

SENATE BILL REPORT

SSB 5256

As Passed Senate, February 19, 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: 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: Government Operations & Elections: 1/29/07, 1/30/07 [DP-WM].

Ways & Means: 1/22/08, 1/28/08 [DPS].

Passed Senate: 2/19/08, 48-0.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Fairley, Chair; Oemig, Vice Chair; Roach, Ranking Minority Member; Kline, Pridemore and Swecker.

Staff: Cindy Calderon (786-7784)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5256 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Hatfield, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Rockefeller, Schoesler and Tom.

Staff: Dianne Criswell (786-7433)

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 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

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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 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.

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 Substitute 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: Requested on January 17, 2007.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill (Government Operations & Elections): PRO: Veterans benefits are awarded to replace something lost, and so they should be excluded from the disposable income calculation just as insurance settlements for medical costs are. Property values and property taxes keep rising, but veterans benefits do not rise proportionately. Veterans who bought houses a decade or two ago can no longer afford their property taxes. This bill would allow disabled veterans to keep their homes and keep food on the table.

Persons Testifying (Government Operations & Elections): PRO: Frosty Hulsey, Veterans Legislative Coalition; Skip Dreps, Paralyzed Veterans of America; Patrick Farrell, Paralyzed Veterans of America.

Staff Summary of Public Testimony on Substitute Bill (Ways & Means): PRO: This bill levels the playing field with federal and state government by treating veterans benefits similarly. This will benefit the most vulnerable veterans in our state, as well as their families. Veterans receive disability income because they have been deprived of employment due to their service. These payments should not be included as disposable income. We have worked on this bill for 11 years.

Persons Testifying (Ways & Means): PRO: Dennis Primoli, Chair, Veterans Legislative Coalition; Lloyd Burroughs, Deputy Chair, Veterans Legislative Coalition, State Chairman, National Association for Black Veterans.