



Property Tax Relief Programs for Individuals

Washington state's primary tax agency

August Workshop 2025



Webinar Instructors

Ras Roberts & Laura Osborne





Contact Information

mydeferral@dor.wa.gov

(360) 534-1400

Ras Roberts
Manager
RasR@dor.wa.gov
(360) 534-1411

Shannon Thornton
Supervisor
ShannonT@dor.wa.gov
(360) 534-1412

Laura Osborne
IBP Specialist
LauraR@dor.wa.gov
(360) 534-1410

Sarah Lomeli
Tax Service Rep
SarahL@dor.wa.gov
(360) 534-1401



Housekeeping Items



Webinar Agenda

Tuesday, Aug 5, 2025 – 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 6, 2025 – 9:00 am – 4:30 pm

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



Questions?

Resources





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

Department of Revenue
Washington State

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I want to...

- Find training
- Check my accreditation status
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- Find a form or publication

Stay informed

- TCA Portal
- 2025 calendar
- Rate of inflation
- Sign up for updates
- Ongoing due dates

Trainings and conferences



2

Individual Benefit Program Forms

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

https://propertytax.dor.wa.gov

Property Tax Resour... IBP Manual PT Exempt/Deferrals 2025 Legislation - A... PT All Employees ~... Education - Courses... MRA Reports S&Cit Deferral System LI Deferral System RCW 84.36.379 EXE... WAC 458-16A EXEM...

Department of Revenue Washington State

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Individual Benefit Program Brochures

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

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Trainings and conferences



4

Additional Resources

1. DOR Discussion Group Email
2. Monthly Exemption/Deferral Discussion via Teams
3. NEW IDEA: Quarterly Income Sessions



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

The screenshot shows the Washington State Department of Revenue website. At the top, there is a navigation bar with the department's logo and a search bar. Below the navigation bar is a main menu with categories like 'Home', 'Open a business', 'Manage a business', 'Taxes & rates', 'File & pay taxes', 'Education', and 'Forms & publications'. A dropdown menu is open, listing several options: 'I want to...', 'Get or renew a license', 'File taxes online', 'Find a sales and use tax rate', 'Look up a business', 'Learn about reseller permits', and 'Search unclaimed property'. Below the dropdown menu, there are three main sections: 'New Data Center Workgroup!', 'Sign up for a Business Tax Basics workshop', and three service categories: 'Businesses', 'Tax professionals', and 'Individuals & families'. Each category has a list of services or information available.





Property Tax Statistics 2024



Senior/Disabled Deferral

- 339 apps (2023)
- \$1,011,599 relief
- \$2,984 average relief

WW Grant

- 5 apps (2023)
- \$648 relief
- \$130 average relief

Limited Income Deferral

- 18 apps (2023)
- \$33,292 relief
- \$1,849 average relief

Senior/Disabled Exemption

- 118,039 participants
- \$375 million relief
- \$3,181 average relief



Budget: \$100

Total AV: 25,000

Tax rate: \$4 per 1,000 AV



AV: 5,000
Tax: \$20

AV: 5,000
Tax: \$20

AV: 5,000
Tax: \$20

AV: 5,000
Tax: \$20

AV: 5,000
Tax: \$20



Budget: \$100

Total AV: 20,000

Tax rate: \$5 per 1,000 AV



AV: 1,000
Tax: \$5



AV: 5,000
Tax: \$25



AV: 2,000
Tax: \$10



AV: 5,000
Tax: \$25



AV: 7,000
Tax: \$35



“Exemptions to the tax law must be narrowly construed. Taxation is the rule and exemption is the exception. Anyone claiming a benefit or deduction from a taxable category has the burden of showing that he qualifies for it.”

Excerpt from [Det. No. 20-0246, 44 WTD 011 \(2025\)](#)





Questions?



Question Time!

Are you interested in attending the quarterly income calculation session?

- Not at all
- Maybe – will there be snacks?
- Ohhh, this could be helpful
- Yes, I'm so there!



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

*Decreases to 40% for taxes due in 2027



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

Definition of residence:

- A single-family dwelling unit
- *May include* one accessory dwelling unit (ADU) **and**
- Up to one acre of land, or five acres, depending on zoning requirements

Parcel A:

4 acres of land
1 house
1 ADU
1 small garage

Parcel B:

4 acres of land
3 houses
2 ADU's
1 garage
1 cabin





Program Requirements

Occupancy Requirement

Must occupy property as principal residence.

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Must occupy property as principal residence.

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- 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 main content area is titled "Senior citizens and people with disabilities exemption and deferred income thresholds". Under the heading "Income thresholds:", there are three links: "2024 - 2026", "2020 - 2023", and "2019 and prior". To the right, under "More information", there is a link for "Property tax exemptions and deferrals for senior citizens and disabled persons", followed by "RCW 84.36.379 - 84.36.389" and "84.38". Below that, "WAC 458-16A-100 - 458-16A-150" and "458-18" are listed. A "Print" button is visible in the top right corner of the content area.

www.dor.wa.gov/incomethresholds



Program Requirements





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 is the definition of a residence?

- Main home, all improvements and all the land (no restrictions)
- Main home and only up to one acre of land
- Main home, may include an ADU and the land up to one acre, or a total of five, depending on zoning requirements



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

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!

What is the age requirement for the Widow and Widower of Veterans Grant Assistance program?

- 62 by 12/31 of the assessment year
- 60 by 12/31 of the filing year (tax year)
- 61 by 12/31 of the assessment year
- 62 by 12/31 of the filing year (tax year)



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 2025, limits will be:
 - \$1,620 per month for non-blind
 - \$2,700 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)
- **NOTE: the evaluation rating decreases to 40% for tax year 2027**

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

BILL OF SALE

Grantor (Seller): [REDACTED], Roberta L.
 Grantee (Buyer) [REDACTED], Michiko
 Legal description: NA
 Assessor's tax parcel No.: NA
 Reference Nos. of documents released or assigned: NA

KNOW ALL MEN BY THESE PRESENTS: That ROBERTA L. [REDACTED] a single person, of Kitsap County, Washington for and in consideration of the sum of ONE DOLLAR AND OTHER VALUABLE CONSIDERATION paid to her by MICHIKO [REDACTED] a single person, the receipt of which is hereby acknowledged, does grant, bargain, sell and deliver to Michiko [REDACTED] the following described personal property now located at 353 [REDACTED] WAY NE, UNIT 24, [REDACTED] WA [REDACTED] in the City of [REDACTED], Kitsap County, Washington:

255 SHARES OF [REDACTED] COHOUSING GROUP STOCK DULY ISSUED TO UNIT 24 LOCATED AT 353 [REDACTED] WAY NE, [REDACTED], WA 98110.

...executors, administrators and assigns forever, and loan security agreement of even date. And [REDACTED] covenants and agrees to and with Michiko that Roberta L. [REDACTED] is the owner of the above authority to sell the same, and that she will warrant heirs, executors, administrators and assigns, against

Roberta L. [REDACTED]

December 18, 2019

This is to verify that [REDACTED]'s shares of [REDACTED] Cohousing Group (WCG) for which she was assessed and paid property tax were as follows:

2014 158 shares of a total of 10989 WCG shares = 1.44% of total shares
 Total WCG property tax paid: \$50,270.38 X above percentage equals
 \$ 722.79 paid property tax by Unit 30.

2015 158 shares of a total of 10989 WCG shares = 1.44% of total shares
 Total WCG property tax paid: \$52,045.40 X above percentage equals
 \$ 748.31 paid property tax by Unit 30.

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 109-113



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



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

If the ownership is shared, it is important to inquire if the additional owners are co-tenants or co-owners.

Co-tenant = someone who has ownership interest in the home AND lives in the home.

Co-owner = someone who has ownership interest in the home and DOES NOT live in the home.

