

SENATE BILL REPORT

HB 2375

As Reported by Senate Committee On:
Housing, February 16, 2024

Title: An act relating to including an accessory dwelling unit under property that qualifies for the senior citizens property tax exemption.

Brief Description: Including an accessory dwelling unit under property that qualifies for the senior citizens property tax exemption.

Sponsors: Representatives Goehner, Bateman, Orcutt, Simmons, Davis, Sandlin, Rude, Wilcox, Barkis, Schmidt, Steele, Barnard, Shavers, Christian, Reed, Tharinger and Caldier.

Brief History: Passed House: 2/13/24, 95-1.

Committee Activity: Housing: 2/16/24.

Brief Summary of Bill

- Allows one detached accessory dwelling unit on properties that qualify for the senior citizen and disabled persons property tax exemption.

SENATE COMMITTEE ON HOUSING

Staff: Samantha Doyle (786-7335)

Background: Property Tax—Regular Levies. All real and personal property is subject to a tax each year based on the highest and best use, unless a specific exemption is provided by law.

Senior Citizen and Disabled Persons Property Tax Exemption. Authorized by a constitutional amendment, qualifying senior citizens, persons retired due to disability, and qualifying veterans are entitled to a senior citizen and disabled person property tax exemption (SPTE) on their principal residence and up to one acre of land. Certain zoning or land-use regulations may allow additional acreage.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

To qualify for the SPTE, a person must be:

- at least 61 years old;
- at least 57 years old and the surviving spouse or domestic partner of a person who was an exemption participant at the time of their death;
- retired from employment because of disability;
- a disabled veteran with a service-connected evaluation of at least 80 percent; or
- receiving compensation from the United States Department of Veterans Affairs at the 100 percent rate for a service-connected disability.

The home must be owned and be the primary residence of the applicant. An applicant's combined disposable income must be under the county's income threshold to qualify. Eligible individuals may qualify for a partial property tax exemption and a valuation freeze.

Tax Preference Performance Statement. State law provides for a range of tax preferences that confer reduced tax liability upon a designated class of taxpayer. Tax preferences include tax exclusions, deductions, exemptions, preferential tax rates, deferrals, and credits. Legislation that establishes or expands a tax preference must include a Tax Preference Performance Statement (TPPS) that identifies the public policy objective of the preference, as well as specific metrics that the Joint Legislative Audit and Review Committee (JLARC) can use to evaluate the effectiveness of the preference. All new tax preferences automatically expire after ten years unless provided otherwise.

Summary of Bill: For property taxes levied for collection in 2025 and after, a qualifying primary residence may have one detached accessory dwelling unit (ADU) under the SPTE. An ADU is defined as a separate, autonomous residential dwelling unit that provides complete independent living facilities for one or more persons and includes permanent provisions for living, sleeping, eating, cooking, and sanitation.

The requirements for a TPPS and JLARC review do not apply to this act. This tax preference does not expire.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill applies to taxes levied for collection in 2025 and after.