

# FINAL BILL REPORT

## SSB 5186

---

---

### C 30 L 15 E 3

Synopsis as Enacted

**Brief Description:** Concerning property tax exemptions for service-connected disabled veterans and senior citizens.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Benton, Hasegawa, Sheldon and Keiser).

**Senate Committee on Ways & Means**  
**House Committee on Finance**

**Background:** All real and personal property 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 a property tax exemption for their principal residences. To qualify a person must be age 61 in the year of application; retired from employment because of a disability or 100 percent disabled due to military service; own the person's principal residence; and have a disposable income of less than \$35,000 per year. Persons meeting this criteria are entitled to partial property tax exemptions and a property valuation freeze.

Disposable income is defined as adjusted gross income, plus: capital gains; pension and annuity receipts; military pay and benefits other than attendant-care and medical-aid payments; veterans' benefits, other than attendant-care and medical-aid payments, disability compensation, and dependency and indemnity compensation; federal Social Security Act and railroad retirement benefits; dividend receipts; and interest received on state and municipal bonds, less amounts deducted for loss and depreciation.

Combined disposable income is defined as the disposable income of the person claiming the exemption, plus the disposable income of the person's spouse or domestic partner, and the disposable income of each cotenant occupying the residence, less amounts paid by the person claiming the exemption or the person's spouse or domestic partner during the assessment year for the following:

- prescription drugs;
- the treatment or care of either person received in the home or a facility; and
- health care insurance premiums for Medicare.

---

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

**Summary:** The combined disposable incomes, for senior citizens and persons retired due to disability, used to determine their qualifications for a property tax exemption are increased by \$5,000. They must have as follows:

- a combined disposable income of \$40,000 or less to be exempt from excess property taxes; and
- a combined disposable income between \$30,001 and \$35,000 to be exempt from all regular property taxes on the greater of \$50,000 or 35 percent of the valuation of the person's residence, not to exceed \$70,000 of the valuation of the person's residence; or
- a combined disposable income of \$30,000 or less is exempt from all regular property taxes on the greater of \$60,000 or 60 percent of the valuation of the person's residence.

The combined disposable income for a person entitled to defer property taxes is increased by \$5,000. The person's combined disposable income must be \$45,000 or less, and the person must be at least 60 years old or retired from regular employment because of physical disability.

The increases are exempt from the ten-year tax preference expiration date.

**Votes on Final Passage:**

Senate 49 0

Second Special Session

Senate 44 0

Third Special Session

Senate 44 0

House 97 1

**Effective:** October 9, 2015