Shared ownership could result in a segregation of value if the additional owner is a co-owner and does not live in the 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

- Marital community is an undivided interest (100%), not 50/50
- What if they are separated / divorced / living separate & apart?
 - Manual guidance pg. 139 - 141





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 [REDACTED]	Vehicle Identification Number (VIN) [REDACTED]	Year 1983	Make LIBER	Model	Style	Series/Body 60/28
Date of Application 10/25/1996	Odometer Miles 000000	Odometer Status E	Fuel Type			
Scale Weight 0000	Gross Vehicle Weight Rating Code	Vehicle Color	Prior Title State WA	Prior Title Number [REDACTED]		
Comments 23000-1996						
Brands						
Sale price \$ _____						
Date of sale _____						
<p>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.</p> <p>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.</p>						
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

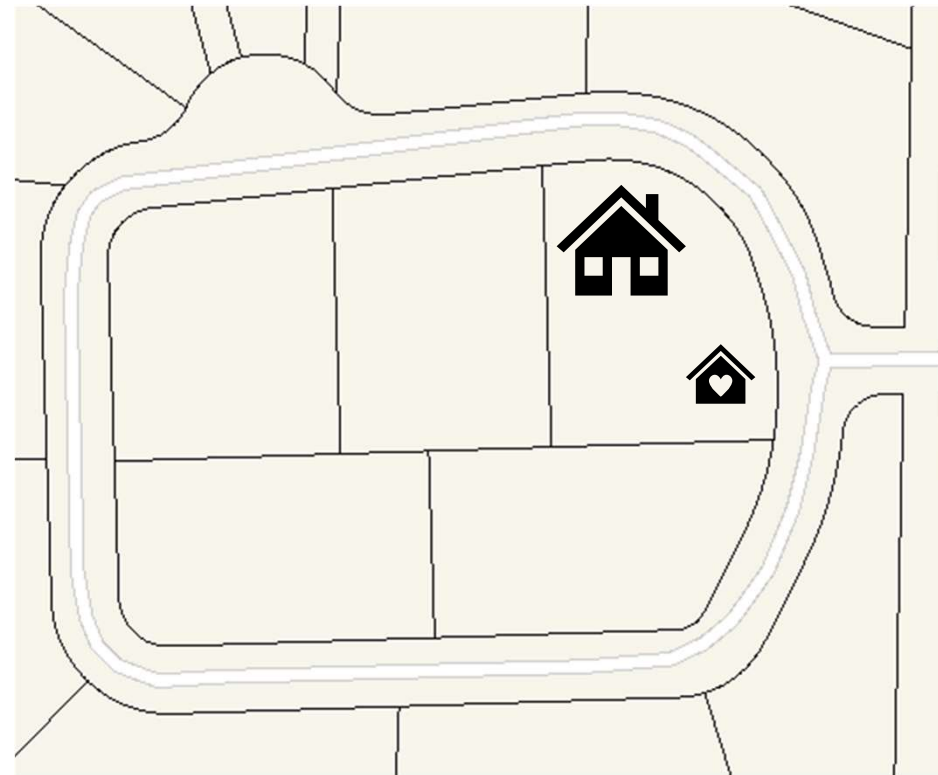
- **Frozen Value**
- Exemption Levels
- Transfer Exemption

Example:

- On program since 2001
- Frozen value = 150,000
- Added an ADU in 2025, valued at 80,000
- What is their frozen value now??

$$150,000 + 80,000 = 230,000$$

original 2001 FV	+ 2025 value of ADU	= new 2026 FV
---------------------	------------------------	------------------





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 100% of excess levies and 100% of Part 2 of state school levy and 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
Income Threshold 1	Exempt from 100% of excess levies and 100% of Part 2 of state school levy and Exempt from regular property taxes and Part 1 of state school levy on \$60,000 or 60% of the value whichever is greater



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 100% of excess levies and 100% of Part 2 of state school levy and 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
\$0 - \$30,000	Exempt from 100% of excess levies and 100% of Part 2 of state school levy and Exempt from regular property taxes and Part 1 of state school levy on \$60,000 or 60% of the value whichever is greater



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

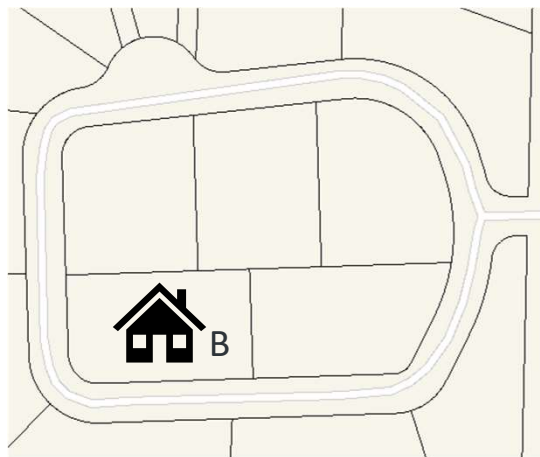
RCW 84.36.381

- (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)



Program Benefits

- Frozen Value
- Exemption Levels
- **Transfer Exemption**



Example:

- On program since 2001 & Home A is primary residence
- Sold Home A on 8/1/2024
- Purchased Home B on 8/4/2024
- Exemption can transfer to Home B since occupancy has been met in Home A.

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!

We heard you! Last year many of you gave feedback and asked for examples throughout. We've had a few so far. Do these help?

- Yes
- No



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.: 2025), the exemption would be removed for the following tax year (i.e.: 2026).
- 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?

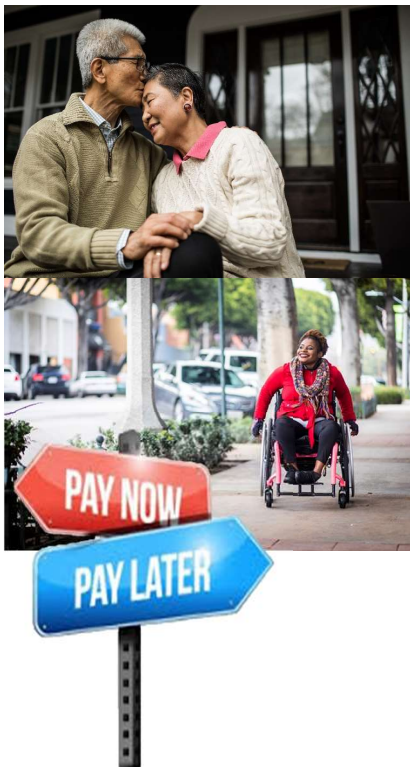
- Renewal Cycle – every year
- Renewal Cycle – 2 years
- Renewal Cycle – 3 years
- Renewal Cycle – 4 years
- Renewal Cycle – 5 years
- Renewal Cycle – 6 years



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).
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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

What does NOT meet the ownership requirement for the deferral?

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

- No spendthrift clause preventing encumbrance of trust assets

4.5 **Restraint on Alienation.** No right, title, interest or equity in any of the trust estate or the income shall vest in Lisa [REDACTED] until actual payment to her by the Trustee, and no part of either principal, interest, or increase shall be liable for the debts, present or future, of Lisa [REDACTED] or shall be subject to the right on the part of any creditor of Lisa [REDACTED] to seize or reach the trust estate under any writ or by any proceeding at law or in equity. Lisa [REDACTED] shall not have any power to give, grant, sell, convey, mortgage, pledge, or otherwise dispose of, encumber or anticipate the principal, income or increase of the trust estate.



