

# HOUSE BILL REPORT

## HB 1642

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*As Passed Legislature*

**Title:** An act relating to senior citizen property tax relief.

**Brief Description:** Modifying the definition of disposable income for senior citizen tax relief.

**Sponsor(s):** Representatives Fraser, Brumsickle, Van Luven, Phillips, Holland, Rasmussen, Winsley and Bowman.

**Brief History:**

Reported by House Committee on:  
Revenue, February 8, 1991, DP;  
Passed House, February 20, 1991, 98-0;  
Amended by Senate;  
House concurred;  
Passed Legislature, 91-0.

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**HOUSE COMMITTEE ON  
REVENUE**

**Majority Report:** *Do pass.* Signed by 14 members:  
Representatives Wang, Chair; Fraser, Vice Chair; Holland,  
Ranking Minority Member; Wynne, Assistant Ranking Minority  
Member; Belcher; Brumsickle; Day; Leonard; Morris; Morton;  
Phillips; Rust; Silver; and Van Luven.

**Staff:** Rick Peterson, (786-7150).

**Background:** 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 on January 1st of the application year, 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.

**Summary of Bill:** Capital gain from the sale of a principal residence is no longer added to federally defined adjusted gross income in the income calculation for the senior

citizen property exemption program. This exemption covers that portion of capital gain not taxed by the federal internal revenue code because the capital gain is transferred to a new principal residence. Also, the gain from sale of a personal residence which is not subject to federal income tax under the one-time exclusion for persons over 55 years of age is not added to federal adjusted gross income in the income calculation for the senior citizen property tax exemption program to the extent it is reinvested in a new principal residence.

**Fiscal Note:** Requested February 8, 1991.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** The bill allows senior citizens to stay on the senior citizen property tax exemption program when they sell one home to purchase another.

**Testimony Against:** None.

**Witnesses:** Ann Clifton, Thurston County Assessor; Mary Lou Morehead, Thurston County Assessor's Office; and Arnold Livingston, Senior Citizen Lobby and Mobile Home Lobby (all in favor).