

HB 2938

Bill Analysis

February 2, 1998

Brief Description: Increasing thresholds for property tax exemptions for senior citizens and persons retired because of physical disability.

Bill Sponsors: Representatives DeBolt, Carrell, Ballasiotes, McDonald, Boldt, B. Thomas, Mulliken, Pennington, Van Luven, Thompson, Schoesler, Mitchell, Alexander, Backlund, O'Brien, Bush, Keiser, McCune, Cole, Scott, Conway, Gardner, Dunshee, Cooke and Johnson.

Staff: Rick Peterson, 786-7150.

Background: Some senior citizens and persons retired due to disability are entitled to property tax relief 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 for the care of either spouse received in the home or in a nursing home and payments for prescription drugs are deducted in determining disposable income.

Partial exemptions for senior citizens and persons retired due to disability are provided as follows:

- A. If the income is \$18,001 to \$28,000, all excess levies are exempted.
- B. 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 of assessed valuation (\$50,000 maximum) are exempted.
- C. If the income level is \$15,000 or less, all excess levies and regular levies on the greater of \$34,000 or 50 percent of assessed 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 assessed value of the residence on the later of January 1, 1995, or January 1 of the assessment year a person first qualifies for the program.

The exemption applies to the dwelling and the land on which it stands up to one acre.

Summary of Bill: The \$15,000 income threshold for the senior citizens and persons retired due to disability property tax relief program is raised to \$16,000. The \$18,000 income threshold for the senior citizens and persons retired due to disability property tax relief program is raised to \$19,000.

Appropriation: None.

Fiscal Note: Requested.

Effective Date: The act applies to taxes levied for collection in 1999 and thereafter.