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 (=)		
Total Liens / Encumbrances (-)		
Total Equity (=)		
Percent of Equity Allowed (x)		
Total Amount Available for Deferral (=)		

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 (=)		
Total Liens / Encumbrances (-)		
Total Equity (=)		
Percent of Equity Allowed (x)		
Total Amount Available for Deferral (=)		

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 (-)		
Total Equity (=)		
Percent of Equity Allowed (x)		
Total Amount Available for Deferral (=)		
Existing Deferral Principal Balance (-)		
DOR Interest (-)		
Remaining Amount Available for Deferral (=)		



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 (=)		
Total Liens / Encumbrances (-)		
Total Equity (=)		
Percent of Equity Allowed (x)		
Total Amount Available for Deferral (=)		



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)		
Improvement Value (+) (250,000 / 2)		-----
Total Value (=)		
Total Liens / Encumbrances (-)		
Total Equity (=)		
Percent of Equity Allowed (x)		
Total Amount Available for Deferral (=)		

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!

Who needs to sign the deferral application?

- Applicant only
- Applicant & spouse/domestic partner
- Applicant & co-tenant
- Applicant & any others with an ownership interest





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

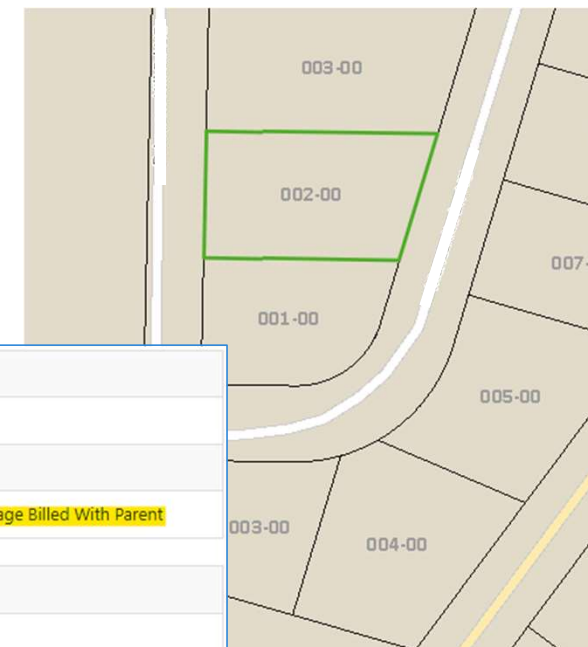


Foreclosure Action

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.

Action #	2025-0205
Date	04/22/2025
Type	New Subaccount
Reason	Sr Cit Excess Acreage Billed With Parent
Original Parcels	
4158-001-002-0008	
New Parcels	
4158-001-002-0206	





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

B Def #	G Principal	H Interest	I Deferral Balance @ 12/31/2024	J In Collection Status
1678	\$109,431.48	\$90,780.58	\$200,212.06	
0004	\$28,025.61	\$56,675.72	\$84,701.33	
2168	\$69,188.95	\$53,907.94	\$123,096.89	
0126	\$31,865.44	\$53,244.93	\$85,110.37	
1005	\$39,017.93	\$52,884.95	\$91,902.88	
2523	\$87,252.12	\$49,410.77	\$136,662.89	
0215	\$34,848.92	\$48,431.99	\$83,280.91	
0798	\$25,661.78	\$40,875.23	\$66,537.01	
1545	\$33,217.55	\$37,237.76	\$70,455.31	
1931	\$34,591.13	\$36,007.22	\$70,598.35	
0005	\$28,111.08	\$32,908.23	\$61,019.31	
0234	\$25,642.12	\$32,266.79	\$57,908.91	
1865	\$27,053.41	\$32,009.82	\$59,063.23	
1409	\$18,482.93	\$30,946.51	\$49,429.44	
1417	\$19,303.69	\$30,448.98	\$49,752.67	
2677	\$61,202.16	\$28,516.66	\$89,718.82	
0275	\$26,174.56	\$28,128.13	\$54,302.69	
2609	\$51,114.37	\$28,119.88	\$79,234.25	
0780	\$18,271.52	\$27,606.36	\$45,877.88	
0780	\$18,271.52	\$27,606.36	\$45,877.88	

County Code: SeniorDisabled-Active | SeniorDisabled - Renewals | SeniorDisabled-Closed

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 (7% for 2025 - 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** (7% for 2025 - adjusted annually)
- Repayment to DOR voluntary until canceling event then it is mandatory

Interest Rate

Adjusted annually

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

Calendar Year	Assessments	Refunds
2025	7%	7%
2024	6	6
2023	3	3
2022	2	2
2021	3	3
2020	4	4
2019	4	4
2018	3	3
2017	3	3



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 (=)		
Total Liens / Encumbrances (-)		
Total Equity (=)		
Percent of Equity Allowed (x)		
Total Amount Available for Deferral (=)		

Same values as before with the Senior Citizen/People with Disabilities Deferral, only the percent of equity is different.



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 (x)	80%	100%
Total Amount Available for Deferral (=)	240,000	50,000

This is our original example where 80% is allowed, which results in 240,000

When only 40% is allowed, the amount available for deferral is reduced to 120,000



Equity Example

Equity calculations for the Limited Income Deferral are the same, except only 40% is eligible as opposed to 80%. That is because only ½ of the tax bill is being deferred.

- If the applicant has no insurance and/or no loss payee AND they have negative equity, they will need to obtain homeowners insurance AND have DOR added as a loss payee.
- WHY? So, the value of the improvement can be used as part of the total value.

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



Equity Example

Equity Requirement – Partial Ownership

Same calculation as Senior/Disabled Deferral

- 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

New Deferral Applicant	Insurance & Loss Payee	No Insurance No Loss Payee
Land Value (+)	(75,000 / 2)	37,500
Improvement Value (+)	(250,000 / 2)	-----
Total Value (=)	162,500	37,500

Applications



- 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



Department role

- File lien
- Requests payment from Office of State Treasurer (OST) for 50% property tax/special assessments due to counties/taxing districts
- Maintain accounts receivable
- Provides annual reports to assessors & treasurers
- Collects account balances





Side by Side Glance

	Limited Income Deferral Program	Senior/Disabled Deferral Program
Age/Disability Ownership Occupancy Income	None Must own property for 5 years Must occupy 6+ months (calendar year) \$57,000	60 or disabled by SSA definition Must own property Must occupy 6+ months (calendar year) Income Threshold 3 or lower
Equity	40% Land & Improvement Value	80% Land & Improvement Value
Application Approval Process	Only current year eligible for deferment & first half taxes must be paid Submit to Dept by October 1 st for review & payment of 2 nd half taxes	“Back years” can be included Submit to Dept for review & payment of taxes – no “due date”
Collection of Deferred Tax	Voluntary unless canceling event & then mandatory	Voluntary unless canceling event & then mandatory



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

PDF **RCW 84.38.050**

Renewal of deferral—Forms—Notice to renew—Limitation upon special assessment deferral amount.

(1)(a) Declarations to defer property taxes for all years following the first year may be made by filing with the county assessor no later than thirty days before the tax is due a renewal form, prescribed by the department of revenue and supplied by the county assessor, which affirms the continued eligibility of the claimant.

(b) In January of each year, the county assessor must send to each claimant who has been granted deferral of ad valorem taxes for the previous year renewal forms and notice to renew.

(2) Declarations to defer special assessments must be made by filing with the assessor no later than thirty days before the special assessment is due on a form to be prescribed by the department of revenue and supplied by the county assessor. Upon approval, the full amount of special assessments upon such claimant's residence must be deferred but not to exceed an amount equal to eighty percent of the claimant's equity value in said property.

PDF **RCW 84.37.050**

Renewals—Requirement to reside on property.

(1) The provisions of **RCW 84.38.050(1)(b)** apply to declarations to defer special assessments or property taxes, or both, for all years following the first year.

