$$\begin{array}{r} \text{Average monthly CDI after change} \\ \hline \times 12 \\ \hline = \text{Estimated CDI} \end{array}$$

See manual – pages 122 – 123 for examples



Disposable Income – Capital Gains

- Gain on sale of an asset
- Can be residence, business equipment, investment property, stocks, bonds, etc.

Capital Gain = (Sales Price Less Expenses) – (Adjusted Basis of Property Sold)

- Typically, already calculated for you on federal return
- See manual - pages 124 and 156



Disposable Income – Capital Gains

- Capital Gain – sale of personal residence
 - Federal adjusted gross income—current IRS rules allow exclusion of up to \$250,000 gain on sale of personal residence (\$500,000 for a married couple)-no requirement to reinvest
 - Disposable income – only include the portion of the gain not re-invested in a replacement primary residence
 - Prior to the sale or within the same calendar year



Disposable Income – Capital Gains

Disposable Income

Sale Price of Asset		\$ 200,000	
Commission	\$ 12,000		
Selling Fees/Costs	\$ 6,000		
Total Cost of Sale		\$ 18,000	
Proceeds from Sale			\$ 182,000
Original Cost of Asset		\$ 125,000	
Excise Tax	\$ 6,250		
New Roof	\$ 7,500		
Water Assessment	\$ 5,000		
Total Adj. to Basis		\$ 18,750	
Adjusted Basis			\$ 143,750
Capital Gain on Sale			\$ 38,250



Disposable Income – Capital Gains

For sale of primary residence:

Capital Gain on Sale of Previous Home	\$ 38,250
Cost of New Home	\$ 35,000
Gain to Include in Disposable Income	\$ 3,250
Capital Gain on Sale of Previous Home	\$ 38,250
Cost of New Home	\$ 135,000
Gain to Include in Disposable Income	\$ 0



Disposable Income – Capital Gains

Other than the gain on a primary residence that was reinvested in a replacement residence – add any gains not already included in adjusted gross income

- WAC 458-16A-120(2)(d)(ii) tells us:
“The amount of capital gains that were excluded or deducted from adjusted gross income must be added onto that adjusted gross income to determine disposable income.”



Disposable Income – Capital Gains

Look for capital gains on:

- Schedule D – Capital Gains and Losses
- Form 4684 – Casualties and Thefts
- Form 4797 – Sales of Business Property
- Form 8829 – Business Use of Home
- Form 8949 – Sales and Other Dispositions of Capital Assets



Disposable Income – Losses

Amounts deducted for losses are added to the adjusted gross income to determine the disposable income.

- Losses cannot be used to offset other income
 - WAC 458-16A-120(2)(d)(iii) says:
 - The assessor adds to the adjusted gross income the amount of losses used to reduce income on these other schedules and forms.



Disposable Income – Losses

Most common losses:

- Schedules C, E, and F (Business, Rental, and Farm)
- Schedule D (Capital Gains and Losses)
- Schedule 4797 (Sales of Business Property)
- Form 8949 – Sales and Other Dispositions of Capital Assets
- Schedule 1, Form 1040
 - ✓ Line 30 – Penalty on early withdrawal of savings
 - ✓ Line 21 – Net Operating Loss (NOL) and/or Debt Cancellation or Forgiveness



Disposable Income – Depreciation

Depreciation must be added back to the extent it is deducted from income

- Find depreciation deductions on:
 - Schedule C – Line 13 (Business)
 - Schedule E – Line 18 (Rental)
 - Schedule F – Line 14 (Farm)
 - Form 8829 – Line 30 (Business Use of Home)
 - Form 2106 – Line 28 (Employee Business Expense)



Disposable Income – Depreciation

- If there is a net loss reported on the schedule where depreciation was deducted, be careful that you do not, in effect, add the depreciation back twice
- If there was a loss and depreciation was deducted
 - First exclude the loss by adding that amount back to the income



