HOUSE BILL REPORT
HB 1438

As Passed House:
March 13, 2001

Title: An act relating to property tax exemptions for persons confined in adult family homes and certain boarding homes.

Brief Description: Modifying the property tax exemption for senior citizens.

Sponsors: By Representatives Skinner, Edmonds, Conway and Schual-Berke.

Brief History:
Committee Activity:
Finance: 2/15/01, 3/6/01 [DP].
Floor Activity:
Passed House: 3/13/01, 94-0.

Brief Summary of Bill

- Allows persons in the senior citizen property tax relief program to retain property tax relief if they reside in an adult family home or a boarding home.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 10 members: Representatives Cairnes, Republican Co-Chair; Morris, Democratic Co-Chair; Berkey, Democratic Vice Chair; Roach, Republican Vice Chair; Carrell, Conway, Pennington, 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.

A person may retain property tax relief while they are confined to a hospital or nursing home.

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.

Summary of Bill:

A person in the senior citizen and persons retired due to disability property tax relief program may reside in an adult family home or a boarding home that provides specialized care without losing property tax relief. The residence may be rented for the purposes of paying the cost of the adult family home or boarding home care. The costs of care in the adult family home or a boarding home will be subtracted from income when determining the amount of property tax relief.

A boarding home that provides specialized care means a place where a person not only resides but also receives personal care services and limited nursing services. An adult family home means a regular family dwelling where a person cares for two to six unrelated adults.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Currently, those in nursing homes may retain property tax relief on their homes. We should extend this treatment for those in adult family homes and boarding homes. It is only fair to provide the same treatment.

Testimony Against: None.

Testified: Representative Edmonds, co-prime sponsor.