HB 1453
Bill Analysis

February 13, 1997

Brief Description: Revising property tax exemptions for persons confined in adult family homes and certain boarding homes.

Bill Sponsors: Representatives Wolfe, D. Sommers, Gardner, Romero, Keiser, Mitchell, Smith, Clements, Gombosky, Blalock, O'Brien, D. Schmidt, Doumit and Costa.

Staff: Linda Brooks (786-7153)

Background: 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 of less than $28,000 a year. Persons meeting these criteria are entitled to partial property tax exemptions and a valuation freeze.

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. Payments for the care of either spouse received in the home or in a nursing home and payments for prescription drugs are deducted in determining disposable income.

Partial exemptions for senior citizens and persons retired due to disability are provided as follows:

- If the income is $18,001 to $28,000, all excess levies are exempted.
- If the income level is $15,001 to $18,000, all excess levies and regular levies on the greater of $30,000 or 30 percent valuation ($50,000 valuation maximum) are exempted.

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- If the income level is $15,000 or less, all excess levies and regular levies on the greater of $34,000 or 50 percent valuation are exempted.

In addition to the partial exemptions listed above, the valuation of the residence of an eligible senior citizen or disabled person is frozen at the assessed value of the residence on the later of January 1, 1995, or January 1 of the assessment year a person first qualifies for the program.

A person's confinement to a hospital or nursing home does not affect his or her eligibility for the property tax relief program, if the residence:

- is temporarily unoccupied;
- is occupied by a spouse or other person financially dependent upon the confined person; or
- is rented for the purpose of paying the costs of a nursing home or hospital stay.

Summary of Bill: The definition of facilities where a person may be confined without affecting his or her eligibility for property tax relief is expanded to include adult family homes and boarding homes that provide specialized care. A person may be confined to either a hospital, nursing home, adult family home, or boarding home and still retain his or her eligibility.

A boarding home that provides specialized care means a place where an elderly person not only resides but also receives personal care services and limited nursing services. An adult family home means a regular family dwelling where a person cares for two to six unrelated adults.

Fiscal Note: Requested

Effective Date: If enacted, this bill takes effect 90 days after adjournment of session.