
Finance Committee

SB 6238

Brief Description: Updating thresholds for the property tax exemption for widows and widowers of honorably discharged veterans.

Sponsors: Senators Dozier, Conway, Fortunato, Hasegawa, Lovelett, Lovick, Torres, Wagoner, Warnick, Wilson, C. and Wilson, J..

| Brief Summary of Bill |
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| <ul style="list-style-type: none">Increases grant amounts for the property tax assistance program for widows and widowers of veterans.Aligns income thresholds in the property tax assistance program for widows and widowers of veterans with the senior citizen property tax exemption program. |

Hearing Date: 2/20/24

Staff: Rachelle Harris (786-7137).

Background:

Property Tax—Senior Citizens, Disabled Individuals, and Qualifying Veterans Tax Relief.

Authorized by a constitutional amendment, qualifying senior citizens, persons retired due to disability, and qualifying veterans are entitled to the Senior Property Tax Exemption (SPTE) on their principal residence. To qualify for the SPTE, a person must be:

- at least 61 years old;
- at least 57 years old and the surviving spouse or domestic partner of a person who was an exemption participant at the time of their death;
- retired from employment because of disability; or
- a disabled veteran with a service-connected evaluation of at least 80 percent or receiving

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compensation from the United States Department of Veterans' Affairs at the 100 percent rate for a service-connected disability.

The home must be owned and be the primary residence of the applicant. An applicant's combined disposable income must be under the county's income threshold to qualify.

Income Thresholds: The exemption for the SPTE is varied and is based around income thresholds. The income thresholds and associated partial exemptions are as follows:

- "Income threshold one" is the greater of income threshold one for the previous year or 50 percent of county median household income. Applicants qualifying under this income threshold receive an exemption from all excess levies, the additional state levy, and regular levies on the greater of \$60,000 or 60 percent of the assessed value (AV).
- "Income threshold two" is the greater of income threshold two for the previous year or 60 percent of county median household income. Applicants qualifying under this income threshold but above income threshold one receive an exemption from all excess levies, the additional state levy, and regular levies on the greater of \$50,000 or 35 percent of the AV—with a \$70,000 maximum.
- "Income threshold three" is the greater of income threshold three for the previous year or 70 percent of county median household income. Applicants qualifying under this income threshold but above income threshold two receive an exemption from all excess levies and the additional state levy.

The income thresholds are adjusted every three years to reflect the most recent year of estimated county median household incomes as published by the Office of Financial Management.

The Property Tax Assistance Program for Widows and Widowers.

The property tax assistance program for widows and widowers of veterans (Assistance Program) helps with payment of property taxes in the form of a grant provided by the state. The assistance amount is based on the applicant's income, the value of the residence, and state and local levy rates.

To qualify for the Assistance Program, a person must be at least 62 years of age or unable to work due to disability. Additionally, to qualify for the Assistance Program, a person must also be a widow or widower of a veteran who:

- died as a result of a service-connected disability;
- was rated 100 percent disabled by the United States Veterans' Administration for at least ten years prior to death;
- was a former prisoner of war and rated 100 percent disabled by the United States Veterans' Administration for at least one year prior to death; or
- died on active duty or in active training status as a member of the United States uniformed services, reserves, or national guard.

To qualify for the Assistance Program, a person must not have remarried, and they must have a combined disposable income of \$40,000 or less. The person making a claim must own the

residence on which property taxes are imposed.

The grant amount equals the regular and excess property taxes due on the difference between the amount of taxable value exempted under the SPTE program and the first:

- \$100,000 of the AV if the applicant's combined disposable income is \$0 to \$30,000;
- \$75,000 of the AV if the applicant's combined disposable income is \$30,001 to \$35,000; or
- \$50,000 of the AV if the applicant's combined disposable income is \$35,001 to \$40,000.

Summary of Bill:

The income thresholds for the Assistance Program are adjusted as follows:

- Income threshold one is the greater of \$30,000 or 50 percent of county median household income.
- Income threshold two is the greater of \$35,000 or 60 percent of county median household income.
- Income threshold three is the greater of \$40,000 or 70 percent of county median household income.

The combined disposable income threshold necessary to qualify for the Assistance Program is less than or equal to income threshold three.

The Assistance Program grant equals the regular and excess property taxes due on difference between the amount of taxable value exempted under the SPTE program and the first:

- \$200,000 of the AV for applicants with income equal to or less than income threshold one;
- \$150,000 of the AV for applicants with income equal to or less than income threshold two but greater than income threshold one; or
- \$100,000 of the AV for applicants with income equal to or less than income threshold three but greater than income threshold two.

The changes apply to taxes levied for collection in 2025 and thereafter.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.