

FINAL BILL REPORT

HB 2375

C 119 L 24

Synopsis as Enacted

Brief Description: Including an accessory dwelling unit under property that qualifies for the senior citizens property tax exemption.

Sponsors: Representatives Goehner, Bateman, Orcutt, Simmons, Davis, Sandlin, Rude, Wilcox, Barkis, Schmidt, Steele, Barnard, Shavers, Christian, Reed, Tharinger and Caldier.

House Committee on Finance

Senate Committee on Housing

Senate Committee on Ways & Means

Background:

Property Tax—Regular Levies.

All real and personal property is subject to a tax each year based on the highest and best use unless a specific exemption is provided by law.

Senior Citizen and Disabled Persons Property Tax Exemption.

Authorized by the state Constitution, qualifying senior citizens, persons retired due to disability, and qualifying veterans are entitled to a senior citizen and disabled person property tax exemption (SPTE) on their principal residence, including attached accessory dwelling units (ADUs), and up to one acre of land. Certain zoning or land-use regulations may allow additional acreage.

To qualify for the SPTE, a person must be:

- at least 61 years old;
- at least 57 years old and the surviving spouse or domestic partner of a person who was an exemption participant at the time of their death;
- retired from employment because of disability; or
- a disabled veteran with a service-connected evaluation of at least 80 percent or receiving compensation from the United States Department of Veterans Affairs at the 100 percent rate for a service-connected disability.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

The home must be owned and be the primary residence of the applicant. An applicant's combined disposable income must be under the county's income threshold to qualify. Eligible individuals may qualify for a partial property tax exemption and a valuation freeze.

Detached Accessory Dwelling Unit.

A detached ADU is 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.

Tax Preference Performance Statement.

State law provides for a range of tax preferences that confer reduced tax liability upon a designated class of taxpayer. Tax preferences include tax exclusions, deductions, exemptions, preferential tax rates, deferrals, and credits. Currently, Washington has over 650 tax preferences, including a variety of sales and use tax exemptions. Legislation that establishes or expands a tax preference must include a Tax Preference Performance Statement (TPPS) that identifies the public policy objective of the preference, as well as specific metrics that the Joint Legislative Audit and Review Committee (JLARC) can use to evaluate the effectiveness of the preference. All new tax preferences automatically expire after 10 years unless an alternative expiration date is provided.

Summary:

For property taxes levied for collection in 2025 and after, in addition to the primary residence, one detached ADU qualifies for the SPTE.

The addition of a detached ADU to the SPTE is excluded from TPPS requirements, including a review by the JLARC and the 10-year expiration.

Votes on Final Passage:

House	95	1
Senate	49	0

Effective: June 6, 2024