



Whatcom County Assessor's Office

Rebecca Xczar
Whatcom County Assessor

Department of Revenue oversight

- ▶ Received a letter from Dept of Revenue regarding Whatcom County's Low Real Property Ratio
- ▶ Ratios are sale prices to assessed value percentages
- ▶ IAAO (International Association of Assessing Officers) recommends median ratios between 90 to 110%
- ▶ DOR has a new focus on counties with ratios under 90%
- ▶ Whatcom is one of several counties who have been below 90% for many years

Statistical update process

- ▶ 5/6th of the county is revalued every year using statistical analysis
- ▶ Sales are analyzed by market area to see how far off the assessed value was from the sale price
- ▶ Once median percentages are calculated, an adjustment is made to all similar properties in that area
- ▶ Changes in assessed value don't necessarily follow market changes
- ▶ Changes in assessed value follow analysis of sales in the prior year
- ▶ Statistical update increases for 2023 will primarily range from 9-25%, with some outlier areas

Legislative Changes - SHB 1355

- ▶ Changes to the qualifying income levels for property tax exemption and deferral programs for senior citizens, persons with disabilities, and disabled veterans
- ▶ Will cause significant increase in workload for the office
 - ▶ Approx 5000 properties currently in the program. Estimating 1500-2000 applications in 2024

Years	Income Threshold 1	Income Threshold 2	Income Threshold 3	Deferral Threshold
2020-2023	\$30,000	\$35,575	\$42,043	\$48,511
2024-2026	\$37,000	\$44,000	\$52,000	\$54,779

Property Tax Exemption for Senior Citizens and People with Disabilities

Overview

- ▶ Reduces property tax owed
 - ▶ Do not pay excess levies or Part 2 of the state school
 - ▶ Depending on level, may not pay portion of regular levies
- ▶ Freezes taxable value of residence the first year they qualify
 - ▶ Taxes paid based on frozen value or market value, whichever is less
- ▶ Program based on a rolling two-year cycle
 - ▶ Year one is the assessment year
 - ▶ Year two is the following year and is called the tax year
 - ▶ An applicant must meet all qualifications in the assessment year to receive property tax relief in the tax year

Property Tax Exemption for Senior Citizens and People with Disabilities

Eligibility Requirements

1) Age or Disability

On December 31 of the year before taxes are due:

- 1) At least 61 years of age
- 2) Unable to work because of a disability
- 3) Disabled veteran with a service-connected evaluation of at least 80% or receiving compensation from the United States Department of Veterans Affairs at the 100% rate for a service-connected disability

2) Ownership

Must own the home for which the exemption is claimed in the year before the taxes to be exempted are due. The type of ownership must be in total (fee owner), as a life estate (including a lease for life), or by contract purchase.

Property Tax Exemption for Senior Citizens and People with Disabilities

Eligibility Requirements, cont.

3) Occupancy

- ▶ Must occupy the home for more than 6 months in the assessment year
- ▶ May continue to qualify even if they spend time in a hospital, nursing home, boarding home, adult family home, or home of a relative

4) Household Income

Combined disposable income includes applicant's disposable income plus the disposable income of their spouse or domestic partner and any co-tenants

Years	Income Threshold 1	Income Threshold 2	Income Threshold 3	Deferral Threshold
2020-2023	\$30,000	\$35,575	\$42,043	\$48,511
2024-2026	\$37,000	\$44,000	\$52,000	\$54,779

Property Tax Exemption for Senior Citizens and People with Disabilities

Disposable Income

Disposable income is calculated differently than adjusted gross income for federal income taxes. Disposable income includes household income from all sources, regardless of whether the income is taxable or not taxable for federal income tax purposes. Some of the most common sources of disposable income include:

- ▶ Wages
- ▶ Social Security
- ▶ Military pay and benefits
- ▶ Veterans benefits
- ▶ Pension receipts and the taxable portion of Individual Retirement Accounts (IRAs)
- ▶ Business, Rental and Farm Income
- ▶ Annuity receipts
- ▶ Labor and Industry (L&I) and other disability payments
- ▶ Interest and dividends
- ▶ Capital gains

