

SENATE BILL REPORT

SB 5089

As of January 28, 2014

Title: An act relating to allowing certain health care coverage deductions from the calculation of disposable income for the purpose of qualifying for senior property tax programs.

Brief Description: Allowing certain health care coverage deductions from the calculation of disposable income for the purpose of qualifying for senior property tax programs.

Sponsors: Senators Benton, Bailey, Shin, Roach, Holmquist Newbry, Sheldon and Keiser.

Brief History:

Committee Activity: Ways & Means: 2/25/13, 1/27/14.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Juliana Roe (786-7438)

Background: All real and personal property is subject to property tax each year based on its value, unless a specific exemption is provided by law.

Some senior citizens and persons retired due to disability are entitled to a property tax exemption for their principal residences. To qualify a person must be age 61 in the year of application; retired from employment because of a disability or 100 percent disabled due to military service; own the person's principal residence; and have a disposable income of less than \$35,000 a year. Persons meeting this criteria are entitled to partial property tax exemptions and a property valuation freeze.

Disposable income is defined as adjusted gross income, plus: capital gains; pension and annuity receipts; military pay and benefits other than attendant-care and medical-aid payments; veterans' benefits, other than attendant-care and medical-aid payments, disability compensation, and dependency and indemnity compensation; federal Social Security Act and railroad retirement benefits; dividend receipts; and interest received on state and municipal bonds, less amounts deducted for loss and depreciation.

Combined disposable income is defined as the disposable income of the person claiming the exemption, plus the disposable income of the person's spouse or domestic partner, and the disposable income of each cotenant occupying the residence, less amounts paid by the person

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claiming the exemption or the person's spouse or domestic partner during the assessment year for:

- prescription drugs;
- the treatment or care of either person received in the home or a facility; and
- health care insurance premiums for Medicare.

Summary of Bill: When determining combined disposable income, the following are deductible as such:

- health care insurance premiums for health care coverage, including dental coverage, vision coverage, and copayments;
- durable medical equipment and mobility-enhancing equipment; and
- long-term care insurance.

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: There are some seniors and disabled persons who do not qualify for the property tax exemption or deferral because they make too much money. However, these same people spend a significant amount of their income on things like expensive equipment and health insurance premiums which are not discretionary expenses. This bill would allow these people to reduce their combined disposable income by subtracting from their disposable income their extraordinary health expenditures, thereby allowing them to qualify for the tax exemption. Another way to rectify this problem would be to raise the income threshold to qualify for the exemption.

Persons Testifying: PRO: Senator Benton, prime sponsor.