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**Judiciary Committee**

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**HB 2571**

**Title:** An act relating to collecting health care services debt under the homestead exemption.

**Brief Description:** Collecting health care services debt under the homestead exemption.

**Sponsors:** Representatives Morrell, Cody, Conway, Blake, Eickmeyer, Wallace, Flannigan, Roberts and Hasegawa.

**Brief Summary of Bill**

- Increases the value of the homestead exemption limit where the homestead is subject to execution or forced sale for the recovery of health care services debt.

**Hearing Date:** 1/17/06

**Staff:** Edie Adams (786-7180).

**Background:**

Certain property of a debtor is protected from execution or forced sale by the homestead exemption. The homestead exemption protects a debtor's equity in the real or personal property that the debtor uses or plans to use as a residence. The exemption is limited to the lesser of: (1) \$40,000 if the homestead consists of real property or \$15,000 if the homestead consists of personal property; or (2) the total net value of the homestead property. Net value is defined as the market value of the property less all liens and encumbrances that are senior to the judgment being executed upon.

The homestead exemption is not available against an execution or forced sale to satisfy certain kinds of judgments, including judgments on mortgages or deeds of trust on the property; construction liens, laborer's liens, and other liens arising out of and against the particular property; child support or spousal maintenance obligations; debts owed to the state for the recovery of medical assistance costs; or condominium or homeowners' association liens.

The current homestead exemption amount of \$40,000 for real property and mobile homes has been in effect since 1999, when the amount was increased from \$30,000. The availability of a homestead in personal property was established in 1993 at an amount of \$15,000 and has not been changed since. The amount of the real property homestead exemption has changed over time as follows:

Year    Amount

1881	\$1,000
1895	\$2,000
1945	\$4,000
1955	\$6,000
1971	\$10,000
1977	\$20,000
1983	\$25,000
1987	\$30,000
1999	\$40,000

**Summary of Bill:**

In cases where the homestead is subject to execution or forced sale to satisfy a judgment for the payment of health care services debt, the value of the homestead exemption is increased to \$150,000 in the case of real property or mobile homes, or \$50,000 in the case of personal property that is used as a residence.

"Health care service" means service offered or provided by health care facilities and health care providers relating to the prevention, cure, or treatment of illness, injury, or disease.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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