

# SENATE BILL REPORT

## SHB 1509

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As Reported By Senate Committee On:  
Government Operations & Elections, March 30, 2005  
Ways & Means, April 18, 2005

**Title:** An act relating to a property tax exemption for widows or widowers of honorably discharged veterans.

**Brief Description:** Providing a property tax exemption to widows or widowers of members of the military.

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Green, Conway, Orcutt, Appleton, Morrell, O'Brien, Lovick, McCoy, Kilmer, Kessler, McDermott, Campbell, Simpson, Hunt, Chase, P. Sullivan, Sells, Kirby, Kenney, Linville and Kagi; by request of Governor Gregoire).

**Brief History:** Passed House: 3/10/05, 94-0.

**Committee Activity:** Government Operations & Elections: 3/24/05, 3/30/05 [DP-WM].  
Ways & Means: 4/18/05 [DPA, w/oRec].

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Berkey, Vice Chair; Roach, Ranking Minority Member; Benton, Fairley, Haugen, Kline, McCaslin, Mulliken and Pridemore.

**Staff:** Cindy Fazio (786-7405)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended.

Signed by Senators Prentice, Chair; Doumit, Vice Chair; Fraser, Vice Chair; Brandland, Fairley, Pridemore, Regala, Roach and Schoesler.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Zarelli, Ranking Minority Member; Hewitt, Parlette, Pflug and Thibaudeau.

**Staff:** Terry Wilson (786-7433)

**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.

Some senior citizens and persons retired, due to disability, are entitled to property tax relief on their principal 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

\$40,000 or less, the person is entitled to defer any property taxes and special benefit assessments imposed on the property. If the person is 61 years old in the year of application or retired from employment because of a disability and has a disposable household income of less than \$35,000 a year, the person is entitled to partial property tax exemptions and a valuation freeze.

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

- 1) If the income level is \$30,001 to \$35,000, all excess levies are exempted;
- 2) If the income level is \$25,001 to \$30,000, all excess levies are exempted and regular levies on the greater of \$50,000 or 35 percent of assessed valuation (\$70,000 maximum) are exempted; and
- 3) If the income level is \$25,000 or less, all excess levies are exempted and regular levies on the greater of \$60,000 or 60 percent of assessed valuation are exempted.

**Summary of Amended Bill:** A property tax exemption in the form of a grant is provide to certain widows and widowers of veterans based on the person's disposable household income. A program is created in the Department of Revenue to provide financial assistance for the payment of property taxes.

The widow or widower must be eligible for the senior citizen property tax exemption program. In addition, the widow or widower must be at least age 62 when they apply for assistance and must be a widow or widower of a veteran that: died as a result of a service-connected disability; was rated as 100 percent disabled for the 10 years prior to death; was a prisoner of war and rated as 100 percent disabled for at least one year prior to death; died while on active duty; or died in active military training status. The retired widow or widower cannot remarry.

The assistance is equal to regular and excess property taxes imposed on the difference between the value eligible for exemption under the senior citizen program and:

- 1) \$50,000 if the income level is \$35,001 to \$40,000;
- 2) \$75,000 if the income level is \$30,001 to \$35,000; and
- 3) \$100,000 if the income level is \$30,000 or less.

Claims must be filed with the department no later than thirty days before the tax is due. The department may waive this requirement for good cause shown.

Veterans are persons who were honorably discharged or discharged for physical reasons with an honorable record from the armed forces of the United States and served during periods of war or between World War I and World War II. Women's air force service pilots and certain merchant mariners are eligible.

This change first applies to property tax due for collection in 2006.

**Amended Bill Compared to Original Bill:** The original bill provided a property tax exemption according to the following schedule:

- 1) If the income level is \$40,001 to \$50,000, all taxes on \$100,000 of value are exempted;

- 2) If the income level is \$32,001 to \$40,000, all taxes on \$150,000 of value are exempted; and
- 3) If the income level is \$32,000 or less, all taxes on \$200,000 of value are exempted.

The original bill was based on the disposable income of the widow or widower rather than the widow or widowers disposable household income.

**Appropriation:** \$276,000.

**Fiscal Note:** Available. New fiscal note requested April 18, 2005.

**Committee/Commission/Task Force Created:** No.

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

**Testimony For (Government Operations & Elections):** This bill amends the property tax exemption statute but is a very narrow exemption. It is a governor's request bill. The bill has been in the works for almost ten years and has received wide support. What was happening was that after the surviving spouse's benefits had been reduced, then social security reduced it even further until there was nothing left at all.

**Testimony Against (Government Operations & Elections):** None.

**Who Testified (Government Operations & Elections):** PRO: Representative Green, prime sponsor; John Lee, Washington Disabled Veteran's Association; Lloyd Burroughs, Veteran's Legislative Coalition.

**Testimony For (Ways & Means):** This is a narrow bill that helps folks who have given all for their country. The bill has been in the works for 8 years. Only 306 widows benefit under this bill. There are 672,000 veterans in the state which rises to 3 million when you include family members. The surviving spouse's benefits are reduced as they get older.

**Testimony Against (Ways & Means):** We have done a recent study on exemptions. Many do not believe in exemptions at all. Sometimes they are justified but they should be handled with care. Once they are granted, you can never pulled them back.

**Other:** This opens the door to others and shifts costs to younger people. This is a new program and the administrative costs can be greater than the benefits given. While widows may deserve relief, this shifts costs to others and causes many rural taxing districts to lose money because they are at their maximum rate. A separate grant program that is run by an agency is better than a county run exemption.

**Who Testified (Ways & Means):** PRO: Representative Green, prime sponsor; Marty Brown, Governor's Office; Skip Dreps, Paralyzed Veterans of America; Dennis Primoli, Veterans Legislative Coalition/VAAA; Lloyd Burroughs, Veterans Legislative Coalition. OTHER: Diane Dorey, WA Assoc. of County Assessors; Patricia Costello, Thurston County Assessor; Michelle Hagen, WA Assoc. of County Officials.

CON: Virginia Mattson; League of Women Voters.