

HOUSE BILL REPORT

HB 1530

As Passed House
March 11, 1993

Title: An act relating to property tax exemptions for retired persons confined to hospitals and nursing homes.

Brief Description: Providing for continuation of property tax exemptions for senior citizens confined in hospitals and nursing homes.

Sponsors: Representatives Morris, Foreman, Springer, Ogden, Carlson, Riley, Silver, Leonard, Chappell, H. Myers, Rayburn, Mastin, Thibaudeau, Anderson, Holm, Campbell, Brough, King, Hansen, Jones, Basich, Quall, Conway, Van Luven, Cothorn, Long and Finkbeiner.

Brief History:

Reported by House Committee on:
Revenue, March 4, 1993, DP;
Passed House, March 11, 1993, 96-0.

HOUSE COMMITTEE ON REVENUE.

Majority Report: Do pass. Signed by 16 members: Representatives G. Fisher, Chair; Holm, Vice Chair; Foreman, Ranking Minority Member; Fuhrman, Assistant Ranking Minority Member; Anderson; Brown; Cothorn; Leonard; Morris; Romero; Rust; Silver; Talcott; Thibaudeau; Van Luven; and Wang.

Staff: Rick Peterson (786-7150).

Background: Qualifying senior citizens and retired disabled persons are entitled to property tax relief in the form of exemptions and deferrals of taxes on their principal residences. To qualify, a person must be 61 in the year of application, or retired from employment because of a physical disability, and own their principal residence.

To be eligible for a partial exemption, the disposable income of the applicant's household must fall below \$26,000 a year. To be eligible for a deferral of taxes, the disposable income of the applicant's household must fall below \$30,000 a year.

Disposable income is defined as 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 and federal railroad retirement benefits, dividends and interest income. The income of a spouse and cotenants with an ownership interest in the residence is included in disposable income.

Payments for nursing home care for either spouse reduce disposable income. Costs for in-home care for either spouse also reduce disposable income. However, a residence that is rented to others while the owner is in a hospital or nursing home is not considered owner-occupied, and therefore not eligible for property tax relief.

Summary of Bill: An otherwise qualified senior citizen or retired disabled person who is in a hospital or nursing home remains eligible for property tax relief if the person's residence is rented for the purpose of paying hospital or nursing home costs.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and shall be effective for taxes levied for collection in 1993 and thereafter.

Testimony For: The longer that seniors are able to keep their homes, the better off they are. This bill would allow them to keep their homes while receiving rent income, which they can use to cover nursing home or hospital costs.

Testimony Against: We need to look at how much will be spent on an exemption program and how much of the tax burden is going to be shifted onto other taxpayers. It is important not to shift tax burdens onto the even lower income people.

Witnesses: Representative Betty Sue Morris, prime sponsor; Fred Saeger, Washington Association of County Officials (supports in concept); Ruth Hertzberg, People for Fair Taxes (with some concerns); Ray Ryan, Cowlitz County Assessor (supports); Robert Sauter, veteran (supports with some changes); Arnold Livingston, Senior Lobby (supports in concept); and Evan Iverson (supports).