

FINAL BILL REPORT

EHB 2670

C 8 L 94 E 1
Synopsis as Enacted

Brief Description: Increasing senior citizen property tax relief.

By Representatives G. Fisher, Foreman, Roland, Kessler, Shin, Campbell, Lemmon, Bray, R. Meyers, Basich, Johanson, Pruitt, Holm, Ogden, Sheldon, Caver, Quall, Jacobsen, Scott, Jones, Finkbeiner, Dellwo, H. Myers, Kremen, Conway, King, Rayburn, J. Kohl, L. Johnson and Anderson.

House Committee on Revenue
Senate Committee on Ways & Means

Background: Property subject to property tax 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 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, own his or her principal residence and have a disposable income below specified levels. By administrative practice, the person is required to live in the residence on January 1st of the application year.

There are three levels of exemption relief, based on income.

- If the disposable income of the applicant's household is below \$26,000 a year, the residence is exempt from all excess or special levies.
- If the disposable income of the applicant's household is below \$18,000 a year, but not less than \$15,000, the residence is exempt from all excess or special levies and is exempt from regular levies on the greater of \$30,000 or 30 percent of the assessed value, but not exceeding \$50,000 of value.
- If the disposable income of the applicant's household is below \$15,000 a year, the residence is exempt from all excess or special levies and is exempt from regular levies on the greater of \$34,000 or 50 percent of the assessed value.

Eligible persons apply for relief during the calendar year before taxes are due. The applicant must provide evidence of income from the year before the year of application. This requirement results in a two year delay between the year for which income is measured and the year in which the exemption is received.

Summary: The \$26,000 annual income threshold for the senior citizen and disabled person property tax exemption is increased to \$28,000.

For seniors and disabled persons with disposable annual incomes of \$28,000 or less, the annual change in taxable value of their residences is limited to the percentage change used by the federal government in adjusting social security payments.

Income from the application year, rather than the year preceding the application, is used when applying for property tax relief. For example, a person applying in December of 1995, will use estimated income for 1995 for tax relief that begins with tax payments due in 1996.

An applicant for tax relief must occupy the residence at the time of filing for tax relief.

Votes on Final Passage:

House	83	14	
Senate	48	0	(Senate amended)
House			(House refused to concur)

First Special Session
Conference Committee

Senate	37	7
House	82	8

Effective: The act takes effect July 1 of the year in which specific funding is provided in the appropriations act and is first effective for taxes levied for collection in the following year.