Property Tax Exemption for Senior Citizens and People with Disabilities

Deductions from Disposable Income

- ▶ Living in a nursing home, assisted living facility, or adult family home
- ▶ Prescription drugs
- ▶ In-home care that is similar to the care you would receive in a nursing home. In-home care includes:
 - ▶ Medical treatment
 - ▶ Physical therapy
 - ▶ Household care
 - ▶ Personal care. Personal care includes assistance with:
 - ▶ Preparing meals
 - ▶ Getting dressed
 - ▶ Eating
 - ▶ Taking medications
 - ▶ Personal hygiene

Property Tax Exemption for Senior Citizens and People with Disabilities

Deductions from Disposable Income, cont.

- ▶ Premiums for Medicare Parts A, B, C, and D
- ▶ Premiums for Medicare supplemental policies (Medigap)
- ▶ Durable medical and mobility enhancing equipment
- ▶ Prosthetic devices
- ▶ Medically prescribed oxygen
- ▶ Long-term care insurance
- ▶ Cost-sharing amounts (amounts applied to your health plans out of pocket maximum amount)
- ▶ Medicines of mineral, animal, and botanical origin if prescribed, administered, dispensed, or used in the treatment of an individual by a naturopath licensed in Washington
- ▶ Ostomic items
- ▶ Insulin for human use
- ▶ Disposable devices used to deliver drugs for human use

Property Tax Exemption for Senior Citizens and People with Disabilities

Exempt Levies Based on Income Level

Level 1- exempt from paying:

- ▶ Excess levies
- ▶ Part 2 of the state school levy
- ▶ Regular levies on \$60,000 or 60% of the assessed taxable value, whichever is greater

Level 2- exempt from paying:

- ▶ Excess levies
- ▶ Part 2 of the state school levy
- ▶ Regular levies on \$50,000 or 35% of the assessed taxable value, whichever is greater (but not more than \$70,000 of the taxable value).

Level 3 - exempt from paying:

- ▶ Excess levies and
- ▶ Part 2 of the state school levy.

Property Tax Exemption for Senior Citizens and People with Disabilities

Application

- ▶ Assessor's office administers program & determines eligibility
- ▶ Applications require supporting documentation
- ▶ Current renewal schedule is 1-6 years, depending on circumstances
- ▶ Property owner required to inform Assessor of changes in qualifications prior to renewal, if any
- ▶ Denials can be appealed to the BOE
- ▶ Refunds can be made for prior years, if prior-year qualifications were met in prior years, up to 3 years. Separate applications required for each year.
- ▶ Additional resources: www.whatcomcounty.us/265/Property-Tax-Exemption

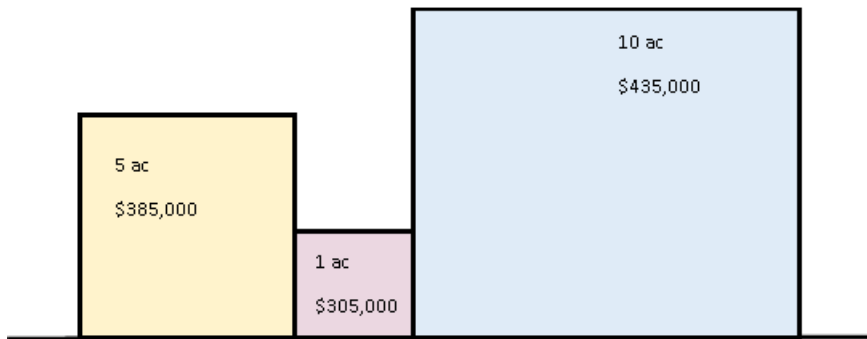
Property Tax Deferral Program for Senior Citizens and People with Disabilities

- ▶ Allows payment of property taxes and special assessments for current and delinquent years
- ▶ The deferred amount accrues 5% simple interest until repayment is complete
- ▶ Deferrals must be repaid when the home is sold, the applicant passes away, or the home is no longer used as the primary residence
- ▶ Must have enough equity to secure the interest of the State of Washington in the property