Disposable Income – Depreciation

- **Next:**
 - Recalculate the net income or loss for that schedule WITHOUT the depreciation deduction
 - If there is still a loss – do nothing more
 - If it's no longer a loss – add the recalculated net income to disposable income

Examples – page 128 in manual



Disposable Income – Pension and Annuity

Pension and annuity receipts *are* included in disposable income whether or not they are taxable for IRS purposes

- For annuities – must meet definition of annuity in WAC 458-16A-100(2)
- Only add the portion that was excluded from adjusted gross income – i.e., the nontaxable amount
- Generally on Base Form 1040, lines 5a and 5b



Disposable Income – Pension and Annuity

- Annuity – WAC 458-16A-100(2); 458-16A-120
 - A series of long-term periodic payments under a contract or agreement
 - Includes life insurance contract disbursements (other than one-time, lump-sum, total distribution)
 - Does not include payments for care of dependent children or distributions made from a traditional IRA
 - Long-term means a period of more than one full year from the annuity starting date



Disposable Income – Pension and Annuity

- Pension – WAC 458-16A-100(28)
 - Arrangement providing payments for someone who has fulfilled age or service requirements
 - May be triggered by separation from service, age, disability, death, or other events
 - May allow payment of all or part of pension benefit in lieu of regular periodic payments



Disposable Income – IRA

IRA – not considered to be a pension or annuity

- Generally – only include taxable portion already included in AGI
- 1099-R; Box 7 - If the IRA/SEP/SIMPLE box is checked, request info to support traditional aspect.



Disposable Income – Military Pay and Benefits

Add the portion not already included in AGI

- Which military pay and benefits are included?
 - Active-duty military pay
 - Military retirement
 - Combat Related Special Compensation (CRSC)
 - Concurrent Retirement Disability Payments (CRDP)
 - Base Housing Allowance
 - Base Allowance for Subsistence



Disposable Income – Veteran's Benefits

Which veteran benefits are excluded?

- attendant-care
- medical-aid payments
- disability compensation paid by VA
- dependency and indemnity compensation paid by VA



Disposable Income – Veteran's Benefits

Which Veterans' benefits are included?

- Retirement benefits paid by VA
- Survivor Benefit Program (SBP) Annuity Payments
- All other pay and benefits not specifically excluded



Disposable Income – Social Security and Railroad Retirement

- Add the portion not already included in AGI
- Generally found on Form 1040, lines 6a and 6b
- SSA-1099
 - Can request a replacement from SSA.



Disposable Income – Dividends

- Add any non-taxable dividend distributions shown on Schedule B, Part II
- Do not add qualified dividends reported on Form 1040, line 3a (this amount is already included in 3b)



Disposable Income – Interest on State and Municipal Bonds

- Nontaxable for federal tax purposes but must be included in disposable income
- Generally found on Form 1040, line 2a



Questions?



Question Time!

What do you want examples of most pertaining to Disposable Income?

- Income calculation in general
- Capital gains
- Losses
- Depreciation



Combined Disposable Income



Combined Disposable Income



Defined in:

- RCW 84.36.383(1)
- WAC 458-16A-100(6)
- Combined disposable income is the total of the disposable income of the applicant, the applicant's spouse or domestic partner, and any co-tenants, less allowable deductions.



Combined Disposable Income

Spouse or domestic partner income must be included unless:

- Valid separation, dissolution, or property settlement agreement
- Spouse/Domestic Partner is “absent” as defined in WAC 458-16A-120(2)(a)
- Spouse/Domestic Partner is living separate and apart – maintaining separate residences, money, and assets



Combined Disposable Income

A co-tenant is someone who resides with the applicant AND has an ownership interest in the property.

- Include the income of any co-tenants.
- Do not include income for care of dependent children.



Combined Disposable Income

For any other residents:

- Include the portion of income contributed to the running of the household – i.e. rent, utilities, groceries...