- Senior Citizen/People with Disabilities Deferral – procedures begin on page 69 in manual
- Limited Income Deferral – page 83 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)



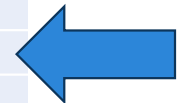
Application Processing

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



Form 64 0011

Deferral Application for Senior Citizens and People with Disabilities



Chapter 84.38 RCW

Complete this application in its entirety and file along with all supporting documents at your county assessor's office. For assistance, contact your county assessor at dor.wa.gov/countycontacts

County use only

Deferral number: Processed by:
Approve/deny date: Deny reason:

This deferral application is for (check all that apply):

Real property taxes due in the year(s): Parcel or account number:

Special assessment annual due date:

Jurisdiction: LID, ULID number:

Was the installment method selected? Yes No Not Available

1 Applicant information

Applicant name: Date of birth:

Spouse/domestic partner or co-tenant name: Date of birth:

Other occupants:

Residence address:

City: State: Zip:



Application Processing

Verify the following:
Liens/Obligations
✓ Balance(s)

Application Processing:
Both Deferral Programs

HomeStreet Bank
Loan Servicing
33405 8th Ave S, Suite 100
Federal Way, Washington 98003

Mortgage Statement

Statement Date February 13, 2025

For Questions About Your Loan:
www.HomeStreet.com

RETURN SERVICE REQUESTED

011275

Amount Due	
Loan Number:	0000000000
Payment Due Date:	03/01/2025
Amount Due:	\$1,785.95
<i>If payment is not received by 03/16/2025 a late fee of \$89.30 may be assessed.</i>	

Property Address:

Account Information	
Outstanding Principal Balance	\$214,500.00
Interest Rate	2.500%
Prepayment Penalty	No
Taxes Paid Year to Date	\$0.00
Hazard Insurance Paid Year to Date	\$0.00
Escrow Balance	\$0.00

Explanation of Amount Due	
Principal	\$929.11
Interest	\$856.84
Escrow	\$0.00
Optional Insurance Due	\$0.00
Other	\$0.00
Regular Monthly Payment	\$1,785.95
Late Charges Due	\$0.00
Other Fees Due	\$0.00
Past Due Payment(s)	\$0.00
Current Unapplied Balance	\$0.00
Total Amount Due	\$1,785.95

Homeownership Counseling Information

HUD-approved housing counselors can provide you with in-person or telephonic counseling. To find a HUD-approved counseling agency call 1 (800) 569-4287 or visit <http://www.consumerfinance.gov/mortgagehelp/>



Application Processing

Verify the following:
Homeowners Insurance

- ✓ Policy #
- ✓ Effective Dates
- ✓ Agent Info
- ✓ Loss Payee
- ✓ Dwelling Coverage

Application Processing:
Both Deferral Programs

State Farm Fire and Casualty Company
A Stock Company With Home Offices in Bloomington, Illinois
PO Box 2356
Bloomington IL 61702-2356

State Farm

RENEWAL DECLARATIONS

AMOUNT DUE: None
Payment is due by **BILLED THROUGH SFPP**

Policy Number: 23-WJ-B567-D

Policy Period: 12 Months
Effective Dates: JUL 11 2025 to JUL 11 2026
The policy period begins and ends at 12:01 am standard time at the residence premises.

Your State Farm Agent
A Good Neighbor

Phone: (206) 855-0855

Homeowners Policy
Location of Residence Premises

Construction: Frame
Year Built: 2014

Roof Material: Composition Shingle
Roof Installation Year: 2013

Automatic Renewal
if the **POLICY PERIOD** is shown as **12 MONTHS**, this policy will be renewed automatically subject to the premiums, rules, and forms in effect for each succeeding policy period. If this policy is terminated, we will give you and the Mortgagee/Lender written notice in compliance with the policy provisions or as required by law.



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.

New Deferral Applicant	Insurance & Loss Payee
Total Value	
Dwelling Coverage	
Value used in Equity Calculation:	
Total Liens / Encumbrances (-)	
Total Equity (=)	0
Percent of Equity Allowed (x)	80%
Total Amount Available for Deferral (=)	0



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
 - Lien/obligation statements
 - 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

Code	County													
01	Adams													
02	Asotin													
03	Benton													
04	Chelan													
05	Clallam													
06	Clark													
07	Columbia													
08	Cowlitz													
09	Douglas													
10	Ferry													
11	Franklin													
12	Garfield													

Workbook Instructions:

To select only your county data, click on the worksheet tab labeled "County Code" and find the two-digit code for your county. Then, use the filter function on each of the other worksheets to see the data for only your county. Follow these steps to use the filter function.

1. Select a worksheet by clicking on the labeled tab at the bottom of the screen (SeniorDisabled-Active, SeniorDis
2. In the first row, first column (cell A1), click on the down arrow.
3. On the drop-down menu, click on "Select All" to remove the check mark.
4. Now, click on the 2-digit code for your county.
5. Click on "Ok".

To print a hard-copy of the report, simply select print.*

County Code | SeniorDisabled-Active | SeniorDisabled - Renewals | SeniorDisabled-Closed | Limited Income-Active | Limited Income-Renew. ...



Reports

Prior Year Applicants (Renewals)

- 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

Prior Year Applicants (Renewals)

Code	County														
01	Adams														
02	Asotin	<u>Workbook Instructions:</u>													
03	Benton	To select only your county data, click on the worksheet tab labeled "County Code" and find the two-digit code for your county. Then, use the filter function on each of the other worksheets to see the data for only your county. Follow these steps to use the filter function.													
04	Chelan	1. Select a worksheet by clicking on the labeled tab at the bottom of the screen (SeniorDisabled-Active, SeniorDis													
05	Clallam	2. In the first row, first column (cell A1), click on the down arrow.													
06	Clark	3. On the drop-down menu, click on "Select All" to remove the check mark.													
07	Columbia	4. Now, click on the 2-digit code for your county.													
08	Cowlitz	5. Click on "Ok".													
09	Douglas														
10	Ferry														
11	Franklin														
12	Garfield	To print a hard-copy of the report, simply select print.*													



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



Reports

Deferral Accounts Paid/Closed During prior year

Code	County													
01	Adams													
02	Asotin	<u>Workbook Instructions:</u>												
03	Benton	To select only your county data, click on the worksheet tab labeled "County Code" and find the two-digit code for your county. Then, use the filter function on each of the other worksheets to see the data for only your county. Follow these steps to use the filter function.												
04	Chelan	1. Select a worksheet by clicking on the labeled tab at the bottom of the screen (SeniorDisabled-Active, SeniorDis												
05	Clallam	2. In the first row, first column (cell A1), click on the down arrow.												
06	Clark	3. On the drop-down menu, click on "Select All" to remove the check mark.												
07	Columbia	4. Now, click on the 2-digit code for your county.												
08	Cowlitz	5. Click on "Ok".												
09	Douglas	To print a hard-copy of the report, simply select print.*												
10	Ferry													
11	Franklin													
12	Garfield													



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

- Diana Burch
- (360) 534-1468
- DianaBu@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”:

- is defined in RCW 84.36.383
- is independent of the federal income tax statutes
- federal “adjusted gross income” used for determining “taxable income” is only the starting point

RCWs > Title 84 > Chapter 84.36 > Section
84.36.383

Print

84.36.381 << 84.36.383 >> 84.36.385

PDF

RCW 84.36.383**Residences—Definitions.**

As used in RCW **84.36.381** through **84.36.389**, unless the context clearly requires otherwise:

(1) "Accessory dwelling unit" means a separate, autonomous residential dwelling unit that provides complete independent living facilities for one or more persons and includes permanent provisions for living, sleeping, eating, cooking, and sanitation.

