

SENATE BILL REPORT

SB 6832

As of February 7, 2000

Title: An act relating to the property tax exemption for senior citizens.

Brief Description: Including income from converting an IRA into a Roth IRA as "disposable income" for purposes of eligibility for a senior citizen's property tax exemption.

Sponsors: Senator Rasmussen.

Brief History:

Committee Activity: Ways & Means: 2/7/2000.

SENATE COMMITTEE ON WAYS & MEANS

Staff: David Schumacher (786-7474)

Background: 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 program applies to the dwelling and the land on which it stands up to one acre.

Disposable income is defined as the sum of federally defined adjusted gross income and the following: 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.

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.

Income derived from the conversion of an individual retirement account (IRA) into a Roth IRA is considered adjusted gross income for federal tax purposes.

Summary of Bill: Income derived from the conversion of an IRA into a Roth IRA does not count as income for purposes of eligibility in the senior citizen property tax relief program.

Appropriation: None.

Fiscal Note: Available.

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