

FINAL BILL REPORT

HB 2457

C 146 L 96

Synopsis as Enacted

Brief Description: Changing how valuation is determined for property taxation of senior citizens and persons retired because of physical disability.

Sponsors: Representatives Hatfield, Van Luven, Regala and Kessler.

House Committee on Finance

Senate Committee on Government Operations

Background: Some senior citizens and persons retired due to disability are entitled to property tax relief in the form of exemptions and deferrals of taxes on their principal residences. To qualify, a person must be 61 in the year of application or retired from employment because of a physical disability, own his or her principal residence, and have a disposable income of less than \$28,000 a year. Persons meeting these criteria are entitled to partial property tax exemptions and a valuation freeze.

Disposable income is defined as the sum of federally defined adjusted gross income and the following, if not already included: capital gains; deductions for loss; depreciation; pensions and annuities; military pay and benefits; veterans benefits; Social Security and federal railroad retirement benefits; dividends; and interest income. Payments received in the home or in a nursing home for the care of either spouse and payments for prescription drugs are deducted in determining disposable income.

Partial exemptions for senior citizens and persons retired due to disability are provided according to the following table:

- If the income is \$18,001 to \$28,000, all excess levies are exempted.
- If the income level is \$15,001 to \$18,000, all excess levies and regular levies on the greater of \$30,000 or 30 percent valuation (\$50,000 valuation maximum) are exempted.
- If the income level is \$15,000 or less, all excess levies and regular levies on the greater of \$34,000 or 50 percent valuation are exempted.

In addition to the partial exemptions listed above, the valuation of the residence of an eligible senior citizen or disabled person is frozen at the market value of the residence on the later of January 1, 1995, or January 1 of the year the person first qualified for the program.

Summary: The property tax valuation for eligible senior citizens and persons retired due to disability is frozen based upon the assessed value, rather than the true and fair value, of the residence. The bill clarifies that the January 1 date for the value freeze means January 1 of the assessment year in which a person qualifies.

Votes on Final Passage:

House	96 0
Senate	47 0

Effective: March 25, 1996