SENATE BILL REPORT

HB 2514

AS REPORTED BY COMMITTEE ON WAYS & MEANS, FEBRUARY 25, 1992

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.

SPONSORS: 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

HOUSE COMMITTEE ON REVENUE

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.
Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Amondson, Bailey, Bauer, Bluechel, Cantu, Gaspard, Hayner, M. Kreidler, Metcalf, Murray, Newhouse, Saling, L. Smith, Talmadge, Williams, and Wojahn.

Staff: Terry Wilson (786-7715)

Hearing Dates: February 24, 1992; February 25, 1992

BACKGROUND:

Senior citizens at least 61 years old and persons who are retired from regular employment because of physical disability are eligible for tax relief on their personal residences. If the person's disposable household income is $30,000 or less, the person is entitled to defer any property taxes and special benefit assessments imposed on the property. If the person's disposable household income is $26,000 or less, the person is also entitled to a partial property tax exemption.

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:

The calculation of retirement income is changed for persons whose retirement income is reduced when their spouse dies. If the income is reduced for at least two months, then an annual disposable income is calculated only from the retirement income after the death of the spouse.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

This bill responds to the needs of our constituents and corrects a problem the Department of Revenue has recognized.

TESTIMONY AGAINST: None

TESTIFIED: Rep. Wynne