(2) "Combined disposable income" means the disposable income of the person claiming the exemption, plus the disposable income of his or her spouse or domestic partner, and the disposable income of each cotenant occupying the residence for the assessment year, less amounts paid by the person claiming the exemption or his or her spouse or domestic partner during the assessment year for:

(a) Drugs supplied by prescription of a medical practitioner authorized by the laws of this state or another jurisdiction to issue prescriptions;

(b) The treatment or care of either person received in the home or in a nursing home, assisted living facility, or adult family home;



Disposable Income

RCW 84.36.383(7) 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

Disposable Income

1a	Total amount from Form(s) W-2, box 1 (see instructions)			1a	
b	Household employee wages not reported on Form(s) W-2			1b	
c	Tip income not reported on line 1a (see instructions)			1c	
d	Medicaid waiver payments not reported on Form(s) W-2 (see instructions)			1d	
e	Taxable dependent care benefits from Form 2441, line 26			1e	
f	Employer-provided adoption benefits from Form 8839, line 29			1f	
g	Wages from Form 8919, line 6			1g	
h	Other earned income (see instructions)			1h	
i	Nontaxable combat pay election (see instructions)		1i		
z	Add lines 1a through 1h			1z	
2a	Tax-exempt interest	2a		b	Taxable interest
3a	Qualified dividends	3a		b	Ordinary dividends
4a	IRA distributions	4a		b	Taxable amount
5a	Pensions and annuities	5a		b	Taxable amount
6a	Social security benefits	6a		b	Taxable amount
c	If you elect to use the lump-sum election method, check here (see instructions)				<input type="checkbox"/>
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here			7	<input type="checkbox"/>
8	Additional income from Schedule 1, line 10			8	
9	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income			9	
10	Adjustments to income from Schedule 1, line 26			10	
11	Subtract line 10 from line 9. This is your adjusted gross income			11	



Disposable Income

Disposable Income

Enter AGI on Line 1
Enter Losses on Line 3



<u>Combined Disposable Income Worksheet</u>		
<u>Disposable Income:</u>		<u>\$ Amount</u>
1	Federal adjusted gross income from Federal Form 1040.	\$ -
2	Capital Gains not reported on federal income tax return.	\$ -
3	Losses reported on your federal income tax return.	\$ -
4	Depreciation reported on your federal income tax return.	\$ -
5	Wage income nontaxable and/or not reported on your federal income tax return.	\$ -
6	Dividend or interest income nontaxable and/or not reported on your federal income tax return.	\$ -
7	Pension and annuity income nontaxable and/or not reported on your federal income tax return.	\$ -
8	Military pay and benefits nontaxable and/or not reported on your federal income tax return.	\$ -
9	Veterans pay and benefits nontaxable and/or not reported on your federal income tax return.	\$ -
10	Social security or railroad retirement benefits nontaxable and/or not reported on your federal income tax return.	\$ -
11	Business, rental, or farming income not reported on your federal income tax return.	\$ -
12	Other income not included in amounts on Lines 1-11	\$ -
13	<i>Total Disposable Income:</i>	\$ -



Disposable Income

Disposable Income

2a	Tax-exempt interest	2a		b	Taxable interest	2b	250	
3a	Qualified dividends	3a		b	Ordinary dividends	3b	4,000	
4a	IRA distributions	4a		b	Taxable amount	4b		
5a	Pensions and annuities	5a	35,000	b	Taxable amount	5b	32,000	
6a	Social security benefits	6a	20,000	b	Taxable amount	6b	5,000	
c	If you elect to use the lump-sum election method, check here (see instructions) <input type="checkbox"/>							
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>			7			-3,000	
8	Additional income from Schedule 1, line 10						8	
9	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income						9	
10	Adjustments to income from Schedule 1, line 26						10	
11	Subtract line 10 from line 9. This is your adjusted gross income						11	38,250

Pension/Annuity (Line 5a)	
Pension/Annuity (Line 5b)	
Non-taxable portion to add back	0

Social Security (Line 6a)	
Social Security (Line 6b)	
Non-taxable portion to add back	0



Disposable Income

Disposable Income

Enter Pension on Line 7
Enter SSA on Line 10

<u>Combined Disposable Income Worksheet</u>		
<u>Disposable Income:</u>		<u>\$ Amount</u>
1	Federal adjusted gross income from Federal Form 1040.	\$ 38,250.00
2	Capital Gains not reported on federal income tax return.	\$ -
3	Losses reported on your federal income tax return.	\$ 3,000.00
4	Depreciation reported on your federal income tax return.	\$ -
5	Wage income nontaxable and/or not reported on your federal income tax return.	\$ -
6	Dividend or interest income nontaxable and/or not reported on your federal income tax return.	\$ -
7	Pension and annuity income nontaxable and/or not reported on your federal income tax return.	\$ -
8	Military pay and benefits nontaxable and/or not reported on your federal income tax return.	\$ -
9	Veterans pay and benefits nontaxable and/or not reported on your federal income tax return.	\$ -
10	Social security or railroad retirement benefits nontaxable and/or not reported on your federal income tax return.	\$ -
11	Business, rental, or farming income not reported on your federal income tax return.	\$ -
12	Other income not included in amounts on Lines 1-11.	\$ -
13	Total Disposable Income:	\$ 41,250.00



Disposable Income

Tax Return Provided

- Start with Adjusted Gross Income as defined by IRS
- Make adjustments as required by RCW 84.36.383(7) and WAC 458-16A-100(13)

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

Disposable Income

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		Payer's RTN (optional)	OMB No. 1545-0112 Form 1099-INT (Rev. January 2024) For calendar year _____		Interest Income
1 Interest income		\$ 250			Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the current General Instructions for Certain Information Returns.
2 Early withdrawal penalty		\$			
PAYER'S TIN	RECIPIENT'S TIN	3 Interest on U.S. Savings Bonds and Treasury obligations			
RECIPIENT'S name		4 Federal income tax withheld	5 Investment expenses		
Street address (including apt. no.)		6 Foreign tax paid	7 Foreign country or U.S. territory		
City or town, state or province, country, and ZIP or foreign postal code		8 Tax-exempt interest	9 Specified private activity bond interest		
FATCA filing requirement		10 Market discount	11 Bond premium		
Account number		12 Bond premium on Treasury obligations	13 Bond premium on tax-exempt bond		
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1a Total ordinary dividends		OMB No. 1545-0110 Form 1099-DIV (Rev. January 2024) For calendar year _____	Dividends and Distributions
1a Total ordinary dividends		\$ 4,000			
1b Qualified dividends		\$			
2a Total capital gain dist.		\$		2b Unrecap. Sec. 1250 gain	
PAYER'S TIN	RECIPIENT'S TIN	2c Section 1202 gain	2d Collectibles (28%) gain		
RECIPIENT'S name		2e Section 897 ordinary dividends	2f Section 897 capital gain		
Street address (including apt. no.)		3 Nondividend distributions	4 Federal income tax withheld		
City or town, state or province, country, and ZIP or foreign postal code		5 Section 199A dividends	6 Investment expenses		
FATCA filing requirement		7 Foreign tax paid	8 Foreign country or U.S. possession		
Account number (see instructions)		9 Cash liquidation distributions	10 Noncash liquidation distributions		
2nd TIN not		11 Exempt-interest dividends	13 Specified private activity bond interest dividends		
14 State		15 Beneficiary's	16 State tax withheld		

Combined Disposable Income Worksheet

Disposable Income:

	\$ Amount
1 Federal adjusted gross income from Federal Form 1040.	\$ -
2 Capital Gains not reported on federal income tax return.	\$ -
3 Losses reported on your federal income tax return.	\$ -
4 Depreciation reported on your federal income tax return.	\$ -
5 Wage income nontaxable and/or not reported on your federal income tax return.	\$ -
6 Dividend or interest income nontaxable and/or not reported on your federal income tax return.	\$ -
7 Pension and annuity income nontaxable and/or not reported on your federal income tax return.	\$ -
8 Military pay and benefits nontaxable and/or not reported on your federal income tax return	\$ -
9 Veterans pay and benefits nontaxable and/or not reported on your federal income tax return	\$ -
10 Social security or railroad retirement benefits nontaxable and/or not reported on your federal income tax return	\$ -
11 Business, rental, or farming income not reported on your federal income tax return	\$ -
12 Other income not included in amounts on Lines 1-11	\$ -
13 Total Disposable Income:	\$ -



