

HOUSE BILL REPORT

HB 1976

As Reported by House Committee On:

Finance

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 honorably discharged veterans.

Sponsors: Representatives Conway, Pettigrew, Talcott, Mielke, McCoy, Bush and Haigh.

Brief History:

Committee Activity:

Finance: 1/30/04, 2/10/04 [DPS].

Brief Summary of Substitute Bill

- Creates a new property tax relief program for retired widows or widowers of war time veterans.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives McIntire, Chair; Hunter, Vice Chair; Cairnes, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Ahern, Conway, Morris, Roach and Santos.

Staff: Rick Peterson (786-7150).

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. To qualify, a person must be 61 years old 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 \$30,000 a year. Persons

meeting these criteria are entitled to partial property tax exemptions and a valuation freeze.

Summary of Substitute Bill:

Retired widows or widowers of certain veterans are eligible for property tax relief on their principal residence according to the following schedule:

Income less than \$32,000 - Exempt from all property taxes on first \$200,000 of value;

Income between \$32,000 and \$40,000 - Exempt from all property taxes on first \$150,000 of value; or

Income between \$40,000 and \$50,000 - Exempt from all property taxes on first \$100,000 of value.

In addition, the assessed value of the residence of all eligible widows and widowers is frozen at the value on January 1, 2001, or the value when first eligible for the program.

An eligible person must be at least age 61 when they apply for relief 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; or died in active military training status.

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.

Eligible persons cannot remarry.

The procedures for application and calculation of income are the same as for the current senior citizen and persons retired due to disability property tax relief program.

This change first applies to property tax due for collection in 2005.

Substitute Bill Compared to Original Bill:

The substitute changes the first year of tax relief from 2004 to 2005.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed, except section 6 of this act which takes effect July 1, 2004.

Testimony For: This issue has been before the committee before. It is recommended by the Joint Committee on Veterans and Military Affairs. It has a minor fiscal impact because it applies to a small number of widows. The Dependency and Indemnity Compensation widows get \$900 a month. We are leaving the widows and widowers behind. It is time to pass the bill.

Testimony Against: None.

Persons Testifying: (In support) Jim Monk and Daniel Gogerty, Veterans Legislative Coalition.

Persons Signed In To Testify But Not Testifying: None.