

HOUSE BILL REPORT

SHB 1011

As Reported by House Committee On:

Finance

Title: An act relating to property tax exemptions for persons with disabilities related to the performance of military duties.

Brief Description: Providing a property tax exemption to veterans with severe disabilities.

Sponsors: House Committee on Finance (originally sponsored by Representatives Campbell, Conway, Benson, Mielke, Skinner, Pennington, DeBolt, Delvin, Ogden, Esser, Reardon, Linville, Pearson, Alexander, Barlean, Ericksen, Carrell, Morell, Dunn, Van Luven, O'Brien, Ahern and Talcott).

Brief History:

Committee Activity:

Finance: 2/11/02 [DP2S].

Brief Summary of Second Substitute Bill

- 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.
- Deducts veterans benefits for service related disabilities from income when determining eligibility for the senior citizen property tax relief program.

HOUSE COMMITTEE ON FINANCE

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass. Signed by 11 members: Representatives Gombosky, Chair; Berkey, Vice Chair; Cairnes, Ranking Minority Member; Conway, Morris, Nixon, Orcutt, Roach, Santos, Van Luven and Veloria.

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 level 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 the person first qualifies for the program.

Summary of Second Substitute Bill:

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.

Veterans' benefits for disabilities related to the performance of military duties are no longer counted in income used for determining eligibility for senior citizens and persons retired.

Second Substitute Bill Compared to Substitute Bill:

The second substitute bill changes the application date of the exemption from property taxes levied for collection in 2002 to property taxes levied for collection in 2003.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: None.

Testimony Against: None.

Testified: None.