Disposable Income

Disposable Income

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Gross distribution \$ 35,000	OMB No. 1545-0119 2024	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
		2a Taxable amount \$ 32,000	Form 1099-R	
PAYER'S TIN	RECIPIENT'S TIN	2b Taxable amount not determined <input type="checkbox"/>	Total distribution <input type="checkbox"/>	Copy A For Internal Revenue Service Center
		3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$	
RECIPIENT'S name		5 Employee contributions/ Designated Roth contributions or	6 Net unrealized appreciation in employer's securities	For filing information, Privacy Act, and Paperwork Reduction
Street address (inc				
City or town, state c				
10 Amount allocat within 5 years \$				
Account number (s				

FORM SSA-1099 – SOCIAL SECURITY BENEFIT STATEMENT		
2024 • PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. • SEE THE REVERSE FOR MORE INFORMATION.		
Box 1. Name	Box 2. Beneficiary's Social Security Number	
Box 3. Benefits Paid in 2024 20,000	Box 4. Benefits Repaid to SSA in 2024	Box 5. Net Benefits for 2024 (plus 3 minus Box 4) 20,000
DESCRIPTION OF AMOUNT IN BOX 3		DESCRIPTION OF AMOUNT IN BOX 4
SAMPLE		Box 6. Voluntary Federal Income Tax Withheld
		Box 7. Address
		Box 8. Claim Number (Use this number if you need to contact SSA.)
Form SSA-1099-SSA (2-2024) DO NOT RETURN THIS FORM TO SSA OR IRS		

Combined Disposable Income Worksheet

Disposable Income:

	\$ Amount
1 Federal adjusted gross income from Federal Form 1040.	\$ -
2 Capital Gains not reported on federal income tax return.	\$ -
3 Losses reported on your federal income tax return.	\$ -
4 Depreciation reported on your federal income tax return.	\$ -
5 Wage income nontaxable and/or not reported on your federal income tax return.	\$ -
6 Dividend or interest income nontaxable and/or not reported on your federal income tax return.	\$ 4,250.00
7 Pension and annuity income nontaxable and/or not reported on your federal income tax return.	\$ -
8 Military pay and benefits nontaxable and/or not reported on your federal income tax return.	\$ -
9 Veterans pay and benefits nontaxable and/or not reported on your federal income tax return.	\$ -
10 Social security or railroad retirement benefits nontaxable and/or not reported on your federal income tax return.	\$ -
11 Business, rental, or farming income not reported on your federal income tax return.	\$ -
12 Other income not included in amounts on Lines 1-11.	\$ -
13 Total Disposable Income:	\$ 4,250.00



Disposable Income

Disposable Income

<u>Combined Disposable Income Worksheet</u>	
<u>Disposable Income:</u>	<u>\$ Amount</u>
1 Federal adjusted gross income from Federal Form 1040.	\$ 38,250.00
2 Capital Gains not reported on federal income tax return.	\$ -
3 Losses reported on your federal income tax return.	\$ 3,000.00
4 Depreciation reported on your federal income tax return.	\$ -
5 Wage income nontaxable and/or not reported on your federal income tax return.	\$ -
6 Dividend or interest income nontaxable and/or not reported on your federal income tax return.	\$ -
7 Pension and annuity income nontaxable and/or not reported on your federal income tax return.	\$ 3,000.00
8 Military pay and benefits nontaxable and/or not reported on your federal income tax return.	\$ -
9 Veterans pay and benefits nontaxable and/or not reported on your federal income tax return.	\$ -
10 Social security or railroad retirement benefits nontaxable and/or not reported on your federal income tax return.	\$ 15,000.00
11 Business, rental, or farming income not reported on your federal income tax return.	\$ -
12 Other income not included in amounts on Lines 1-11.	\$ -
13 Total Disposable Income:	\$ 59,250.00

<u>Combined Disposable Income Worksheet</u>	
<u>Disposable Income:</u>	<u>\$ Amount</u>
1 Federal adjusted gross income from Federal Form 1040.	\$ -
2 Capital Gains not reported on federal income tax return.	\$ -
3 Losses reported on your federal income tax return.	\$ -
4 Depreciation reported on your federal income tax return.	\$ -
5 Wage income nontaxable and/or not reported on your federal income tax return.	\$ -
6 Dividend or interest income nontaxable and/or not reported on your federal income tax return.	\$ -
7 Pension and annuity income nontaxable and/or not reported on your federal income tax return.	\$ -
8 Military pay and benefits nontaxable and/or not reported on your federal income tax return.	\$ -
9 Veterans pay and benefits nontaxable and/or not reported on your federal income tax return.	\$ 4,250.00
10 Social security or railroad retirement benefits nontaxable and/or not reported on your federal income tax return.	\$ 35,000.00
11 Business, rental, or farming income not reported on your federal income tax return.	\$ -
12 Other income not included in amounts on Lines 1-11.	\$ -
13 Total Disposable Income:	\$ 59,250.00



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

Disposable Income

Box 1 (see instructions)			1a	
reported on Form(s) W-2			1b	
Box 2a (see instructions)			1c	
reported on Form(s) W-2 (see instructions)			1d	
from Form 2441, line 26			1e	
benefits from Form 8839, line 29			1f	
			1g	
			1h	
		1i		
			1z	
2a		b Taxable interest	2b	250
3a		b Ordinary dividends	3b	4,000
4a		b Taxable amount	4b	
5a	35,000	b Taxable amount	5b	32,000
6a	20,000	b Taxable amount	6b	5,000
election method, check here (see instructions)				
chedule D if required. If not required, check here			7	-3,000
1, line 10			8	
7, and 8. This is your total income			9	
chedule 1, line 26			10	
is your adjusted gross income			11	38,250

Example:

2024 tax return provided
 Applicant discloses their spouse passed away on 5/14/2024 and they no longer will be receiving the pension

TRANSACTION DETAIL

DATE	DESCRIPTION	AMOUNT	BALANCE
	Beginning Balance		\$5,282.28
06/09	Card Purchase With Pin	-55.10	5,227.18
06/09	06/09 Payment	-1,000.00	4,227.18
06/10	06/10 Online Payment	-175.00	4,052.18
06/12	06/12 Online Payment	-3,100.00	952.18
06/12	06/12 Online Payment	-500.00	452.18
06/23	Card Purchase	-38.91	413.27
07/03	SSA Treas 310 Xxsoc Sec	1,667.00	2,080.27



Disposable Income

<u>Combined Disposable Income Worksheet</u>		
<u>Disposable Income:</u>		<u>\$ Amount</u>
1	Federal adjusted gross income from Federal Form 1040.	\$ -
2	Capital Gains not reported on federal income tax return.	\$ -
3	Losses reported on your federal income tax return.	\$ -
4	Depreciation reported on your federal income tax return.	\$ -
5	Wage income nontaxable and/or not reported on your federal income tax return.	\$ -
6	Dividend or interest income nontaxable and/or not reported on your federal income tax return.	\$ 4,250.00
7	Pension and annuity income nontaxable and/or not reported on your federal income tax return.	\$ 35,000.00
8	Military pay and benefits nontaxable and/or not reported on your federal income tax return	\$ -
9	Veterans pay and benefits nontaxable and/or not reported on your federal income tax return	\$ -
10	Social security or railroad retirement benefits nontaxable and/or not reported on your federal income tax return	\$ 20,000.00
11	Business, rental, or farming income not reported on your federal income tax return	\$ -
12	Other income not included in amounts on Lines 1-11	\$ -
13	Total Disposable Income:	\$ 59,250.00

We started with the original income calculation, took out the pension/annuity amount and recalculated the social security to get the income average.



