

SENATE BILL REPORT

SB 5024

AS PASSED SENATE, MARCH 4, 1993

Brief Description: Increasing the homestead exemption.

SPONSORS: Senators A. Rasmussen, McDonald and McCaslin

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: Do pass.

Signed by Senators A. Smith, Chairman; Quigley, Vice Chairman; Hargrove, McCaslin, Nelson, Niemi, Rinehart, Roach, and Spanel.

Staff: Alan Caplan (786-7465)

Hearing Dates: January 19, 1993; January 27, 1993

BACKGROUND:

A creditor who obtains a judgment against a delinquent debtor often can force the debtor to sell property to repay his or her obligations.

The "homestead exemption" protects from forced sale the house or mobile home where the debtor resides or intends to reside, along with appurtenant buildings and related land. The exemption generally is limited to the lesser of (i) \$30,000 and (ii) the value of the lands, mobile home and improvements.

The Legislature periodically has raised the exemption's maximum dollar amount to reflect the increasing cost of living. The last increase occurred in 1987, when the limit was raised from \$25,000 to \$30,000.

Since that time, inflation has reduced the monetary limit, in real terms, to approximately \$23,200 (1987 dollars). It therefore has been recommended that the homestead exemption's maximum dollar amount be increased to \$35,000.

SUMMARY:

The homestead exemption's maximum dollar amount is increased to \$35,000.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR: None

TESTIMONY AGAINST:

The current exemption level is adequate. This bill would limit the ability of creditors to collect from bankrupt debtors.

TESTIFIED: Jeffrey A. Meehan, Washington Collectors Association;
Robert E. Wiswall, Washington Collectors Association (con)