

FINAL BILL REPORT

SHB 3164

C 281 L 06

Synopsis as Enacted

Brief Description: Increasing the head of a family personal property tax exemption amount.

Sponsors: By House Committee on Finance (originally sponsored by Representatives Kilmer, Kristiansen, Linville, Bailey, Pettigrew, P. Sullivan, Dunn, Ericks, Appleton, Green, Morrell, Sells and Simpson).

House Committee on Finance

Senate Committee on Ways & Means

Background:

All property in this state is subject to the property tax each year based on the property's value, unless a specific exemption is provided by law. Property taxes apply to both real property (real estate) and personal property (all other property that is not real estate). Household goods and business inventories are exempt from tax by statute. Thus, taxable personal property consists mainly of office and business equipment.

The State Constitution authorizes the Legislature to exempt personal property to the amount of \$3,000 for each head of a family. This exemption was increased from \$300 by a constitutional amendment approved by the voters in 1988. The Legislature has enacted this exemption in statute. Under rules of the Department of Revenue, a head of a family means an individual, not an entity such as a corporation, limited liability company, or a partnership. The following persons are eligible as a head of a family under the rules: Any person receiving an old age pension under the laws of this state; any citizen of the United States, over the age of 65, who has resided in the state of Washington continuously for 10 years; a husband or wife, when the claimant is a married person, or a surviving spouse not remarried; and any person who resides with and provides care and maintenance for other family members as defined in the rule.

Summary:

The personal property tax exemption for a head of family is increased to \$15,000.

This act implements the constitutional amendment in House Joint Resolution 4223. The act will take effect on January 1, 2007 only if a proposed constitutional amendment Article VII, section 1 is approved by the voters.

Votes on Final Passage:

House	97	0
Senate	43	1

Effective: January 1, 2007