

SENATE BILL REPORT

SB 6338

As Passed Senate, February 9, 2006

Title: An act relating to property tax exemptions and deferrals for senior citizens and persons retired for reasons of disability.

Brief Description: Regarding the property tax exemption for seniors and for persons retired due to disability.

Sponsors: Senators Haugen, Oke, Berkey, Swecker, Eide, Mulliken, Spanel, Kline, Rasmussen, McAuliffe, Shin and Fairley.

Brief History:

Committee Activity: Ways & Means: 1/24/06, 1/30/06 [DP]

Passed Senate: 2/9/06, 46-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Doumit, Vice Chair, Operating Budget; Brandland, Pflug, Pridemore, Rasmussen, Roach, Schoesler and Thibaudeau.

Staff: Terry Wilson (786-7433)

Background: Persons are allowed to defer payment of their property taxes on their personal residence if they are 60 years of age or older or retired because of physical disability and their disposable income is \$40,000 or less. The deferral generally applies to taxes on one acre of land but is increased to up to five acres of land if zoning requires this larger parcel size.

In addition to the deferral, a person who is at least 61 years of age in the year of application, retired due to disability, or a veteran of the armed forces of the United States with 100 percent service connected disability is entitled to both a freeze on the value and a partial property tax exemption on the person's personal residence if disposable income is \$35,000 or less. The valuation limit and exemption apply to the residence and up to one acre of land on which it is situated.

Summary of Bill: The one-acre limitation on residential property eligible for the senior citizen property tax exemption program is increased to five acres of land if zoning requires this larger parcel size. The bill applies to taxes levied for collection in 2007 and thereafter.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Testimony For: Many senior citizens qualify for the program but have more than one acre which they cannot subdivide. These additional acres can have a very high value. The home itself may not be the most valuable part of the property. The one-acre limitation undermines the exemption in rural areas.

Testimony Other: Reference to land use regulations is a giant change in policy and may have unintended consequences.

Who Testified: PRO: Senator Mary Margaret Haugen, prime sponsor.

OTHER: Bruce Reeves, Senior Citizens' Lobby.