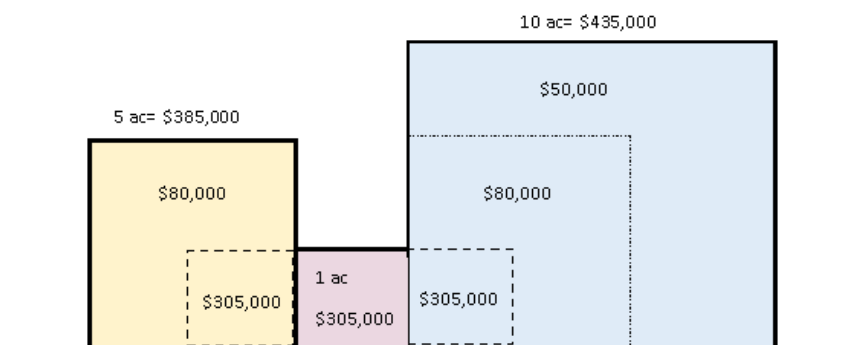
Tax Exemptions = Tax Shifts

- ▶ A tax exemption is a tax shift from one property owner to other property owners
- ▶ Consistency, uniformity, and fairness are key in equitable valuation
- ▶ Prior inconsistencies are being corrected, and uniform methodology being applied to valuation
- ▶ The greatest impact of these changes will be some properties in the Open Space and Designated Forest Land programs
- ▶ For many years, some properties have received a greater reduction in taxable value than other properties
- ▶ Corrections are being made during the inspection years, and will impact approx. 600 properties this year

Land Valuation Methodology Example- sales



Land Valuation Methodology Example- land segment values



Open Space Farm and Agriculture program

- ▶ Properties devoted primarily to commercial agriculture use
- ▶ Taxed at a “current use” value rather than market value
- ▶ For properties under 20 acres in the program, the 1 acre homesite does not qualify and is required to be valued at full market

Open Space Land program

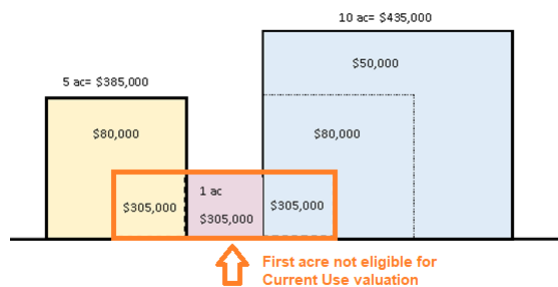
- ▶ Properties devoted to conservation/preservation
- ▶ Taxable value reduced based on Public Benefit Rating
- ▶ 1 acre homesite does not qualify for reduction to taxable value

Designated Forest Land program

- ▶ Properties devoted to conservation/preservation
- ▶ Taxable value reduced based on Public Benefit Rating
- ▶ 1 acre homesite does not qualify for reduction to taxable value

Impact of change to land segment values

- ▶ Parcel records will be changed so the 1st acre/homesite value reflects full market value as shown by sales
- ▶ This change will be made by revaluation cycle, over 6 years
- ▶ Shift of value to 1st acre/homesite acre will result in higher taxable value and higher taxes for these parcels; will reflect full market value as required by law



Impact of change to land segment values: Example

- ▶ Before: Taxable value of land \$56,374

Land Segments								
Seq /	Type	Description	State Code	Homesite	Acres	Usable Acres	Market Value	Productivity Value
1	1150	M/H RP	1150	No	1.0000	0.0000	\$28,725	\$0
2	8380	OSAG	8380	No	10.0000	0.0000	\$147,126	\$19,300
3	8380	OSAG	8380	No	4.9400	0.0000	\$65,412	\$8,349

- ▶ After: Taxable value of land \$332,649

Land Segments								
Seq /	Type	Description	State Code	Homesite	Acres	Usable Acres	Market Value	Productivity Value
1	1150	M/H RP	1150	No	1.0000	0.0000	\$305,000	\$0
2	8380	OSAG	8380	No	10.0000	0.0000	\$126,770	\$19,300
3	8380	OSAG	8380	No	4.9400	0.0000	\$62,624	\$8,349

Questions?