Combined Disposable Income – Allowable Deductions

RCW 84.36.383(1)

Allowable deductions are amounts paid by the claimant, or the claimant's spouse or domestic partner for their:

- (a) Legally prescribed drugs
- (b) Nursing home, assisted living (boarding) home, or adult family home expenses
- (b) In-home care
- (c) Health care insurance premiums for Medicare under Title XVIII of the Social Security Act

- These 4 deductions only for applications through 2021 tax year (2020 assessment year).



Combined Disposable Income – Allowable Deductions

✓ The previous 4 plus the following for tax year 2022 and after
(2021 assessment year)

(d) Medicare supplemental policy premiums

(e) Durable medical & mobility enhancing equipment

(e) Prosthetic devices

(e) Medically prescribed oxygen

(f) Long-term care insurance

(g) Cost-sharing amounts

(h) Nebulizers

(*cont. next slide)



Combined Disposable Income – Allowable Deductions

- (i) Medicines of mineral, animal, and botanical origin prescribed, administered, dispensed, or used in the treatment of an individual by a WA licensed naturopath
- (j) Ostomic items
- (k) Insulin for human use
- (l) Kidney dialysis devices
- (m) Disposable devices used to deliver drugs for human use



Combined Disposable Income – Allowable Deductions

(a) Prescription Drugs

- Does not include medical supplies or vitamins
- Does not include homeopathic medicines
 - But will be deductible starting with tax year 2022 under the new provision RCW 84.36.383(1)(i)



Combined Disposable Income – Allowable Deductions

(a) Prescription Drugs

- Does not include medical supplies or vitamins
- Does not include homeopathic medicines
 - But will be deductible starting with tax year 2022 under the new provision RCW 84.36.383(1)(i)

Why not “homeopathic” or “naturopathic” medicines prior to 2022?

- Homeopathic or naturopathic medicines are typically vitamin and mineral supplement compounds rather than “prescription drugs”
- **Note** – there are some exceptions – i.e. codeine and testosterone products
- See pages 150 -153 in the manual for the long explanation with law and rule references



Combined Disposable Income – Allowable Deductions

What about medical marijuana?

- Allowable as a prescription drug – not allowable for recreational use
- RCW 69.51A.010(1)(b) Beginning 7/1/2016, “authorization” means a form completed and signed by health care professional and printed on tamper-resistant paper.
- Must also show proof of prescription
- See page 149 in manual



Combined Disposable Income – Allowable Deductions

(b) Nursing home, assisted living (boarding) home, and adult family home costs

(b) In-home care costs:

- Medical care or treatment of applicant or applicant's spouse/domestic partner
- Must be for services similar to those received in a nursing home
- Must meet certain criteria



Combined Disposable Income – Allowable Deductions

- Criteria for in-home care costs:
 - Medical treatment or care received at home
 - Physical therapy received at home
 - Supplies, furniture, equipment
 - In-home services (Hospice, Meals on Wheels, Life Alert)



Combined Disposable Income – Allowable Deductions

- Criteria for in-home care costs:
 - Attendant care to assist applicant or applicant's spouse/domestic partner with personal care and/or household tasks
 - Other tasks necessary to maintain a person in their home
 - Does not include improvements or repair of the home itself



Combined Disposable Income – Allowable Deductions

More about supplies, furniture, equipment:

- Legal substances taken internally or applied externally – i.e.: oxygen
- Medical supplies – diabetic testing supplies
- Special needs furniture or equipment
 - Portable bath furniture or access ramp – not bathroom remodel or permanent ramp construction
 - Service animal – initial cost to purchase but not ongoing food and veterinary care



Combined Disposable Income – Allowable Deductions

More about attendant care:

- Assist applicant or applicant's spouse or domestic partner with:
 - Household tasks
 - Cleaning, laundry, meal preparation, yard care
 - Personal care – meal prep, eating, dressing, hygiene, specialized body care, bathing, medication, etc.
 - Other tasks necessary to maintain a person in their home



