

SENATE BILL REPORT

SB 6949

As Reported By Senate Committee On:
Ways & Means, February 29, 2008

Title: An act relating to simplifying the administration of the low-income homeowner deferral program.

Brief Description: Simplifying the administration of the low-income homeowner deferral program.

Sponsors: Senators Brown, Hargrove and Kauffman.

Brief History:

Committee Activity: Ways & Means: 2/25/08, 2/29/08 [DP, w/oRec].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Fairley, Hatfield, Hobbs, Keiser, Kohl-Welles, Rasmussen, Regala, Roach, Rockefeller and Tom.

Minority Report: That it be referred without recommendation.

Signed by Senator Zarelli, Ranking Minority Member.

Staff: Dean Carlson (786-7305)

Background: In November of 2007, the legislature passed SSB 6178 which created a property tax deferral program for certain individuals.

Individuals with an annual household income of \$57,000 or less may defer 50 percent of yearly real property taxes and special assessments. An individual may not defer taxes or assessments for the first five years the individual owns the residence. A qualifying individual pays one-half of yearly real property taxes and special assessments by April 30 and receives a deferral for the remaining one-half. Deferred amounts accrue interest at the federal short-term rate plus two percentage points. Deferred amounts, including interest, become a lien on the residence. The deferred amount may not exceed 40 percent of the equity of the home. Local taxing districts are reimbursed by the state for the local property taxes that are deferred under the program. The deferral applies to tax and special assessment collections after April 30, 2008.

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.

Deferred taxes become due upon the occurrence of any one of several events. The two primary events triggering repayment of deferred taxes and assessments are the sale of the home and the death of the individual claiming the deferral, unless a surviving spouse continues to reside in the home and otherwise qualifies for the deferral.

A claimant must file an application to the county assessor no later than September 1 of the year in which the deferral is sought. The county assessor determines if the claimant qualifies for the deferral.

Local taxing districts are reimbursed by the state for the local property taxes that are deferred under the program.

Summary of Bill: Administration of the deferral program is transferred from county treasurers to the Department of Revenue. All applications must be made to the department instead of the counties.

The definition of residence for the program is expanded to any sized parcel associated with an eligible home.

The interest rate of repayment of the deferral is changed from the federal short-term rate plus two percentage points to 5 percent, which makes it the same as the senior deferral program.

Any appeals of denial into the program must be made to the Board of Tax Appeals.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This will fix the problems that the assessors and treasurers had with the bill. The administration was the problem. This provides a one stop shop.

Persons Testifying: PRO: Robert Carlton, Washington Association of County Officials, County Treasurers, County Assessors.