

HOUSE BILL REPORT

HB 3167

As Reported By House Committee On:

Finance

Title: An act relating to providing a two hundred dollar credit against state property taxes for persons sixty-four years of age or older without shifting taxes.

Brief Description: Providing a two hundred dollar credit against state property taxes for persons sixty-four years of age or older.

Sponsors: Representatives Dunshee, Thomas, O'Brien, Pennington, Wood, McDonald, Edmonds, Pflug, Miloscia, B. Chandler, Anderson, Mulliken, Stensen, Esser, Hurst, Alexander, Haigh, Benson, Cody, Koster, Dickerson, Conway, Huff, Cooper, Parlette, Linville, Campbell, Keiser, Constantine, Ericksen, Romero, Talcott, Kastama, Lambert, Ogden, Ruderman, Barlean, Morris, Clements, Fortunato, Carrell, Carlson, Sump, Wensman, Dunn, Van Luven, Gombosky, Scott, Lantz, Edwards, Reardon, Skinner, G. Chandler, Ballasiotes, Radcliff, Grant, Mielke, Regala, Wolfe, Lovick, Veloria, Fisher, Rockefeller, Sullivan, Woods, Lisk, Hankins, D. Schmidt and Kessler.

Brief History:

Committee Activity:

Finance: 3/22/00 [DP].

Brief Summary of Bill

- Provides a tax credit equal to the state property tax, up to a maximum of \$200, on the homes of persons aged 65 and older.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 11 members: Representatives Dunshee, Democratic Co-Chair; Thomas, Republican Co-Chair; Cairnes, Republican Vice Chair; Reardon, Democratic Vice Chair; Carrell; Conway; Cox; Dickerson; Pennington; Van Luven and Veloria.

Minority Report: Without recommendation. Signed by 1 member: Representative Santos.

Staff: Rick Peterson (786-7150).

Background:

All real and personal property in this state is subject to property tax each year based on its value unless a specific exemption is provided by law.

The state imposes an annual property tax. The maximum tax rate is \$3.60 per thousand dollars of market value. The amount of the state property tax is also restricted by the property tax revenue limit. This limit requires the state to reduce its property tax rate as necessary to limit the total amount of property taxes to the highest property tax amount in the three most recent years plus inflation plus an amount equal to last year's tax rate multiplied by the value of new construction in the state. This limit has reduced the state's market value property tax rate to \$2.92 for taxes to be collected in 2000.

Assessed values are assigned in each county by the county assessor. The ratio of assessed value to market value varies from county to county, but on average is about 90 percent of market value. The state property tax rate is adjusted in each county so that the effective state tax rate is uniform across all counties. The average state tax rate applied to the local assessed value is \$3.27 per thousand of assessed value.

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 \$30,000 a year. Persons meeting these criteria are entitled to partial property tax exemptions and a valuation freeze.

Summary of Bill:

Persons aged 65 and over are provided a property tax credit equal to the state property tax on their owner occupied principal residences up to a maximum of \$200.

The credit first applies to property taxes levied for collection in 2001.

Appropriation: None.

Fiscal Note: Requested on March 22, 2000.

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

Testimony For: The bill has an effective date that will allow time to implement the program. The constitution allows tax relief for retired persons. The bill allows tax relief for those 65 and over but is not limited to those below a certain income level. Some homeowners over 65 may not be "retired". The Legislature might consider reviewing the constitutional provision allowing tax relief for retired persons.

Testimony Against: None.

Testified: Fred Saeger, Washington Association of County Officials.