SENATE BILL REPORT

SB 5368

AS OF FEBRUARY 19, 1991

Brief Description: Providing property tax relief for certain homeowners.

SPONSORS: Senators Gaspard, Niemi, Owen, Conner, Wojahn, Bauer, Murray, Madsen, Stratton, Rasmussen, Williams, Moore, Snyder, L. Kreidler and Sutherland; by request of Governor Gardner.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7715)

Hearing Dates:

BACKGROUND:

For property tax purposes, all property in this state is valued at 100 percent of fair market value, unless otherwise provided by law. State law requires counties to revalue property at least every four years. Counties may physically inspect and revalue property once every six years if they statistically adjust the values to market value each year between physical inspections. For property tax purposes, property is assessed at 100 percent of its value on July 31 of the assessment year for new construction and January 1 of the assessment year for all other property.

Senior citizens at least 61 years of age and persons retired by reason of physical disability are authorized a partial property tax exemption on their principal residences if their disposable household incomes are $18,000 or less according to the following table:

Income	Exemption
$14,001 to $18,000	All excess levies
$12,001 to $14,000	All excess levies Regular levy on greater of $24,000 or 30% of valuation ($40,000 valuation maximum)
$12,000 or less	All excess levies Regular levy on greater of $28,000 or 50% of valuation

Disposable income is adjusted gross income plus amounts deducted from or not included in gross income that are available to the claimant, such as interest received on state and local bonds, amounts deducted for depreciation, military pay and benefits, and social security and railroad retirement benefits. A deduction is allowed for expenditures made the previous year for the treatment or care of either spouse in a nursing home.

SUMMARY:

Beginning with taxes payable in 1992, increases in the assessed valuation of owner-occupied residential property valued at less than $200,000 is limited to 6 percent per year. This value threshold is adjusted upward yearly by 6 percent. Eligible property would be revalued to fair market value upon sale or change in use. In addition, new construction and remodeling would be valued at fair market value.

Local taxing districts would be reimbursed from the state general fund for any loss in taxes resulting from the assessment limit.

Senior citizen tax exemptions are increased according to the following table:

Income	Exemption
$18,001 to $22,000	All excess levies
$15,001 to $18,000	All excess levies Regular levy on greater of $30,000 or 30% of valuation ($50,000 valuation maximum)
$15,000 or less	All excess levies Regular levy on greater of $34,000 or 50% of valuation (no maximum valuation)

A deduction is allowed for expenditures made the previous year for the treatment or care in the residence of either spouse.

Appropriation: none

Revenue: none

Fiscal Note: available

Effective Date: Sections 10 and 11 (the senior citizen provisions) take effect July 1, 1991. The remainder of the bill takes effect for taxes payable in 1992 if an authorizing constitutional amendment is approved by the voters in November, 1991.