Property Tax Special Notice

Department of Revenue Washington State

August 12, 2015

Legislative Update – Income thresholds for property tax relief programs for senior citizens and disabled persons to increase

Substitute Senate Bill 5186 increases the income thresholds for the *Property Tax Exemption and the Property Tax Deferral Programs for Senior Citizens and Disabled Persons*. Under the new legislation, each income threshold increases by five thousand dollars ($5,000.00). The increases are effective for taxes levied for collection in tax year 2016 and thereafter.

What are the income thresholds for the Property Tax Exemption Program?

Current income thresholds:

Income	Level of Reduction
0 - $25,000	Exempt from regular property taxes on $60,000 or 60% of the valuation, whichever is greater, plus exemption from 100% of excess levies.
$25,001 - $30,000	Exempt from regular property taxes on $50,000 or 35% of the valuation, whichever is greater, not to exceed $70,000, plus exemption from 100% of excess levies.
$30,001 - $35,000	Exempt from 100% of excess levies

New income thresholds effective for 2016 and forward:

Income	Level of Reduction
0 - $30,000	Exempt from regular property taxes on $60,000 or 60% of the valuation, whichever is greater, plus exemption from 100% of excess levies.
$30,001 - $35,000	Exempt from regular property taxes on $50,000 or 35% of the valuation, whichever is greater, not to exceed $70,000, plus exemption from 100% of excess levies.
$35,001 - $40,000	Exempt from 100% of excess levies

What is the income threshold for the *Property Tax Deferral Program for Senior Citizens and Disabled Persons*?

Current threshold:	$40,000
New threshold for 2016 deferrals:	$45,000

Does the new legislation affect the income threshold for the *Deferral Program for Homeowners with Limited Income*?

There was no change to the income threshold for this program and it remains $57,000.

Are there changes to deductions allowed when calculating combined disposable income?

There are no changes to allowable deductions. Although the bill as passed indicates that an expansion of the allowable deductions is meant to be permanent, an amendment to the bill removed the proposed changes to the allowable deductions prior to passage of the bill.

Does the new legislation affect applications for prior years?

The new legislation applies to taxes levied for collection in 2016 and forward. If a taxpayer applies for an exemption for 2015 taxes or prior, the prior income thresholds will apply to those years.

What should assessors do now to implement the new legislation?

Even though the income thresholds are not effective until 2016, there are some actions assessors can take in advance.

- Assessors who have not already done so may want to issue a local press release to notify taxpayers of the change. Department of Revenue issued a press release on July 24, 2015.

- Shift current program participants to the correct 2016 income category prior to levy calculation to minimize impact on the levies. For example, current participants with mid-level incomes between $25,001 and $30,000 will shift to the lowest income category - $0 to $30,000 – for 2016.

- Update forms and publications. This includes statements on valuation notices or tax statements if the income thresholds are included in that language. The Department of Revenue forms and publications have already been updated. Remember, you must first obtain the Department's approval if you intend to use certain forms that are not Department of Revenue forms. See WAC 458-16A-135(5).

- Use the revised forms for the Abstract of Assessed Values and the Senior Citizen Report. Assessors will receive an email soon regarding changes to both. Questions about these reports should be directed to Beth Leech, Research and Fiscal Analysis, at (360) 534-1515 or at BethL@dor.wa.gov.

Questions?

If you have questions or need additional information, please contact Peggy Davis at (360) 534-1410 or PeggyD@dor.wa.gov.