

HOUSE BILL REPORT

HB 2298

As Reported By House Committee On:
Revenue

Title: An act relating to property tax relief for senior citizens and disabled persons.

Brief Description: Increasing eligibility for senior citizen property tax deferrals.

Sponsors: Representatives Karahalios, Foreman, Rust, G. Fisher, Ogden, B. Thomas, Mastin, Jones, Cothorn, Brough, Holm, Basich, Conway, Quall, Kessler, Kremen and J. Kohl.

Brief History:

Reported by House Committee on:
Revenue, February 8, 1994, DP.

HOUSE COMMITTEE ON REVENUE

Majority Report: Do pass. Signed by 11 members: Representatives G. Fisher, Chair; Holm, Vice Chair; Foreman, Ranking Minority Member; Anderson; Brown; Caver; Leonard; Romero; Rust; Thibaudeau and Van Luven.

Minority Report: Do not pass. Signed by 3 members: Representatives Fuhrman, Assistant Ranking Minority Member; Talcott and Wang.

Staff: Rick Peterson (786-7150).

Background: For property tax purposes, property is assessed at its true and fair market value, unless the property qualifies under a special tax relief program.

Some senior citizens and persons retired due to disability are entitled to property tax relief as exemptions and deferrals of taxes on their principal residences. To qualify, persons must be 61 in the year of application or retired from employment because of a physical disability. They must also own their principal residence, and have disposable income below certain levels. Eligible persons with incomes less than \$26,000 receive partial exemptions of tax. Eligible persons with incomes less than \$30,000 may defer taxes.

Taxes that are deferred become a lien against the property and accrue interest at 8 percent per year. Deferred taxes become due when the claimant ceases to own and live in the residence. If deferred taxes are not repaid within three years after the claimant ceases to own and live in the residence, the lien will be foreclosed and the residence sold to recover the taxes.

Summary of Bill: The bill increases the income eligibility threshold for property tax deferrals from \$30,000 to \$40,000.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately. Section one of the bill is effective for taxes levied for collection in 1994 and thereafter.

Testimony For: Property taxes have escalated because of the land value rather than the value of the home. People are living in modest but stable neighborhoods but are having difficulty because of property taxes. The deferral program is not used as much as it should be; seniors should be encouraged to use the deferral program when they are eligible.

Testimony Against: None.

Witnesses: Representative Sue Karaholios, prime sponsor; and Representative Nancy Rust, sponsor.