

SENATE BILL REPORT

SB 5708

As of February 16, 2007

Title: An act relating to property tax exemptions and deferrals for senior citizens and persons retired for reasons of disability.

Brief Description: Relating to the qualification requirements for property tax exemptions and deferrals for senior citizens and persons retired for reasons of disability.

Sponsors: Senators Parlette, Benton, Swecker, Carrell, Stevens and Roach.

Brief History:

Committee Activity: Ways & Means: 2/15/07.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dianne Criswell (786-7433)

Background: All real and personal property in Washington State is subject to property tax, unless a specific exemption is provided by law.

Property taxes are calculated by multiplying a tax rate by the assessed value of each property. By statute, assessed value must be equal to 100 percent of the fair market value of the property, unless the property qualifies under a special tax relief program. Article 7, section 1 of the State Constitution provides that all taxes must be uniform on the same class of property. This means that taxes must be the same on property of the same value and requires both an equal rate and equality in valuing the property taxed.

In 1966, voters approved Article 7, section 10 of the State Constitution, which authorizes residential property tax relief for retired property owners. Under current law, only low-income homeowners who are seniors or retired as a result of a physical disability, including veterans, are eligible. Property tax relief can come in the form of an exemption, a freeze in assessed value, or a property tax deferral.

Property taxes on residential property may be deferred if the homeowner is at least 60 years of age or retired due to disability and the annual household income is \$40,000 or less. Amounts deferred may accumulate up to 80 percent of the homeowner's equity and become a lien upon the property in favor of the state. Upon death, change in use, or sale of the property, the full amount of the deferred taxes is due, along with 5 percent annual interest.

Summary of Bill: All persons who are at least 60 years old or retired due to disability are eligible for the property tax deferral program.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Appropriation: None.

Fiscal Note: Requested on February 2, 2007.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect for taxes levied for collection in 2008 and thereafter.

Staff Summary of Public Testimony: PRO: The number one concern that constituents have relayed is that people are being taxed out of their homes. This bill addresses that concern by expanding the senior deferral program to all seniors. There is a property tax shift, but it is limited.

Persons Testifying: PRO: Senator Parlette, prime sponsor.