

# SENATE BILL REPORT

## SJR 8212

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As Passed Senate, March 10, 2000

**Brief Description:** Providing a tax credit on owner-occupied residential property.

**Sponsors:** Senators Loveland, Winsley, Fairley, Haugen, Snyder, Fraser, Patterson, Bauer, Wojahn, Spanel, B. Sheldon, Rasmussen, Oke, Gardner, Thibaudeau and Goings.

**Brief History:**

**Committee Activity:** Ways & Means: 1/17/2000 [DP].

Passed Senate, 1/19/2000, 43-5.

**First Special Session:** Passed Senate, 3/10/2000, 39-8.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Loveland, Chair; Bauer, Vice Chair; Brown, Vice Chair; Fairley, Fraser, Kline, Long, McDonald, Rasmussen, B. Sheldon, Snyder, Spanel, Thibaudeau, West, Winsley and Wojahn.

**Staff:** Terry Wilson (786-7433)

**Background:** The state Constitution requires all taxes on real estate to be uniform within a taxing district. This requires all taxes imposed by any taxing district to be the same on property of the same value. However, the Constitution authorizes the Legislature to grant to retired property owners relief from the property tax on their personal residences.

Under current law, senior citizens and persons who are retired from regular employment because of physical disability are eligible for property tax relief on their principal residences. A person must reside in his or her home at the time of filing to qualify for exemption, but confinement to a hospital or nursing home is allowed without affecting eligibility if the residence is unoccupied, occupied by a person financially dependent on the claimant, or rented to pay hospital or nursing home costs. The exemption can be transferred to another residence but applies to only one residence. Application is made to the county assessor at any time during the year for exemption the following year. A renewal application must be filed every four years. Also, any person receiving an exemption is required to notify the county assessor of any change in status affecting the person's entitlement to the exemption.

The Constitution limits the amount of property taxes that may be imposed on an individual parcel of property without voter approval to 1 percent of its true and fair value, or \$10 per \$1,000 of assessed value. Of this, the state levy is limited to \$3.60 per \$1,000 of assessed value, equalized to market value, for the support of the common schools.

**Summary of Bill:** A credit is allowed against property taxes levied for state purposes upon an owner-occupied personal residence. The amount of the credit is \$200 for taxes levied for collection in 2001. The credit is increased each year thereafter by the change in state

personal income. The credit cannot exceed the amount of state taxes due. The credit is in addition to any senior citizen tax relief.

Unless otherwise provided by the Legislature, the definitions, qualifications, application procedures, and other administrative provisions provided by the Legislature for the senior citizen property tax relief program apply to the credit, except the income or age requirements.

Any notice to a taxpayer of property taxes due must indicate the amount of the credit and the tax payable after application of the credit.

The Legislature may increase the amount of the credit.

This constitutional amendment is self executing, and no legislation is necessary.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Thirty days after the election at which it is approved.

**Testimony For:** Homeowners are the one group that had not enjoyed much reduction in property taxes. We don't have a pure system. There are a number of current use programs and exemptions. The current use programs shift taxes. This proposal is compelling because it shows up on the tax statement. The 1995 state tax cut was erased by increases in rates by other districts. This is the first real reduction for homeowners. Assessors will need some fiscal assistance the first year to handle the applications. The assessors also support elimination of the state levy.

**Testimony Against:** A constitutional amendment is inflexible. This should be done by statute. Tax relief should include all property, including renters. It would result in lower rent in the long run. Tax relief should strictly adhere to uniformity. This may have unintended consequences. The application procedures are cumbersome. If taxes go down, the Legislature will have to raise taxes on someone else or cut spending. I-695 puts households ahead of business in tax cuts since 1993.

**Testified:** PRO: Robin Hunt, Thurston County Treasurer; Jack Westerman, Jefferson County Assessor; CON: Norm Bruns, Garvey Schubert, AWB; Bryan Wahl, WA Assn of Realtors.