

HOUSE BILL REPORT

SB 5848

*As Reported By House Committee on:
Judiciary*

Title: An act relating to the homestead exemption.

Brief Description: Increasing the homestead exemption.

Sponsor(s): Senator Rasmussen.

Brief History:

Reported by House Committee on:
Judiciary, April 5, 1991, DP.

**HOUSE COMMITTEE ON
JUDICIARY**

Majority Report: *Do pass.* Signed by 12 members:
Representatives Padden, Ranking Minority Member; Broback;
Forner; Hargrove; R. Meyers; Mielke; H. Myers; Scott;
D. Sommers; Tate; Vance; and Wineberry.

Minority Report: *Do not pass.* Signed by 6 members:
Representatives Appelwick, Chair; Ludwig, Vice Chair; Paris,
Assistant Ranking Minority Member; Belcher; Inslee; and
Riley.

Staff: Jeff Fishel (786-7191).

Background: The Homestead Act exempts a homestead from a judicially required sale for the debts of the owner except for statutory liens, mortgages, and community debts. A homestead includes a dwelling house, including a mobile home, and land on which the house sits or land on which the owner intends to build. If the land is sold, or the owner recovers insurance for the destruction of the property, the proceeds are covered by the exemption up to a year after receipt. The owner may exempt as homestead his or her equity in the property up to \$30,000.

In the past 20 years, the Legislature has raised the amount of the homestead exemption from \$6,000 to \$30,000.

Summary of Bill: The homestead exemption amount is increased to \$35,000.

Fiscal Note: Not requested.

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

Testimony For: None.

Testimony Against: The Legislature should complete the process of overhauling property exemptions for debtors by opting out of the exemptions under the federal bankruptcy act. Thirty-six states have opted out. The problem arises with a debtor who has no equity in his or her home and who is able to exempt luxury items and preferential transfers under the federal scheme. Raising the homestead exemption would make Washington's exemption almost twice that of Oregon's. The level is too high, especially in the rural areas.

Witnesses: Jeffrey A. Meehan, Washington Collectors Association and Southwest Washington Bankruptcy Trustees (opposed bill); and Robert Wiswall, Washington Collectors Association, Bankruptcy Trustee (opposed bill).