SENATE BILL REPORT
SB 5186

As of February 25, 2015

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, Hasegawa, Sheldon and Keiser.

Brief History:
Committee Activity: Ways & Means: 2/25/15.

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

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- 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: The bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): When determining combined disposable income, the following are added to the list of items in current law that may be deducted from disposable income:
- 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.

A tax preference statement is included that exempts the tax preference from the ten-year expiration date. This applies to taxes levied for collection in 2016 and thereafter.

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 seniors and disabled persons who do not qualify for the property tax exemption or deferral because their modest fixed incomes still exceed current limits. These retirees spend a significant amount of their income on expensive medical equipment and health insurance premiums, which are not discretionary expenses. This bill would allow these people to reduce their combined disposable income by subtracting these additional health expenditures from their disposable income.

CON: The assessors are concerned with this bill because it causes a significant tax shift in the counties.

Persons Testifying: PRO: Senator Benton, prime sponsor; Jerry Reilly, Eldercare Alliance.

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