

# HOUSE BILL REPORT

## 2ESHB 2284

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### As Passed House:

April 16, 1999

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

**Brief Description:** Changing property tax exemption provisions.

**Sponsors:** By House Committee on (Originally sponsored by Representatives Rockefeller, DeBolt, Skinner, Conway, Lantz, Kastama, Alexander, Haigh and Kessler).

### Brief History:

#### Committee Activity:

Finance: 4/9/99 [DPS].

#### Floor Activity:

Passed House: 4/16/99, 93-2.

### Brief Summary of Substitute Bill

- Deducts health care insurance payments and veterans benefits for service related disabilities from income when determining eligibility for the property tax relief program for senior citizens and persons retired due to disability.
- Increases from one acre to five acres the land eligible for relief under the property tax relief program for senior citizens and persons retired due to disability.
- Freezes assessed value of home and provides excess and regular property tax relief for veterans of the U.S. armed forces with 100 percent service connected disability.

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HOUSE COMMITTEE ON FINANCE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Dunshee, Democratic Co-Chair; Thomas, Republican Co-Chair; Carrell, Republican Vice Chair; Reardon, Democratic Vice Chair; Cairnes; Conway; Cox; Pennington and Veloria.

**Minority Report:** Do not pass. Signed by 1 member: Representative Dickerson.

**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 \$30,000 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 except attendant-care and medical-aid payments; 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 \$24,001 to \$30,000, all excess levies are exempted.
- B. If the income level is \$18,001 to \$24,000, all excess levies and regular levies on the greater of \$40,000 or 35 percent of assessed valuation (\$60,000 maximum) are exempted.
- C. If the income level is \$18,000 or less, all excess levies and regular levies on the greater of \$50,000 or 60 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 program applies to the dwelling and the land on which it stands up to one acre.

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**Summary of Bill:**

The income used for determining eligibility for senior citizens and persons retired due to a disability program is reduced by payments for health care insurance and veterans' benefits for disabilities related to the performance of military duties.

The parcel size limit for the exemption program is increased from one acre up to five acres if land use regulations require the larger size.

Veterans of the U.S. armed forces with 100 percent service connected disability are eligible for the same property tax relief on their homes as provided to senior citizens with income below \$18,000. They are exempt on all excess levies. The assessed value of their home is frozen and they are exempt on regular levies on the greater of \$50,000 or 60 percent of assessed valuation.

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**Appropriation:** None.**Fiscal Note:** Requested on April 2, 1999.**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This bill will reduce senior citizen property taxes. It will allow seniors to live their lives in dignity without the fear of needing to sell their homes to pay taxes. Seniors that are able to stay in their homes live longer healthier lives. Medical costs are rising rapidly, allowing a deduction will ease senior property tax burden. The increase in the exemption from one to two acres is a start to fairly treating homeowners in rural areas. Since most zoning restricts these lots to five acres the acreage allowance should be increased to five acres. Veterans have given so much to our country they deserve property tax relief. The bill allows relief for those that are 100 percent disabled.

(Concerns) Through its history this program has provided tax relief based on ability to pay. The bill will allow some people to get relief based on their disability status only. The income of similarly situated persons with non-veteran disability income, such as Social Security, will still be counted when calculating the amount of relief. The bill appears to reduce from five acres to two acres the land for which taxes may be deferred.

**Testimony Against:** None.

**Testified:** Gene Forrester, AARP and Olympia Area Retired Officers Association; Joseph K. Johnston, Northwest Chapter Paralyzed Veterans of America; and Patrick J. Farrell, Northwest Paralyzed Veterans of America.

(Concerns) Peri Maxey, Department of Revenue; and Fred Saeger, Washington Association of County Officials.