FINAL BILL REPORT

ESSB 6533

PARTIAL VETO
C 333 L 98
Synopsis as Enacted

Brief Description: Providing property tax exemptions and deferrals for senior citizens and persons retired for reasons of physical disability.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Strannigan, Anderson, Long, Schow, Wood, Finkbeiner, Benton, Roach, West, Stevens, Winsley, Hale, Oke, Patterson and Heavey).

Senate Committee on Ways & Means
House Committee on Finance

Background: Senior citizens and persons who are retired from regular employment because of physical disability are eligible for property tax relief on their personal residences.

If the person is at least 60 years old or is retired from regular employment because of physical disability, and the person's disposable household income is $34,000 or less, the person is entitled to defer any property taxes and special benefit assessments imposed on the property. The deferral program generally applies to the residence and one acre of land but is increased to up to five acres of land if zoning requires this larger parcel size.

If the person is at least 62 years old or is retired from regular employment because of physical disability, and the person's disposable household income is $28,000 or less, the person is also entitled to a limit on the value of the residence and a partial property tax exemption. Application can be made in the year the person reaches the age of 61. The valuation limit and exemption apply to the residence and up to one acre of land on which it is situated.

The valuation of the residence is frozen at the assessed value of the residence on the later of January 1, 1995, or January 1 of the year the person first qualified for the program, but the valuation cannot exceed the market value on January 1 of the assessment year.

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

A. If the income level 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 are exempted 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 are exempted and regular levies on the greater of $34,000 or 50 percent of assessed valuation are exempted.

Qualification for the program is based on disposable household income. Disposable household income is the disposable income of the person claiming the exemption, the person's spouse, and any other person residing in the residence who has an ownership interest in the residence. Disposable income includes federal adjusted gross income plus the following if not already included: capital gains, deductions for loss, depreciation, pensions and annuities, military pay and benefits, veterans benefits, Social Security benefits, dividends, and interest income.

Excluded from disposable household income are payments for the treatment or care of either spouse in the home or in a nursing home and expenditures for prescription drugs. Also excluded from disposable household income are capital gains from the sale of a principal residence if the gains are not subject to federal income tax under the $250,000 exclusion for the sale of a principal residence, but only to the extent the money is reinvested in a new principal residence.

Summary: A deduction is authorized from disposable household income for health care insurance for either person and for veterans' benefits for disabilities related to military duty. The parcel size limit for the exemption program is increased from one acre up to five acres if zoning requires the larger size. In addition, the income levels for eligibility for the exemption program and the exemption amounts are increased as follows:

A. If the income level is $24,001 to $30,000, all excess levies are exempted.

B. If the income level is $18,001 to $24,000, all excess levies are exempted and regular levies on the greater of $40,000 or 35 percent of assessed valuation ($60,000 maximum) are exempted.

C. If the income level is $18,000 or less, all excess levies are exempted and regular levies on the greater of $50,000 or 60 percent of assessed valuation are exempted.

The act applies to taxes payable in 1999 and thereafter.

Votes on Final Passage:

Senate	48	0	
House	94	0	(House amended)
Senate	46	0	(Senate concurred)

Effective: June 11, 1998

Partial Veto Summary: The deductions for health care insurance and veterans' disability payments and the parcel size increase are vetoed.