

# HOUSE BILL REPORT

## HB 3166

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### As Reported By House Committee On:

Finance

**Title:** An act relating to providing a five hundred dollar credit against state property taxes for senior citizens and disabled persons eligible for property tax exemptions, without shifting taxes.

**Brief Description:** Providing a five hundred dollar credit against state property taxes for senior citizens and disabled persons.

**Sponsors:** Representatives Thomas, Dunshee, Woods, Rockefeller, Carrell, Conway, Delvin, Linville, Crouse, Fisher, McDonald, Edwards, Huff, Romero, Mulliken, Constantine, Pennington, Keiser, Scott, Reardon, Quall, Morris, Clements, Fortunato, Carlson, Sump, Wensman, Esser, Dunn, Van Luven, Anderson, Cooper, Gombosky, Kenney, Kastama, Lantz, Ogden, Ruderman, Stensen, Hurst, Lambert, G. Chandler, Ballasiotes, Radcliff, Talcott, Haigh, Kessler, Grant, Cody, Barlean, Schoesler, Mielke, Wood, Schual-Berke, Regala, Miloscia, Edmonds, O'Brien, Wolfe, Lovick, Dickerson, Veloria, Benson, Sullivan, Alexander, Lisk, Pflug, Parlette, Koster, Campbell, Hankins and D. Schmidt.

### Brief History:

#### Committee Activity:

Finance: 3/22/00 [DP].

#### Brief Summary of Bill

- Provides a tax credit equal to the state property tax, up to a maximum of \$500, on the homes of participants in the senior citizens and persons retired due to disability property tax relief program.

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** Do pass. Signed by 12 members: Representatives Dunshee, Democratic Co-Chair; Thomas, Republican Co-Chair; Cairnes, Republican Vice Chair; Reardon, Democratic Vice Chair; Carrell; Conway; Cox; Dickerson; Pennington; Santos; Van Luven and Veloria.

**Staff:** Rick Peterson (786-7150).

**Background:**

All real and personal property in this state is subject to property tax each year based on its value unless a specific exemption is provided by law.

The state imposes an annual property tax. The maximum tax rate is \$3.60 per thousand dollars of market value. The amount of the state property tax is also restricted by the property tax revenue limit. This limit requires the state to reduce its property tax rate as necessary to limit the total amount of property taxes to the highest property tax amount in the three most recent years plus inflation plus an amount equal to last year's tax rate multiplied by the value of new construction in the state. This limit has reduced the state's market value property tax rate to \$2.92 for taxes to be collected in 2000.

Assessed values are assigned in each county by the county assessor. The ratio of assessed value to market value varies from county to county, but on average is about 90 percent of market value. The state property tax rate is adjusted in each county so that the effective state tax rate is uniform across all counties. The average state tax rate applied to the local assessed value is \$3.27 per thousand of assessed value.

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.

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.

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.

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**Summary of Bill:**

Participants in the senior citizens and persons retired due to disability property tax relief program are provided a property tax credit equal to the state property tax on their homes up to a maximum of \$500.

The credit first applies to property taxes levied for collection in 2001.

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**Appropriation:** None.

**Fiscal Note:** Requested on March 22, 2000.

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

**Testimony For:** The bill has an effective date that will allow time to implement the program.

**Testimony Against:** None.

**Testified:** Fred Saeger, Washington Association of County Officials.