Combined Disposable Income – Allowable Deductions

(c) Medicare Insurance Premiums

- Includes Parts A, B, C, and D under Medicare Title XVIII
- Parts A and B – typically included in premium shown on SSA-1099
- Part C – Medicare Advantage – should see “Medicare Advantage” on the health insurance card – or – see page 148-149 in the manual (<https://www.medicare.gov/plan-compare/#/?lang=en>)
- Part D – Prescription Drug – should see “Medicare Part D” on RX card



Combined Disposable Income – Allowable Deductions

(c) Medicare Insurance Premiums

- Do not include supplemental insurance under this provision
 - Supplemental was deductible beginning tax year 2022 under RCW 84.36.383(1)(d)



Combined Disposable Income – Allowable Deductions

(d) Medicare Supplemental Policy Premiums

- Commonly referred to as Medigap coverage
- Deduction for premiums paid during the assessment year
- Approved plans only
- Medicare.gov search <https://www.medicare.gov/medigap-supplemental-insurance-plans/#/m?lang=en&year=2021>
- Office of the Insurance Commissioner (Washington)
 - <https://www.insurance.wa.gov/medigap-medicare-supplement-plans>
 - Quarterly list



Combined Disposable Income – Allowable Deductions

(e) Durable medical and mobility enhancing equipment,
prosthetic devices

- RCW [82.08.0283](#)
- WAC [458-20-18801](#)
 - Durable Medical Equipment (Table 1)
 - Mobility Enhancing Equipment (Table 3)
 - Prosthetic Devices (Table 5)
 - Tables incorporated into manual pgs 143-146



Combined Disposable Income – Allowable Deductions

RCW [82.08.0283](#)

- (b) "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.

Table 1

Durable Medical Equipment Examples

- Anesthesia machine and ventilator
- Apnea monitors
- Atomizers (medical - Reusable)
- Beds, bags, trays, bedpans, commodes, pads, pillows, crash carts, lamps, bulbs, and tables (medical)
- Blood parameter monitor, pulse oximetry equipment, and blood gas analyzer
- Bone growth stimulator (not worn on the body)
- Bovie (cauterization)
- Cardiopulmonary bypass machine
- Cofflator
- Continuous passive motion devices
- Continuous positive airway pressure (CPAP & BI-PAP) machine (not worn on the body)
- Diagnostic equipment - Audiology, cardiology, mammography, radiology
- Electronic speech aids (not worn on the body)
- Endoscopes
- Enteral feeding bags, tubing, and connectors
- Feeding plugs
- Glucose meters

- Instruments - Reuseable, e.g., clamps, drills, forceps, retractors, scalpels, reamers, scissors
- Intravenous (IV) stands and poles
- Kidney dialysis devices
- Lasers
- Lithotripters
- Nebulizers
- Respiratory humidifier
- Reusable needles or reusable staplers
- Sling scales
- Stapler (must be empty as staples are not durable medical equipment)
- Stethoscopes, stirrups, and stretchers (medical)
- Suction regulators
- TENS units (not worn on the body)
- Tourniquets
- Ultrasound probes, transducers, and mini dopplers
- Whirlpools (medical)
- X-ray equipment





Combined Disposable Income – Allowable Deductions

RCW [82.08.0283](#)

- (c) "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.



Table 3

<p align="center">Mobility Enhancing Equipment Examples</p>
<ul style="list-style-type: none"> • Bath aids - Raised toilet seat, tub and shower stools • Bed pull-up T • Canes • Car seats (mobility enhancing) • Crutches • Handrails and grab bars to assist in rising from commode, tub, or shower • Lift chairs and replacement parts • Lifts (hydraulic or electric) used to raise or transfer patients from bed to chair, commode, or bath • Scooters and transporters • Swivel seats enabling the disabled to rotate in order to rise from a chair • Transfer belts to assist in the transfer of patients • Walkers • Wheelchairs • Wheelchairs adapted for specific uses or functions, e.g., all terrain wheelchairs



Combined Disposable Income – Allowable Deductions

RCW [82.08.0283](#)

- (a) "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.



