

HOUSE BILL REPORT

ESSB 6533

As Reported By House Committee On:

Finance

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

Brief Description: Providing property tax exemptions and deferrals for senior citizens and persons retired for reasons of physical disability.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Strannigan, Anderson, Long, Schow, Wood, Finkbeiner, Benton, Roach, West, Stevens, Winsley, Hale, Oke, Patterson and Heavey).

Brief History:

Committee Activity:

Finance: 2/19/98, 3/3/98 [DPA].

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass as amended. Signed by 13 members: Representatives B. Thomas, Chairman; Carrell, Vice Chairman; Mulliken, Vice Chairman; Dunshee, Ranking Minority Member; Dickerson, Assistant Ranking Minority Member; Boldt; Butler; Conway; Kastama; Morris; Pennington; Thompson and Van Luven.

Staff: Rick Peterson (786-7150).

Background: Some senior citizens and persons retired due to disability are entitled to property tax relief 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:

- A. If the income is \$18,001 to \$28,000, all excess levies are exempted.
- B. 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 of assessed valuation (\$50,000 maximum) are exempted.
- C. If the income level is \$15,000 or less, all excess levies and regular levies on the greater of \$34,000 or 50 percent of assessed 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.

The exemption applies to the dwelling and the land on which it stands up to one acre.

Summary of Amended Bill: The \$15,000 income threshold for the senior citizens and persons retired due to disability property tax relief program is raised to \$16,000. The \$18,000 income threshold for the senior citizens and persons retired due to disability property tax relief program is raised to \$19,000. The parcel size limit is increased up to 5 acres if the larger parcel size is required under land use regulations. The act applies to taxes levied for collection in 1999 and thereafter.

Amended Bill Compared to Engrossed Substitute Bill: The amended bill increases the \$15,000 income threshold to \$16,000 while the engrossed substitute bill increased this threshold to \$18,000. The amended bill increases the \$18,000 income threshold to \$19,000 while the engrossed substitute bill increased this threshold to \$24,000. The engrossed substitute bill also increased the amount of property exempt from taxation for those within these income thresholds. The amended bill does not increase the amount of property exempt from taxation for those within these income thresholds. The engrossed substitute bill allowed a deduction from the calculation of gross disposable income for health care insurance costs. The amended bill does not have this provision.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill is worthy of adoption. The assessors recommend additional relief for the people in the two lower income brackets.

Testimony Against: None.

Testified: Bruce W. Reeves, Senior Citizens Lobby (pro); and Fred Saeger, Association of County Officials (pro).