

HOUSE BILL REPORT

SSB 5256

As Passed House:

March 5, 2008

Title: An act relating to excluding veterans benefits from the income calculation for the retired person property tax relief program.

Brief Description: Providing for the exclusion of veterans benefits from the income calculation for the retired person property tax relief program.

Sponsors: By Senate Committee on Ways & Means (originally sponsored by Senators Prentice, Roach, Fairley, Kastama, Eide, Hobbs, Fraser, Rockefeller, Kohl-Welles, Rasmussen, Franklin, Kilmer, Honeyford and Keiser).

Brief History:

Committee Activity:

Finance: 2/22/08, 2/27/08 [DP].

Floor Activity:

Passed House: 3/5/08, 96-0.

Brief Summary of Substitute Bill

- Deducts veteran benefits awarded for service-connected disability from income calculation used for senior citizens and retired persons property tax relief programs.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Conway, Ericks, McIntire, Roach and Santos.

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 age 61 in the year of application, or

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retired from employment because of a disability, or 100 percent disabled due to military service; must own his or her principal residence; and must have a disposable income of less than \$35,000 a year. Persons meeting these criteria are entitled to partial property tax exemptions and a property valuation freeze.

Disposable income is defined as the sum of federally defined adjusted gross income and the following, if not 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.

Some costs may be deducted from the disposable income total as follows: payments for the care of either spouse received in the home; a nursing home, boarding home or adult family home; payments for medicare insurance premiums; and payments for prescription drugs.

Summary of Bill:

Federal veterans benefits awarded for service-connected disability may be deducted from the disposable income total when computing the retired person property tax reduction.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This is the 13th year for the Veterans Coalition to seek tax relief for the 100 percent disabled veteran. The federal government does not count this income for income tax purposes but the state does. This needs to come off the state's calculation of income. This bill will level the playing field. Disabled veterans have sacrificed their time and their bodies for our country.

(Opposed) None.

Persons Testifying: John Lee, Department of Veterans Affairs; and Dennis Primoli, Veterans Legislative Coalition.

Persons Signed In To Testify But Not Testifying: None.