

FINAL BILL REPORT

ESHB 1105

C 123 L 91

Synopsis As Enacted

Brief Description: Exempting property in this state from execution in favor of another state.

By House Committee on Revenue (originally sponsored by Representatives Jones, Betrozoff, Kremen, Dellwo, Hargrove, Inslee, Miller, Fraser, Haugen, Wilson, Winsley, Ferguson, Riley, Broback, Edmondson, D. Sommers, May, Wynne, Chandler, Brumsickle and Orr).

House Committee on Revenue
Senate Committee on Governmental Operations

Background: Many people who have retired to Washington from other states with income taxes have discovered that they owe tax on their retirement income to their state of former residence. This occurs when the income tax state asserts its right to tax income "sourced" in that state. These states claim that the retirement income earned as a result of employment in their state is income "sourced" in their state.

If a Washington resident fails to pay the "source" tax, then the income tax state takes the tax assessment to a court within that state and obtains a judgment against the individual. The courts of Washington are required to recognize and enforce the liability for taxes lawfully imposed by other states.

Washington allows a homestead exemption for property owned and used by a person as their principal home. Up to \$30,000 worth of a homestead is exempt from forced sale to satisfy court judgements.

Summary: The property of a Washington resident is exempt from execution, garnishment, or seizure when the judgment is for failure to pay state income tax on retirement benefits received while a resident of Washington. The homestead exemption for judgements is expanded to an unlimited amount when the judgement is for failure to pay income tax on pension income. The property continues to be exempt when left to the surviving spouse and dependents.

Votes on Final Passage:

House	84	14	
Senate	43	3	(Senate amended)
House	82	14	(House concurred)

Effective: July 28, 1991