

SENATE BILL REPORT

SB 5127

As of January 21, 2015

Title: An act relating to providing that veterans with total disability ratings and their surviving spouses and domestic partners are eligible to qualify for a property tax exemption without meeting certain income requirements.

Brief Description: Providing that veterans with total disability ratings and their surviving spouses and domestic partners are eligible to qualify for a property tax exemption without meeting certain income requirements.

Sponsors: Senators Angel, Roach and O'Ban.

Brief History:

Committee Activity: Government Operations & Security (Note: Senate Resolution 8609 adopted January 27, 2015, renamed the Committee on Government Operations & State Security to Committee on Government Operations & Security): 1/20/15.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

Staff: Sam Thompson (786-7413)

Background: Washington provides for a partial property tax exemption for senior citizens and certain disabled persons on a primary, owner-occupied residence. To qualify a person must have disposable annual income of less than \$35,000 and be either (1) at least age 61; (2) unable to work because of a disability; or (3) a veteran receiving Veterans Administration compensation at a total disability rating for a service-connected disability.

A surviving spouse or domestic partner of a person receiving the exemption may retain the exemption if the survivor is at least age 57 and otherwise meets the eligibility requirements.

If the person's disposable annual income is as follows:

- \$30,001 to \$35,000 the person is exempt from all excess property tax levies, but not regular levies;
- \$25,001 to \$30,000 the person is exempt from all regular property tax levies on the greater of \$50,000 or 35 percent of assessed valuation – \$70,000 maximum, and all excess levies; and
- \$25,000 or less, the person is exempt from all regular property tax levies on the greater of \$60,000 or 60 percent of assessed valuation, and all excess levies.

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.

Some states have provided for more expansive property tax exemptions for totally disabled veterans and their surviving spouses or domestic partners.

Summary of Bill: A veteran receiving Veterans Administration compensation at a total disability rating for a service-connected disability qualifies for an exemption from all regular and excess property tax levies on their principal residence, without any income requirements.

A surviving spouse or surviving domestic partner of a veteran receiving the exemption may retain the exemption, without any age or income requirements, so long as the person does not remarry or enter into a new domestic partnership.

With respect to the existing partial property tax exemption for senior citizens and persons unable to work because of a disability, a clarification provides that surviving spouses or domestic partners may retain the exemption, subject to existing age and income requirements, if they remarry or enter into a new domestic partnership.

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 bill appropriately removes means testing for the property tax exemption that veterans with service-connected total disability ratings deserve for their service to the nation. Other states do not have means testing for similar disabled veteran tax exemptions. This bill will help many disabled veterans and could reduce homelessness. The Veterans Administration does not easily certify a service-connected total disability rating.

OTHER: While county assessors support the general policy of this bill, concerns arise regarding implementation, including whether a surviving spouse with a high income should qualify and whether the bill provides a disincentive for surviving spouses to remarry. A new requirement for a tax preference statement in legislation of this type should be considered.

Persons Testifying: PRO: Senator Angel, prime sponsor; Ronald Luke, William Powell, Frederick Scheffler, American Legion; John Schilling, Major, USMC (Ret.); Francis Jeffrey, Military Order of the Purple Heart.

OTHER: Monty Cobb, WA Assn. of County Officials.