HOUSE BILL REPORT
SHB 1673

As Passed House:
March 9, 1995

Title: An act relating to property tax deferrals for senior citizens and persons retired by reason of physical disability.

Brief Description: Expanding property tax deferrals for senior citizens and persons retired by reason of physical disability.

Sponsors: By House Committee on Finance (originally sponsored by Representatives Dickerson, Mason, Morris, Chappell, Wolfe, Kessler, Hatfield, Conway, Benton, Kremen, Cody and Mastin).

Brief History:
Committee Activity:
Finance: 2/23/95, 3/3/95 [DPS].
Floor Activity:
Passed House: 3/9/95, 96-0.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives B. Thomas, Chairman; Boldt, Vice Chairman; Carrell, Vice Chairman; Morris, Ranking Minority Member; Dickerson, Assistant Ranking Minority Member; Hymes; Mason; Pennington; Schoesler; Sheldon and Van Luven.

Minority Report: Without recommendation. Signed by 1 member: Representative Mulliken.

Staff: Rick Peterson (786-7150).

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

Homeowner property tax relief is provided for senior citizens and persons retired due to disability. To qualify a person must be age 61 in the year of application, or retired from employment because of a physical disability, own their principal residence, and have an 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. A surviving spouse of age 57 or over may continue in the exemption and deferral programs.

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. Disposable income does not include amounts paid for nursing home care or in-home treatment or care of the claimant or spouse.

Taxes that are deferred become a lien against the property and accrue interest at 8 percent per year. 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.

These property tax deferrals and exemptions only apply to the principal residence and the land on which it stands, not to exceed one acre.

Summary of Bill: The property tax deferral program is expanded to allow persons of age 60 to apply for the program. The income threshold for the deferral program is increased to $34,000.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: The fiscal impact is very small to expand this program to include persons of 60 years of age. This bill avoids tax shifts, which would not be fair to people who are not retired.

Testimony Against: None.

Testified: Representative Mary Lou Dickerson, prime sponsor; Elizabeth Pierini, People For Fair Taxes; and Herbert Pember, American Association of Retired Persons.