SENATE BILL REPORT

SB 6169

AS PASSED SENATE, FEBRUARY 17, 1992

Brief Description: Changing the definition of "disposable income" for the purposes of the senior citizen property tax exemption.

SPONSORS: Senators Rasmussen, Bluechel, Newhouse, Johnson, Snyder, Moore, Bauer, Nelson and McCaslin

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, Owen, Rinehart, Saling, L. Smith, West, Williams, and Wojahn.

Staff: Terry Wilson (786-7715)

Hearing Dates: February 5, 1992; February 6, 1992

BACKGROUND:

Under current law, a person 61 years of age or older or a person retired because of physical disability is entitled to defer the payment of property taxes and special benefit assessments on the person's principal residence if the person's disposable household income is $30,000 or less and is also entitled to a partial property tax exemption on the principal residence if the person's disposable household income is $26,000 or less.

Disposable household income is the disposable income, for the preceding calendar year, of the person claiming the exemption, the person's spouse, and any other person residing in the residence who has an ownership interest in the residence.

Disposable income includes federal adjusted gross income plus 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. Excluded from disposable income are payments for the treatment or care of either spouse in the home or in a nursing home. Also excluded from disposable income are capital gains from the sale of a principal residence if (1) the gains are not subject to federal income tax because they are transferred to a new residence or (2) the gains are not subject to federal income tax under the one-time, $125,000 exclusion for senior citizens, but only to the extent the money is reinvested in a new principal residence.

SUMMARY:

Amounts deducted from federal adjusted gross income for losses are excluded from the determination of disposable income.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

A constituent did not qualify for an exemption because he could not balance capital losses against gains. It is not clear why deducted losses were required to be added back.

TESTIMONY AGAINST: None

TESTIFIED: Senator Rasmussen, prime sponsor