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

PART I - Calculating the Gain

(A) Selling Price of Old Home		<input type="text"/>
(B) Allowable Sales Expenses		
Total		\$0
(C) Proceeds from Sale of Old Home (C = A - B)		<input type="text" value="\$0"/>
(D) Purchase Price of Old Home		<input type="text"/>
(E) Cost of any Improvements		
Total		\$0

To determine capital gains on the sale of a primary residence you will need:

- Selling price of old home (\$200,000)
- Selling fees (\$18,000)
- Original purchase price of old home (\$125,000)
- Adjustments to basis (\$18,750)
- Purchase price of new home (\$150,000)



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



Disposable Income – Depreciation

Disposable Income

Part I Income							
1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked <input type="checkbox"/>	1	50,000				
2	Returns and allowances	2					
3	Subtract line 2 from line 1	3					
4	Cost of goods sold (from line 42)	4					
5	Gross profit. Subtract line 4 from line 3	5					
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	6					
7	Gross income. Add lines 5 and 6	7	50,000				
Part II Expenses. Enter expenses for business use of your home only on line 30.							
8	Advertising	8		18	Office expense (see instructions)	18	10,000
9	Car and truck expenses (see instructions)	9		19	Pension and profit-sharing plans	19	
10	Commissions and fees	10		20	Rent or lease (see instructions):		
11	Contract labor (see instructions)	11		20a	Vehicles, machinery, and equipment	20a	20,000
12	Depletion	12		20b	Other business property	20b	
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)	13	25,500	21	Repairs and maintenance	21	
14	Employee benefit programs (other than on line 19)	14		22	Supplies (not included in Part III)	22	
15	Insurance (other than health)	15		23	Taxes and licenses	23	
16	Interest (see instructions):			24	Travel and meals:		
a	Mortgage (paid to banks, etc.)	16a		24a	Travel	24a	
b	Other	16b		24b	Deductible meals (see instructions)	24b	
17	Legal and professional services	17		25	Utilities	25	10,000
28	Total expenses before expenses for business use of home. Add lines 8 through 27b	28		26	Wages (less employment credits)	26	
29	Tentative profit or (loss). Subtract line 28 from line 7	29		27a	Other expenses (from line 48)	27a	
30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30	30		27b	Energy efficient commercial bldgs deduction (attach Form 7205)	27b	
31	Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see instructions.) Estates and trusts, enter on Form 1041, line 3 .	31					(15,500)

Example: Schedule C

Calculation for figuring out net income is:

Income – expenses + depreciation

Step #1: address the overall loss first

This is shown on line 31.



Disposable Income – Depreciation

2a	Tax-exempt interest	2a		b	Taxable interest	2b		
3a	Qualified dividends	3a		b	Ordinary dividends	3b		
4a	IRA distributions	4a		b	Taxable amount	4b		
5a	Pensions and annuities	5a		b	Taxable amount	5b		
6a	Social security benefits	6a		b	Taxable amount	6b		
c	If you elect to use the lump-sum election method, check here (see instructions)							<input type="checkbox"/>
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here						7	<input type="checkbox"/>
8	Additional income from Schedule 1, line 10						8	-15,500
9	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income						9	
10	Adjustments to income from Schedule 1, line 26						10	
11	Subtract line 10 from line 9. This is your adjusted gross income						11	-15,500

Example: Schedule C

For the purpose of this example, let's say that the applicant only has business income.

The overall business loss shows up on line 8 of the 1040 and is carried down to the AGI on line 11.

Let's fill out the income calculation worksheet to address the loss.

Combined Disposable Income Worksheet		\$ Amount
Disposable Income:		
1	Federal adjusted gross income from Federal Form 1040.	\$ -
2	Capital Gains not reported on federal income tax return.	\$ -
3	Losses reported on your federal income tax return.	\$ -
4	Depreciation reported on your federal income tax return.	\$ -
5	Wage income nontaxable and/or not reported on your federal income tax return.	\$ -
6	Dividend or interest income nontaxable and/or not reported on your federal income tax return.	\$ -
7	Pension and annuity income nontaxable and/or not reported on your federal income tax return.	\$ -
8	Military pay and benefits nontaxable and/or not reported on your federal income tax return	\$ -
9	Veterans pay and benefits nontaxable and/or not reported on your federal income tax return	\$ -
10	Social security or railroad retirement benefits nontaxable and/or not reported on your federal income tax return	\$ -
11	Business, rental, or farming income not reported on your federal income tax return	\$ -
12	Other income not included in amounts on Lines 1-11	\$ -
13	Total Disposable Income:	\$ -



Disposable Income – Depreciation

Disposable Income

Part I Income	
1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked <input type="checkbox"/> 50,000
2	Returns and allowances
3	Subtract line 2 from line 1
4	Cost of goods sold (from line 42)
5	Gross profit. Subtract line 4 from line 3
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)
7	Gross income. Add lines 5 and 6 50,000
Part II Expenses. Enter expenses for business use of your home only on line 30.	
8	Advertising 10,000
9	Car and truck expenses (see instructions)
10	Commissions and fees
11	Contract labor (see instructions)
12	Depletion
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions) 25,500
14	Employee benefit programs (other than on line 19)
15	Insurance (other than health)
16	Interest (see instructions):
16a	Mortgage (paid to banks, etc.)
16b	Other
17	Legal and professional services
18	Office expense (see instructions) 10,000
19	Pension and profit-sharing plans
20	Rent or lease (see instructions):
20a	Vehicles, machinery, and equipment 20,000
20b	Other business property
21	Repairs and maintenance
22	Supplies (not included in Part III)
23	Taxes and licenses
24	Travel and meals:
24a	Travel
24b	Deductible meals (see instructions)
25	Utilities 10,000
26	Wages (less employment credits)
27a	Other expenses (from line 48)
27b	Energy efficient commercial bldgs deduction (attach Form 7205)
28	Total expenses before expenses for business use of home. Add lines 8 through 27b 65,500
29	Tentative profit or (loss). Subtract line 28 from line 7 (15,500)
30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30
31	Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040), line 3 , and on Schedule SE, line 2 . (If you checked the box on line 1, see instructions.) Estates and trusts, enter on Form 1041, line 3 . (15,500)

Example: Schedule C

Now that we have addressed the overall loss, let's figure out the net income.

Income – expenses + depreciation

Income	
Expenses	
Depreciation	
Net Income	0



Disposable Income – Depreciation

<u>Combined Disposable Income Worksheet</u>		
<u>Disposable Income:</u>		<u>\$ Amount</u>
1	Federal adjusted gross income from Federal Form 1040.	\$ (15,500.00)
2	Capital Gains not reported on federal income tax return.	\$ -
3	Losses reported on your federal income tax return.	\$ 15,500.00
4	Depreciation reported on your federal income tax return.	\$ -
5	Wage income nontaxable and/or not reported on your federal income tax return.	\$ -
6	Dividend or interest income nontaxable and/or not reported on your federal income tax return.	\$ -
7	Pension and annuity income nontaxable and/or not reported on your federal income tax return.	\$ -
8	Military pay and benefits nontaxable and/or not reported on your federal income tax return	\$ -
9	Veterans pay and benefits nontaxable and/or not reported on your federal income tax return	\$ -
10	Social security or railroad retirement benefits nontaxable and/or not reported on your federal income tax return	\$ -
11	Business, rental, or farming income not reported on your federal income tax return	\$ -
12	Other income not included in amounts on Lines 1-11	\$ -
13	Total Disposable Income:	\$ -

Question:

So why don't we add back the loss of 15,500 and add back the depreciation of 25,500?

