

HOUSE BILL REPORT

HB 1298

*As Passed House
February 6, 1991*

Title: An act relating to implementing a constitutional amendment providing property tax exemptions for low-income homeowners.

Brief Description: Providing property tax exemptions for low-income homeowners.

Sponsor(s): Representatives Wang, Holland, Nelson, Phillips, Fraser, Brumsickle, Rust, Ballard, Leonard, Horn, Haugen, May, Heavey, Ferguson, Jacobsen, O'Brien, Morris, Winsley, Appelwick, H. Sommers, Dorn, Belcher, Van Luven, Morton, Locke, Brekke, Pruitt, Spanel, Wineberry, Kremen, Cooper, Betrozoff, Jones, Franklin, Dellwo, H. Myers, Ogden, Bray, Cole, Roland, Basich, Scott and Anderson.

Brief History:

Reported by House Committee on:
Revenue, January 29, 1991, DP;
Passed House, February 6, 1991, 96-0.

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: Do pass. Signed by 15 members: Representatives Wang, Chair; Fraser, Vice Chair; Holland, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Appelwick; Belcher; Brumsickle; Day; Leonard; Morris; Morton; Phillips; Rust; Silver; and Van Luven.

Staff: Rick Peterson (786-7150).

Background: Unless specifically exempt or given special valuation treatment all property owners, including homeowners, pay property tax on 100 percent of true and fair value.

However, qualifying senior citizens and retired disabled persons are entitled to a property tax exemption on their principal residence. To qualify a person must be 61 or older in the year of application, or retired from employment because of a physical disability. In addition, the disposable income of the applicant's household must fall below \$18,000 a year.

Disposable income is the sum of federally defined adjusted gross income and the following if not already included: capital gains, deductions for loss, depreciation, pensions and annuities, military pay and benefits, veterans benefits, social security benefits, dividends and interest income. The income of a spouse and cotenants with an ownership interest in the residence is included in disposable income. Payments for nursing home care for either spouse reduce disposable income.

All qualified persons are exempt from paying excess property tax levies. Excess levies are those levies approved by the voters of taxing districts to be collected over and above the property taxes levied within the constitutional 1 percent rate limit. Property taxes within the constitutional 1 percent limit are called regular property tax levies.

In addition to the exemption for excess levies, persons with income of \$14,000 or less but above \$12,000 are exempt from regular levies on the greater of \$24,000 or 30 percent of their residence's value but not to exceed \$40,000 of value. Persons with income of \$12,000 or less are exempt from regular levies on the greater of \$28,000 or 50 percent of their residence's value. These income and value thresholds were most recently changed during the 1987 legislative session. The changes first took effect for taxes due in 1989.

Summary of Bill: A property tax exemption similar to the senior citizen property tax exemption is created for homeowners with incomes below \$18,000. Qualified homeowners are exempt from regular and excess property tax levies on a portion of their home value. The definition of disposable is the same as that used for the senior citizen property tax exemption.

For homeowners with incomes less than \$18,000, the valuation exemption is the greater of \$30,000 or 30 percent of the value not to exceed \$50,000. For homeowners with income \$15,000 and below, the valuation exemption amount is the greater of \$34,000 or 50 percent of value.

An annual claim for exemption is required. The department of revenue is given authority to conduct audits.

Fiscal Note: Requested January 15, 1991.

Effective Date: Effective for taxes to be collected in 1992 if a constitutional amendment authorizing low-income property tax relief is approved by the voters at the November 1991 general election.

Testimony For: Low-income homeowners need property tax relief.

Testimony Against: None.

Witnesses: Tony Lee, Washington Association of Churches; David West, Washington Citizen Action; Enid Layes; AWB.