

HOUSE BILL REPORT

HB 1509

As Reported by House Committee On:
Finance

Title: An act relating to a property tax exemption for widows or widowers of honorably discharged veterans.

Brief Description: Providing a property tax exemption to widows or widowers of honorably discharged veterans.

Sponsors: Representatives Green, Conway, Orcutt, Appleton, Morrell, O'Brien, Lovick, McCoy, Kilmer, Kessler, McDermott, Campbell, Simpson, Hunt, Chase, P. Sullivan, Sells, Kirby, Kenney, Linville and Kagi; by request of Governor Gregoire.

Brief History:

Committee Activity:

Finance: 2/16/05, 3/7/05 [DPS].

Brief Summary of Substitute Bill

- Creates a new property tax relief program for retired widows or widowers of war time veterans.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives McIntire, Chair; Hunter, Vice Chair; Orcutt, Ranking Minority Member; Roach, Assistant Ranking Minority Member; Conway, Ericksen, Hasegawa and Santos.

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.

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 years old in the year of application or retired from employment because of a disability, own his or her principal residence, and have a disposable income of less than \$35,000 a year. Persons meeting these criteria are entitled to partial property tax exemptions and a valuation freeze.

Summary of Substitute Bill:

Retired widows or widowers of certain veterans are eligible for property tax relief on their principal residence according to the following schedule:

1. income less than \$32,000 - exempt from all property taxes on first \$200,000 of value;
2. income between \$32,001 and \$40,000 - exempt from all property taxes on first \$150,000 of value; or
3. income between \$40,001 and \$50,000 - exempt from all property taxes on first \$100,000 of value.

In addition, the assessed value of the residence of all eligible widows and widowers is frozen at the value when first eligible for the program. An eligible widow or widower may also transfer the frozen value under the regular senior property tax relief program to this program

The retired widow or widower must be at least age 61 when they apply for relief and must be a widow or widower of a veteran that: died as a result of a service-connected disability; was rated as 100 percent disabled for the 10 years prior to death; was a prisoner of war and rated as 100 percent disabled for at least one year prior to death; died while on active duty; or died in active military training status. The retired widow or widower cannot remarry.

Veterans are persons who were honorably discharged or discharged for physical reasons with an honorable record from the armed forces of the United States and served during periods of war or between World War I and World War II. Women's air force service pilots and certain merchant mariners are eligible.

The procedures for application and calculation of income are the same as for the current senior citizen and persons retired due to disability property tax relief program.

This change first applies to property tax due for collection in 2006.

Substitute Bill Compared to Original Bill:

The substitute includes widows and widowers of veterans who died while on active duty. The substitute makes this program similar to the current senior property tax relief program by allowing a participant to retain the exemption while in a boarding home or adult family home and allowing a participant to rent the home for the purpose of paying boarding home or adult family home costs. The substitute coordinates this program with the current senior property tax relief program by transferring the frozen value under the regular senior property tax relief program to this program and allowing participants to use this program or the regular senior property tax relief program but not both.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: The bill recognizes the service and sacrifices made by our veterans and the need to support their families. The bill is a small step in recognizing this sacrifice. The bill brings dignity to those who have given so much. The bill targets a small but needy part of the veteran community.

Testimony Against: None.

Persons Testifying: Representative Green, prime sponsor; Antonia Ginatta, Office of the Governor; Dan Gogerty, Chosen Few and Veterans Legislation Coalition; and John Lee, Washington State Department of Veterans Affairs.

Persons Signed In To Testify But Not Testifying: None.