

FINAL BILL REPORT

SHB 2569

C 275 L 06

Synopsis as Enacted

Brief Description: Lowering the interest rate for the property tax deferral program.

Sponsors: By House Committee on Finance (originally sponsored by Representatives Morrell, Roach, Campbell, Williams, Kilmer, Clibborn, Conway, Blake, Eickmeyer, Flannigan, Wallace, Roberts, Upthegrove, McCoy, McDonald, Green, Dickerson, Lantz and Springer).

House Committee on Finance

Senate Committee on Ways & Means

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 \$35,000 a year. Persons meeting these criteria are entitled to partial property tax exemptions and a valuation freeze. Eligible persons of age 60 with incomes less than \$40,000 may defer taxes.

Taxes that are deferred become a lien against the property and accrue interest at 8 percent per year. If deferred taxes are not repaid within three years after the claimant ceases to own and live in the residence, the lien will be foreclosed and the residence sold to recover the taxes.

Summary:

The interest rate on deferred property taxes is reduced to 5 percent. The Department of Revenue is required to study and report on the adequacy and appropriateness of the interest rate in accomplishing the intent of the property tax deferral program.

Votes on Final Passage:

House	95	1
Senate	49	0

Effective: June 7, 2006