

Property Tax Exemption

for Senior Citizens and Disabled Persons

WASHINGTON STATE DEPARTMENT OF REVENUE

If you are a senior citizen or disabled, Washington has two programs that may help you pay your property taxes and/or special assessments. Your household income and your age or disability determine your eligibility for both programs.

This publication provides an overview of the property tax exemption program that helps senior citizens and disabled persons reduce their payment of property taxes.

For information about the property tax deferral program, see the Property Tax Deferral for Senior Citizens and Disabled Persons fact sheet.

Program Overview

Under the exemption program, the value of your residence is frozen for property tax purposes, and you become exempt from all excess and special levies and possibly regular levies – resulting in a reduction in your property taxes. The exemption is available for your primary residence and up to five acres* of land. A mobile home may qualify, even if the land where the mobile home is located is leased or rented.

* The exemption is available for a primary residence and one acre of land. If local zoning and land use regulations require more than one acre of land per residence in the area where you live, you may be eligible for a property tax exemption on up to five acres of land.

ELIGIBILITY REQUIREMENTS

To be eligible for this program you must meet the age or disability, ownership, residency, and income requirements.

AGE AND DISABILITY

You must be at least 61 years old on December 31 of the application year, or unable to work because of a disability, or a veteran with a 100 percent service connected disability. Your application must include proof of your age or disability.

Example: Your 61st birthday is in November 2006. You may file a 2006 application requesting an exemption on your 2007 taxes.

OWNERSHIP

You must own the home for which the exemption is claimed in total (fee owner), as a life estate (including a lease for life), or by contract purchase.

If you transfer your home under a revocable trust agreement, you must retain the full use of the property and be able to revoke the trust and take ownership at any time. Irrevocable trusts qualify, if they can be deemed a life estate.

A home owned jointly by a married couple or by co-tenants is considered owned by each spouse or co-tenant. Only one person must meet the age or disability requirement. If you share ownership in a cooperative housing unit and your share represents the specific unit or portion where you live, you will be eligible for the exemption of your unit.

If your primary residence or the land under your primary residence is owned by a government entity, you are eligible for a comparable exemption, if you meet the minimum qualifications.

RESIDENCY

The property must be your primary residence at the time your application is due. You must occupy the home for more than six months each year.

Your residence may qualify even if you are temporarily in a hospital, nursing home, boarding home or adult family home. You may rent your residence to someone else during your stay in one of these facilities if the rental income is used to pay the facility costs.

Property used as a vacation home is not eligible for the exemption program.

- Interest and dividend receipts.
- Business income. Depreciation and business losses cannot be deducted.
- Rental income. Depreciation and rental losses cannot be deducted.
- Capital gains other than the gain from the sale of your primary residence that was reinvested in another primary residence within the same calendar year. Capital losses may not be deducted from income or used to offset capital gains.

If there was a change in your income prior to November 1 that is expected to last indefinitely, you may estimate your income. Multiply your new average monthly income by 12.

Example: You retired in September and your monthly income is reduced from \$2,000 to \$1,000 beginning in October. Multiply \$1,000 x 12. The total \$12,000, is your new estimated annual disposable income.

DEDUCTIONS FROM DISPOSABLE INCOME

To determine your disposable income you may take deductions for the following expenses paid by you or your spouse:

- Non-reimbursed amounts paid for you or your spouse to live in a nursing home, boarding home, or adult family home.
- Non-reimbursed amounts for prescription drugs for you or your spouse.
- Insurance premiums for Medicare under Title XVIII of the Social Security Act.
- Non-reimbursed amounts paid for goods and services that allow you or your spouse to receive in-home care. The care must be similar to the care provided by a nursing home. In-home care includes medical treatment, physical therapy, Meals-on-Wheels (or similar services), and household and personal care. Personal care includes assistance with meals, getting dressed, eating, taking medications, or personal hygiene. Special furniture and equipment such as wheelchairs, hospital beds, and oxygen also qualify.

APPLYING FOR THE EXEMPTION

Your county assessor administers this program and is responsible for determining if you meet the qualifications. Please contact your local assessor's office to request an application form.

You may apply for the exemption the year before the taxes are due and payable. For example, if you want an exemption for taxes due in 2007, the application is due December 31, 2006 and you should report your 2006 income information.

If your application is filed after the due date, you must use the income from the same year as you would have if you had filed your application on time. For example, if you wait until February 2007 to apply for an exemption on your 2007 taxes, you would still use your 2006 income.

APPEAL PROCESS

Your county assessor must notify you in writing if your application is denied. You may appeal the assessor's decision to the county Board of Equalization. The county Board of Equalization must receive your appeal by July 1, or within 30 days of when the denial was mailed, whichever date is later.

REFUNDS FOR PRIOR YEARS

If you paid prior years' taxes because of a mistake, oversight, or a lack of knowledge about this program, you may apply for a refund by filing an application for refund with your county assessor. You must meet all of the qualifications for the exemption as if you had applied at the time the application was due. Separate applications must be submitted for each of the tax years. In order to receive a refund, applications must be filed within three years of the date the taxes were paid. Refunds will not be made beyond the three years.

RENEWAL APPLICATIONS EVERY FOUR YEARS

A renewal application is required at least once every four years. After your initial application and approval, you will be notified by your county assessor when it is time to submit a renewal application.

FREQUENTLY ASKED QUESTIONS

Q. What if my circumstances change?

A. A Change in Status Report must be filed with the assessor's office if changes in your income or living circumstances affect the exemption. Change of Status Reports are available from your county assessor or on the Department of Revenue's web site at <http://dor.wa.gov> under forms, Property Tax.

Change in status includes:

- Death of the eligible applicant (survivors must notify assessor)
- Change in income
- Sale or transfer of the property
- Move to an alternate primary residence
- Change in disability status
- Change in zoning or land use designation if your principle residence includes more than one acre of land.

Q. In the event of my death, will my surviving spouse continue to receive the exemption?

A. Your surviving spouse may continue to receive the exemption if he or she is at least 57 years old and meets all of the other eligibility requirements.

Q. If I sell my home, will the new owner continue receiving the exemption?

A. If you sell your home, the exemption will continue through your period of ownership. The taxes will be recalculated without the exemption for the remainder of the tax year and the new owner will be billed for the portion of taxes for his/her period of ownership.

Q. Can my exemption be transferred to a different residence?

A. If you sell, transfer, or are otherwise displaced from your residence, you may transfer the exempt status to a replacement residence. However, you may not receive an exemption on more than the equivalent of one residence in any year. When an exemption is transferred to a new residence, the value of the new residence is frozen as of January 1 of the year of change.

If you are moving to Washington, you may transfer an exemption from another state to your new Washington residence, providing you meet all other eligibility requirements and provide proof of the prior exemption and its cancellation date.

LAWS AND RULES

Revised Code of Washington (RCW)
Chapter 84.36 379- 389—Exemptions (Property Tax)

Washington Administrative Code (WAC) Chapter 458-16A-100 through 150—Senior Citizen/Disabled Persons Property, Tax Exemptions

FOR MORE INFORMATION

If you need help or have questions regarding the property tax exemption, application form, or the application process, contact your local county assessor's office. The telephone number is listed in the local county government pages (usually the blue pages) of your telephone book.

If you have questions about the laws and rules governing this program contact the Washington State Department of Revenue at (360) 570-5867.

Visit our web site at <http://dor.wa.gov>

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