Table 5

Prosthetic Device Examples
<ul style="list-style-type: none"> • Abdominal belts, binders, and supports • Acetabular cups • Ankle brace • Antiembolism stocking • Artificial eyes, heart valves, larynx, limbs • Back braces • Bone cement and wax • Bone pins, plates, nails, screws • Breast implants and external prosthesis • Cervical collars • Cochlear implant • Continuous positive airway pressure (CPAP) machines which are specifically designed to be wholly worn on the body and portable • Corrective eye glasses and contact lenses • Dental prostheses including, but not limited to, full and partial dentures, crowns, inlays, fillings, braces, and retainers

- Drainage devices for single patient use because they serve the same drainage functions as the body's natural systems
- Ear, nose, and throat implants
- Eye glass frames and lenses
- Foley catheter
- Gastric bands and intragastric balloons
- Hand and feet implants
- Head halters
- Hearing aids
- Implanted pacemakers
- Insulin pumps
- Knee immobilizers
- Mastectomy surgical bras
- Maxillofacial devices implanted
- Membrane implants (neutron, spinal, joint)
- Ocular implants
- Orthobiologics implants
- Orthopedic shoes, shoe lifts, inserts, arch supports, heel protectors
- Pressure garments - Edema gloves
- Pressure garments - Mast pants, burn garments
- Salem sump with anti-reflux valve
- Shoulder and elbow implants
- Skin implants - Synthetic

- Slings, braces, collars, casts, splints, embolism stockings, arch pads, pelvic traction belts, traction pulley clamp assemblies and cords
- Slings - Medical
- Specialized orthotic shoes, post-operation shoes, cast shoes, diabetic shoes and inserts, and other similar apparatus
- Speech aids (electronic) worn on the body
- Sphincters - Medical
- Splints and splint materials
- Stent implants through endoscopy
- Stents (biliary, coronary and urinary)
- Stockings - Compression
- Sutures, staples, and skin glue for closing wounds
- Tendon implants
- TENS units worn on the body
- Testicular and penile implants
- Trachea tubes
- Trusses



Combined Disposable Income – Allowable Deductions

(e) Medically prescribed oxygen

- RCW [82.08.0283](#)
- WAC [458-20-18801](#)
- is not limited to gaseous or liquid oxygen (chemical designation O₂); includes, among other things, oxygen concentrator systems, oxygen enricher systems, liquid oxygen systems, and gaseous, bottled oxygen systems. The primary use of the equipment must be for the generation or storage of medically prescribed oxygen (O₂). These systems include regulators, cannulae, masks, and similar items used to deliver the oxygen to the individual from the oxygen generation or storage device. The deduction for medically prescribed oxygen only applies to items up to the point the sales-tax exempt oxygen system is connected to the sales-taxable system. From that point of connection forward to the patient, masks, tubing, or other similar items remain part of the taxable system and are not eligible for the deduction.



Combined Disposable Income – Allowable Deductions

(f) Long-term care insurance

- RCW [48.84.020](#)
- 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. Such terms do not include and this shall not apply to policies or contracts governed by the medicare supplemental health insurance act and continuing care retirement communities
 - continuing care retirement communities also known as CCRCs or life plan communities, are a long-term care option for older people who want to stay in the same place through different phases of the aging process. They are non state licensed and do not fall under the categories nursing or adult family homes or assisted living facilities either. Expenses for CCRCs are not deductible.
 - <https://fortress.wa.gov/dshs/adsaapps/lookup/ccrclookup.aspx>



Combined Disposable Income – Allowable Deductions

(g) Cost-sharing amounts

- RCW [48.43.005](#)(18)
- amounts paid to health carriers directly providing services, health care providers, or health care facilities by enrollees and may include copayments, coinsurance, or deductibles

