

**SENATE BILL REPORT**

**SB 5585**

**AS OF FEBRUARY 11, 1993**

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

**SPONSORS:** Senators Franklin, Nelson, Winsley, Prentice, McAuliffe, Skratek, Barr, M. Rasmussen, Moyer, Roach, Erwin, Deccio and Oke

**SENATE COMMITTEE ON WAYS & MEANS**

**Staff:** Terry Wilson (786-7715)

**Hearing Dates:** February 10, 1993

**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. The person 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:** requested February 4, 1993

**TESTIMONY FOR:**

This continues our commitment to helping senior citizens.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Senator Franklin, prime sponsor (pro)