



Property Tax Relief Programs for Individuals

Exemptions and Deferrals

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Individual Benefit Programs Overview



4 Individual Benefit Programs

- Exemption
- Deferral (2)
- Grant Assistance

Intent is to prevent loss of home due to inability to pay property tax

Senior Citizen / People with Disabilities Exemption Program



RCW 84.36.379—RCW 84.36.389
WAC 458-16A

Senior Citizen / People with Disabilities Exemption Program Overview

- Reduces tax due based on applicant's income threshold
 - Reduction – does not have to be repaid
- Establishes “frozen” taxable assessed value
- Three different levels of exemption
- Transfer of exemption is possible

Senior Citizen / People with Disabilities Exemption Program Qualifications

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)

*Transfer of exemption

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

Occupancy:

- Must occupy the home for at least 6 months each calendar year
- If transferring exemption, must have qualified for the exemption on previous home and then can transfer to new home without having to live in new home for more than 6 months in the year prior. By having the exemption on your previous home, your occupancy requirement has been established.
- You can retain the exemption even if you are temporarily residing in an adult family home, nursing home, assisted living facility or home of a relative for the purpose of long-term care.

Must own:

In fee

Life Estate (Lease for life) Contract purchase

Cooperative housing share Trust – Revocable or

Irrevocable

Senior Citizen / People with Disabilities Deferral Program



RCW 84.38
WAC 458-18

Senior Citizen / People with Disabilities Deferral Program Overview

- Postpones payment of property taxes and/or special assessments
- 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

Interest rates – hard coded in statute
5% annually for deferrals made 2007 and after
8% annually for deferrals made 2006 and prior

Senior Citizen / People with Disabilities Deferral Program Qualifications

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

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

Must own as of the time a timely filing would have been due

Must own:

- In fee
- Contract purchase

What does NOT meet the ownership requirement for the deferral?

Cooperative housing

Life estate

Lease for life

Revocable trust

Irrevocable trust may qualify

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

*Mortgage, line of credit, personal loan

Equity Requirement is 80%

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



Limited Income Deferral Program



RCW 84.37
WAC 458-18A

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 (7% for 2025 - adjusted annually)

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)

Limited Income Deferral Program Qualifications

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

Qualified surviving spouse/domestic partner may elect to continue

Same ownership requirements as SR Cit Deferral – In Fee or Contract Purchase only

Equity Requirement is 40%

Collection of Deferred Tax is same as Sr. Cit Deferral

Widows and Widowers of Veterans Grant Assistance Program



RCW 84.39

Grant Assistance Program Overview

- Provides monetary assistance in the form of a grant for qualifying applicant
- Does not create a tax shift and is not a lien that needs to be paid back
- Works with the exemption program for the greatest benefit

*Partial repayment may be required if applicant ceases to reside in primary residence prior to December 15th in the year the assistance is paid

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.

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

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

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

Example:

Applicant's income falls in Income threshold 1

Level of exemption applied at the county is 150,000

Therefore there is 50,000 available in value to work with for the grant

Combined Disposable Income

Combined Disposable Income



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)

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 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.

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.

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.

For any other residents:

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

Combined Disposable Income

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

Capital Gains	Pension/Annuity	Social Security / Railroad Retirement
Losses	Military Pay/Benefits *	Dividends
Depreciation	Veteran Benefits **	Interest on State/Municipal Bonds

*except attendant-care and medical aid payments

**except attendant-care, medical aid payments, VA disability, and dependency and indemnity compensation

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
- 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

Combined Disposable Income Allowable Deductions

1. Prescription drugs
2. Medicare insurance premiums
3. Nursing home, boarding homes (assisted living facility), or adult family home expenses
4. In-home care



RCW 84.36.383(1)

Allowable deductions are amounts paid by the claimant, or the claimant's spouse or domestic partner for certain out of pocket costs

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)

- Medicare supplemental insurance premiums
- Durable medical & mobility enhancing equipment
- Prosthetic devices
- Medically prescribed oxygen
- Long-term care insurance premiums
- Cost-sharing amounts
- Nebulizers

(*continued next slide)



SHB 1438 eff 7/25/2021 – for TY2022 & after

Combined Disposable Income Allowable Deductions

- Naturopathic medicines *
- Ostomic items
- Insulin for human use
- Kidney dialysis devises
- Disposable devices used to deliver drugs for human use



*prescribed, administered, dispensed, or used in the treatment of an individual by a WA licensed naturopath

Tax Relief Program Roles

Tax Relief Program Roles

- Applicant
- Assessor
- Treasurer
- Dept of Revenue
- County Board of Equalization (BOE)
- State Board of Tax Appeals (BTA)



WASHINGTON STATE DEPARTMENT OF REVENUE 26

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

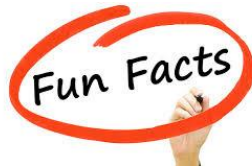
State Board of Tax Appeals: (BTA)

Hears appeals of BOE approval/denial of exemption applications

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

Property Tax Statistics

Property Tax Statistics



Senior/Disabled Deferral

- 339 apps
- \$1,011,599 relief
- \$2,535 average relief

WW Grant

- 5 apps
- \$648
- \$130 average relief

Limited Income Deferral

- 18 apps
- \$33,292
- \$1,850 average relief

Senior/Disabled Exemption

- 118,039 participants
- \$375 million
- \$3,181 average relief
- [Program History](#)

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



Questions?