(h) Nebulizers

- RCW [82.08.803](#)
- WAC [458-20-18801](#)(403)(p)
- Also considered durable medical equipment
- a device, and not a building fixture, that converts a liquid medication into a mist so that it can be inhaled



Combined Disposable Income – Allowable Deductions

(i) Medicines of mineral, animal, and botanical origin prescribed, administered, dispensed, or used in the treatment of an individual by a person licensed under chapter 18.36A RCW

- [18.36A RCW](#) is Naturopathy
- Must be a licensed Washington Naturopath
 - <https://fortress.wa.gov/doh/providercredentialsearch/>
- Includes titles or references such as: Naturopath, naturopathy, naturopathic, naturopathic physician, ND, or doctor of naturopathic medicine
- If prescribed, administered, dispensed, or used in the treatment of an individual who *is not a licensed naturopath* and it is not considered a “prescription drug”, it is not a deductible expense.
 - RCW 84.36.383(1)(a)



Combined Disposable Income – Allowable Deductions

(j) Ostomic items

- RCW [82.08.804](#)
- WAC [458-20-18801\(403\)\(q\)](#)
- disposable medical supplies used by colostomy, ileostomy, and urostomy patients and include bags, belts to hold up bags, tapes, tubes, adhesives, deodorants, soaps, jellies, creams, germicides, and related supplies. Does not include undergarments, pads and shields to protect undergarments, sponges, or rubber sheets.

(k) Insulin for human use

- No prescription required



Combined Disposable Income – Allowable Deductions

(l) Kidney dialysis devices

- WAC [458-20-18801](#)(403)(o)
- a device which physically performs the dialyzing or separating process on blood. Kidney dialysis device does not include other equipment or tools used in conjunction with a kidney dialysis device.

(m) Disposable devices used to deliver drugs for human use

- RCW [82.08.935](#)
- WAC [458-20-18801](#)
- include single-use items such as a single-use syringe, intravenous (IV) tubing, and IV catheters. A stand or device that holds the tubing or catheter is not a disposable device used to deliver drugs.



Questions?



Question Time!

What allowable deductions do you feel are the most difficult to establish?

- Medigap Supplemental Insurance
- Durable Medical Equipment
- Mobility Enhancing Equipment
- Cost Sharing Amounts
- Long Term Care Insurance

