HOUSE BILL REPORT

HB 2514

As Passed House
February 13, 1992

Title: An act relating to averaging income for senior citizen property tax exemption upon death of spouse.

Brief Description: Modifying for the purposes of senior citizen property tax relief the calculation of combined disposable income for persons whose spouse has recently died.

Sponsor(s): Representatives Wynne, Wang, Belcher, Brumsickle, Fraser, P. Johnson, G. Cole, Ballard, Rayburn, Horn, O'Brien, D. Sommers, Rust, Miller, Morton, Morris, Mitchell, Ferguson, Wood, Riley, Wilson, Basich, Forner, Hargrove, Silver, Heavey, Chandler, Broback, Moyer, Schmidt, Carlson, Vance, Van Luven, Zellinsky, Hine, Tate, Dellwo, Betrozoff, Haugen, Paris, Winsley, Lisk, Bowman, Orr, May, Brough, J. Kohl, Kremen, Ludwig, Roland, Pruitt, Spanel, Casada and Rasmussen.

Brief History:
Reported by House Committee on:
Revenue, February 6, 1992, DP;
Passed House, February 13, 1992, 96-0.

HOUSE COMMITTEE ON REVENUE

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

Staff: Rick Peterson (786-7150).

Background: Qualifying senior citizens and retired disabled persons are entitled to a partial property tax exemption on their principal residence. To qualify, a person must be 61 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 be below $26,000 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.

If a person was retired for less than the entire year, but for at least two months, then an annual disposable income is calculated only from the retirement income.

Summary of Bill: The calculation of retirement income is changed for persons whose retirement income is reduced when their spouse dies. In these cases, an annual disposable income is calculated only from the retirement income after the death of the spouse.

Fiscal Note: Available.

Effective Date: Effective for taxes levied for collection in 1992.

Testimony For: The treatment which is currently allowed persons retired for a partial year should be extended to persons whose income has declined when their spouse dies.

Testimony Against: None.

Witnesses: (All in favor): Evan Iverson and Mildred Johnson, Washington Senior Lobby; Chas McNurlin, American Association of Retired Persons; and Will Rice, Department of Revenue.