
SENATE BILL 5681

State of Washington

68th Legislature

2023 Regular Session

By Senators Fortunato and Lias

1 AN ACT Relating to allowing medicare supplemental insurance
2 premiums to be deducted from the calculation of disposable income for
3 the purpose of qualifying for senior property tax programs; amending
4 RCW 84.36.383; and creating a new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 84.36.383 and 2021 c 220 s 1 are each amended to
7 read as follows:

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

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

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

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

1 (c) Health care insurance premiums for medicare under Title XVIII
2 of the social security act and medigap or medicare supplement
3 insurance premiums;

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

6 (e) Durable medical equipment, mobility enhancing equipment,
7 medically prescribed oxygen, and prosthetic devices as defined in RCW
8 82.08.0283;

9 (f) Long-term care insurance as defined in RCW 48.84.020;

10 (g) Cost-sharing amounts as defined in RCW 48.43.005;

11 (h) Nebulizers as defined in RCW 82.08.803;

12 (i) Medicines of mineral, animal, and botanical origin
13 prescribed, administered, dispensed, or used in the treatment of an
14 individual by a person licensed under chapter 18.36A RCW;

15 (j) Ostomic items as defined in RCW 82.08.804;

16 (k) Insulin for human use;

17 (l) Kidney dialysis devices; and

18 (m) Disposable devices used to deliver drugs for human use as
19 defined in RCW 82.08.935.

20 (2) "Cotenant" means a person who resides with the person
21 claiming the exemption and who has an ownership interest in the
22 residence.

23 (3) "County median household income" means the median household
24 income estimates for the state of Washington by county of the legal
25 address of the principal place of residence, as published by the
26 office of financial management.

27 (4) "Department" means the state department of revenue.

28 (5) "Disability" has the same meaning as provided in 42 U.S.C.
29 Sec. 423(d)(1)(A) as amended prior to January 1, 2005, or such
30 subsequent date as the department may provide by rule consistent with
31 the purpose of this section.

32 (6) "Disposable income" means adjusted gross income as defined in
33 the federal internal revenue code, as amended prior to January 1,
34 1989, or such subsequent date as the director may provide by rule
35 consistent with the purpose of this section, plus all of the
36 following items to the extent they are not included in or have been
37 deducted from adjusted gross income:

38 (a) Capital gains, other than gain excluded from income under
39 section 121 of the federal internal revenue code to the extent it is
40 reinvested in a new principal residence;

1 (b) Amounts deducted for loss;
2 (c) Amounts deducted for depreciation;
3 (d) Pension and annuity receipts;
4 (e) Military pay and benefits other than attendant-care and
5 medical-aid payments;
6 (f) Veterans benefits, other than:
7 (i) Attendant-care payments;
8 (ii) Medical-aid payments;
9 (iii) Disability compensation, as defined in Title 38, part 3,
10 section 3.4 of the Code of Federal Regulations, as of January 1,
11 2008; and
12 (iv) Dependency and indemnity compensation, as defined in Title
13 38, part 3, section 3.5 of the Code of Federal Regulations, as of
14 January 1, 2008;
15 (g) Federal social security act and railroad retirement benefits;
16 (h) Dividend receipts; and
17 (i) Interest received on state and municipal bonds.
18 (7) "Income threshold 1" means:
19 (a) For taxes levied for collection in calendar years prior to
20 2020, a combined disposable income equal to (~~thirty thousand~~
21 ~~dollars~~) \$30,000; and
22 (b) For taxes levied for collection in calendar year 2020 and
23 thereafter, a combined disposable income equal to the greater of
24 "income threshold 1" for the previous year or (~~forty-five~~) 45
25 percent of the county median household income, adjusted every five
26 years beginning August 1, 2019, as provided in RCW 84.36.385(8).
27 (8) "Income threshold 2" means:
28 (a) For taxes levied for collection in calendar years prior to
29 2020, a combined disposable income equal to (~~thirty-five thousand~~
30 ~~dollars~~) \$35,000; and
31 (b) For taxes levied for collection in calendar year 2020 and
32 thereafter, a combined disposable income equal to the greater of
33 "income threshold 2" for the previous year or (~~fifty-five~~) 55
34 percent of the county median household income, adjusted every five
35 years beginning August 1, 2019, as provided in RCW 84.36.385(8).
36 (9) "Income threshold 3" means:
37 (a) For taxes levied for collection in calendar years prior to
38 2020, a combined disposable income equal to (~~forty thousand~~
39 ~~dollars~~) \$40,000; and

1 (b) For taxes levied for collection in calendar year 2020 and
2 thereafter, a combined disposable income equal to the greater of
3 "income threshold 3" for the previous year or (~~sixty-five~~) 65
4 percent of the county median household income, adjusted every five
5 years beginning August 1, 2019, as provided in RCW 84.36.385(8).

6 (10) "Principal place of residence" means a residence occupied
7 for more than six months each calendar year by a person claiming an
8 exemption under RCW 84.36.381.

9 (11) The term "real property" also includes a mobile home which
10 has substantially lost its identity as a mobile unit by virtue of its
11 being fixed in location upon land owned or leased by the owner of the
12 mobile home and placed on a foundation (posts or blocks) with fixed
13 pipe, connections with sewer, water, or other utilities. A mobile
14 home located on land leased by the owner of the mobile home is
15 subject, for tax billing, payment, and collection purposes, only to
16 the personal property provisions of chapter 84.56 RCW and RCW
17 84.60.040.

18 (12) The term "residence" means a single-family dwelling unit
19 whether such unit be separate or part of a multiunit dwelling,
20 including the land on which such dwelling stands not to exceed one
21 acre, except that a residence includes any additional property up to
22 a total of five acres that comprises the residential parcel if this
23 larger parcel size is required under land use regulations. The term
24 also includes a share ownership in a cooperative housing association,
25 corporation, or partnership if the person claiming exemption can
26 establish that his or her share represents the specific unit or
27 portion of such structure in which he or she resides. The term also
28 includes a single-family dwelling situated upon lands the fee of
29 which is vested in the United States or any instrumentality thereof
30 including an Indian tribe or in the state of Washington, and
31 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a
32 residence is deemed real property.

33 NEW SECTION. **Sec. 2.** Section 1 of this act applies to taxes
34 levied for collection in 2024 and thereafter.

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