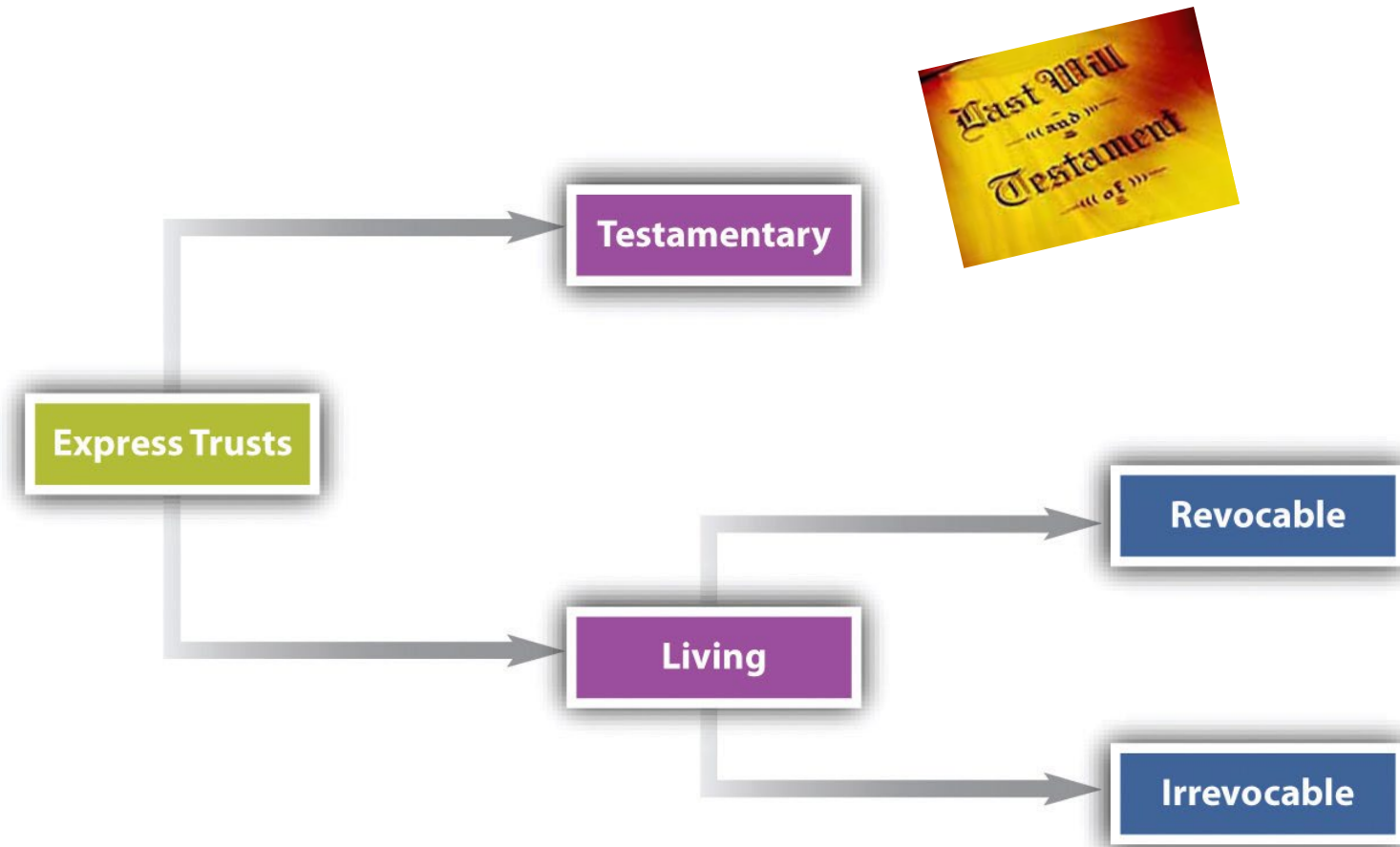


Trusts



Trusts

Trusts





Trusts

No provision for ownership through a trust

Exemption Program:

- Trust must contain language conveying a life estate interest as defined in WAC 458-16A-100(25)

Grant and Deferral Programs:

- Revocable trusts specifically don't qualify
- Irrevocable trusts may qualify



Trusts

Grant and Deferral Programs:

- Trust must be expressly irrevocable
- Applicant must be trustee or beneficiary
- Applicant must have life-time beneficial interest in residence
- Trust must not contain language prohibiting encumbrances



Trusts

Exemption Program:

- Pages 109 – 114 in the manual
- Definition of “life estate” in WAC 458-16A-100(25)
- Form REV 64 0085 – Declaration of Trust
- Retain copy of appropriate portions of trust to document qualifying ownership interest
 - WAC 458-16A-135(5)(e)(i)



Trusts

Trusts meet the definition of “life estate” if:

- the applicant reserved a life estate when the property transferred to the trust **OR**
- the applicant is the creator and granted to themselves a beneficiary interest in the residence that lasts for their lifetime **OR**
- the trust is irrevocable and the applicant is the beneficiary and has been granted the beneficial interest in the residence for their lifetime.



Trusts

- First paragraph provides name(s) of creator(s) and name of trust
- If creator(s) is/are living and are the applicants, you do not need to read what happens after death
- The language you need can be anywhere in the trust



Questions?



Question Time!

On a scale of 1-5, how confident do you feel about Trusts?

- 1
- 2
- 3
- 4
- 5



Examples