

HOUSE BILL REPORT

SB 5819

As Reported By House Committee On:

Finance

Title: An act relating to property tax deferrals for senior citizens and persons retired because of physical disability.

Brief Description: Providing for property tax deferrals for seniors and persons retired because of physical disability.

Sponsors: Senators Spanel, Rasmussen, Owen, Haugen and Oke.

Brief History:

Committee Activity:

Finance: 3/28/95, 4/3/95 [DP].

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 12 members: Representatives B. Thomas, Chairman; Boldt, Vice Chairman; Carrell, Vice Chairman; Morris, Ranking Minority Member; Dickerson, Assistant Ranking Minority Member; Hymes; Mason; Mulliken; Pennington; Schoesler; Sheldon and Van Luven.

Staff: Rick Peterson (786-7150).

Background: Qualified senior citizens and retired disabled persons are entitled to property tax relief in the form of exemptions and deferrals of taxes on their principal residences and up to one acre of land on which the residence is situated. To qualify, a person must be 61 years of age in the year of application or be retired from employment because of a physical disability.

To be eligible for an exemption, the disposable income of the applicant's household must fall below \$26,000 a year. To be eligible for a deferral of taxes, the disposable income of the applicant's household must fall below \$30,000 a year.

Qualifying persons may defer any taxes and special assessments due on the residence on up to 80 percent of the equity value in the residence. The Department of Revenue reimburses local taxing districts the amount of their taxes and assessments that are deferred. The total amount of taxes and assessments so deferred constitute a lien on the property and is due, with interest at 8 percent per year, upon sale or

condemnation of the property, when the claimant ceases to reside on the property, or upon death of the claimant.

Summary of Bill: Qualified persons may defer property taxes on any additional property up to a total of five acres that comprises the residential parcel, if this larger parcel size is required under land use regulations.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The bill is fairly narrow. This is a deferral, and does not shift costs to others. Current law only allows for a one-acre parcel tax deferral. People who cannot afford to pay tax on additional acreage have a problem because they cannot sell due to zoning regulations.

Testimony Against: None.

Testified: Senator Harriet Spinel, prime sponsor; Fred Saeger, Washington Association of County Officials; and Elizabeth Pierini, People for Fair Taxes (all pro).