

FINAL BILL REPORT

HB 1299

C 213 L 91

Synopsis As Enacted

Brief Description: Increasing the maximum income limits for senior citizens and retired persons' tax exemptions.

By Representatives Phillips, Holland, Wang, Horn, Fraser, Ballard, Rust, Brumsickle, Leonard, Tate, Pruitt, Haugen, May, Nelson, Bowman, O'Brien, Nealey, Heavey, D. Sommers, Belcher, Broback, Jacobsen, Ferguson, Morris, Winsley, Appelwick, Van Luven, Franklin, Wynne, H. Sommers, Neher, Wineberry, Mitchell, Ogden, Edmondson, Spanel, Forner, Casada, Wood, Mielke, P. Johnson, Kremen, Dorn, Paris, Wilson, Fuhrman, Lisk, Zellinsky, Vance, Hochstatter, Cooper, Betrozoff, Schmidt, Brough, Chandler, Miller, McLean, R. King, Jones, Silver, Dellwo, Rayburn, H. Myers, Bray, Roland, Valle, Basich, Hine, Scott and Anderson.

House Committee on Revenue

Senate Committee on Ways & Means

Background: Qualifying senior citizens and retired disabled persons are entitled to property tax relief on their principal residence under the tax exemption and deferral programs. To qualify a person must be 61 by January 1st of 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.

Qualifying persons may choose to defer any taxes remaining after the property tax exemption. The total cumulative amount of taxes deferred may not exceed 80 percent of the owner's equity. The State pays the deferred taxes and is repaid with interest at the rate of 8 percent upon sale of the property.

Summary: The age requirement for the senior tax exemption and deferral program is reduced. The applicant must now be 61 years old by December 31st of the year of application.

The income threshold for the senior citizen property tax deferral program is increased to \$30,000.

Costs for in-home care for either spouse are allowed as a deduction to income.

Votes on Final Passage:

House	97	0	
Senate	47	0	(Senate amended)
House	97	0	(House concurred)

Effective: May 16, 1991