That would "double count" the depreciation. Let's take a closer look.



Disposable Income – Depreciation

Disposable Income

Part I Income	
1	Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked <input type="checkbox"/>
2	Returns and allowances
3	Subtract line 2 from line 1
4	Cost of goods sold (from line 42)
5	Gross profit. Subtract line 4 from line 3
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)
7	Gross income. Add lines 5 and 6
	50,000
Part II Expenses. Enter expenses for business use of your home only on line 30.	
8	Advertising
9	Car and truck expenses (see instructions)
10	Commissions and fees
11	Contract labor (see instructions)
12	Depletion
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)
	25,500
14	Employee benefit programs (other than on line 19)
15	Insurance (other than health)
16	Interest (see instructions):
a	Mortgage (paid to banks, etc.)
b	Other
17	Legal and professional services
18	Office expense (see instructions)
19	Pension and profit-sharing plans
20	Rent or lease (see instructions):
a	Vehicles, machinery, and equipment
b	Other business property
21	Repairs and maintenance
22	Supplies (not included in Part III)
23	Taxes and licenses
24	Travel and meals:
a	Travel
b	Deductible meals (see instructions)
25	Utilities
26	Wages (less employment credits)
27a	Other expenses (from line 48)
b	Energy efficient commercial bldgs deduction (attach Form 7205)
28	Total expenses before expenses for business use of home. Add lines 8 through 27b
	65,500
29	Tentative profit or (loss). Subtract line 28 from line 7
	(15,500)
30	Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method. See instructions. Simplified method filers only: Enter the total square footage of (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30
31	Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on both Schedule 1 (Form 1040), line 3, and on Schedule SE, line 2. (If you checked the box on line 1, see instructions.) Estates and trusts, enter on Form 1041, line 3.
	(15,500)

Let's calculate the income – allowable expenses (*without depreciation*) to see what we come up with.

Gross Income	
Office Expense	
Vehicle Rental	
Utilities	
Net Profit/Loss	0



Disposable Income – Depreciation

<u>Combined Disposable Income Worksheet</u>		
<u>Disposable Income:</u>		<u>\$ Amount</u>
1	Federal adjusted gross income from Federal Form 1040.	\$ (15,500.00)
2	Capital Gains not reported on federal income tax return.	\$ -
3	Losses reported on your federal income tax return.	\$ 15,500.00
4	Depreciation reported on your federal income tax return.	\$ -
5	Wage income nontaxable and/or not reported on your federal income tax return.	\$ -
6	Dividend or interest income nontaxable and/or not reported on your federal income tax return.	\$ -
7	Pension and annuity income nontaxable and/or not reported on your federal income tax return.	\$ -
8	Military pay and benefits nontaxable and/or not reported on your federal income tax return.	\$ -
9	Veterans pay and benefits nontaxable and/or not reported on your federal income tax return.	\$ -
10	Social security or railroad retirement benefits nontaxable and/or not reported on your federal income tax return.	\$ -
11	Business, rental, or farming income not reported on your federal income tax return.	\$ 10,000.00
12	Other income not included in amounts on Lines 1-11.	\$ -
13	Total Disposable Income:	\$ 10,000.00

Let's adjust our worksheet to see this in action.

First, we take out the net income, which gets us back to zero (our initial step #1 when we addressed the loss).

Then we add in the entire amount of depreciation 25,500

See what happened to the total disposable income?

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(2)
- 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...



RCWs > Title 84 > Chapter 84.36 > Section
84.36.383

Print

84.36.381 << 84.36.383 >> 84.36.385

PDF

RCW 84.36.383

Residences—Definitions.

As used in RCW **84.36.381** through **84.36.389**, unless the context clearly requires otherwise:

(1) "Accessory dwelling unit" means a separate, autonomous residential dwelling unit that provides complete independent living facilities for one or more persons and includes permanent provisions for living, sleeping, eating, cooking, and sanitation.

(2) "Combined disposable income" means the disposable income of the person claiming the exemption, plus the disposable income of his or her spouse or domestic partner, and the disposable income of each cotenant occupying the residence for the assessment year, less amounts paid by the person claiming the exemption or his or her spouse or domestic partner during the assessment year for:

(a) Drugs supplied by prescription of a medical practitioner authorized by the laws of this state or another jurisdiction to issue prescriptions;

(b) The treatment or care of either person received in the home or in a nursing home, assisted living facility, or adult family home;

(c) Health care insurance premiums for medicare under Title XVIII of the social security act;

(d) Costs related to medicare supplemental policies as defined in Title 42 U.S.C. Sec. 1395ss;

(e) Durable medical equipment, mobility enhancing equipment, medically prescribed oxygen, and prosthetic devices as defined in RCW **82.08.0283**;

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:

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

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



- 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

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

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 – MedicareAdvantage – should see “MedicareAdvantage” 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?

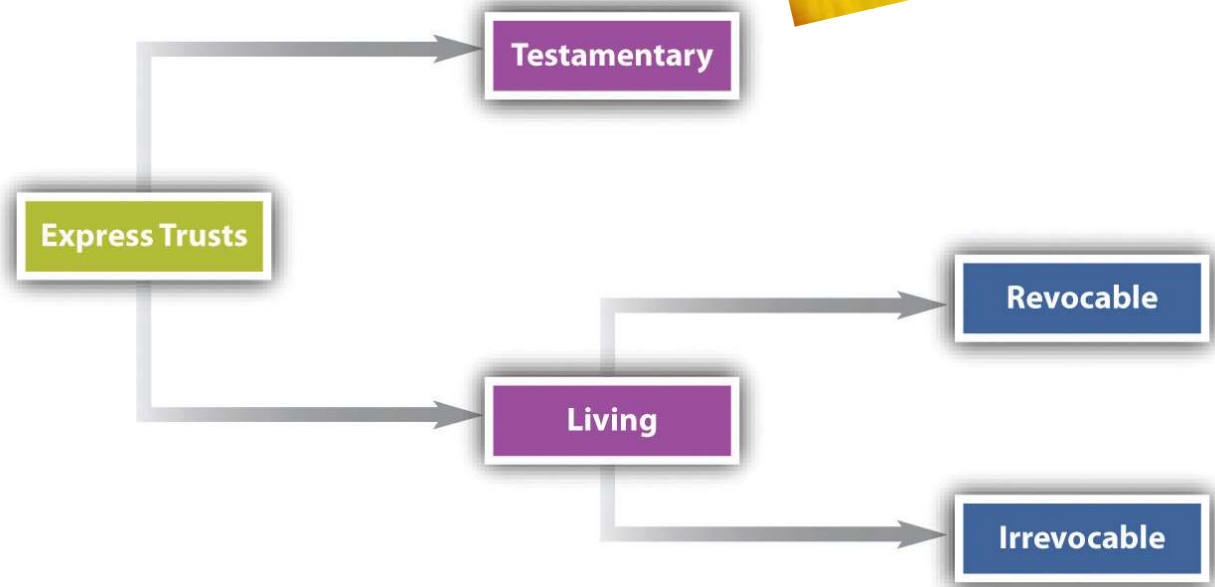
- Medigap Supplemental Insurance
- Durable Medical Equipment
- Mobility Enhancing Equipment
- Cost Sharing Amounts
- Long Term Care Insurance



Trusts



Trusts



Trusts



Trusts

Grant and Deferral Programs:

- Revocable trusts specifically **do not qualify**
- Irrevocable trusts **MAY** qualify
 - 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

- Typically, the first paragraph provides name(s) of creator(s) and name of trust.
- The language you need can be anywhere in the trust, which is why it is important to receive all pages, not just the portion an applicant thinks you need.
- When in doubt, follow the Trust Step-by-Step guide!



Questions?



Question Time!

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

- 1
- 2
- 3
- 4
- 5



Examples