

SENATE BILL REPORT

EHB 1106

As Reported by Senate Committee On:
Ways & Means, April 8, 2025

Title: An act relating to recognizing the tremendous sacrifices made by our military veterans by phasing down the disability rating requirements to ensure more disabled veterans are eligible for property tax relief.

Brief Description: Recognizing the tremendous sacrifices made by our military veterans by phasing down the disability rating requirements to ensure more disabled veterans are eligible for property tax relief.

Sponsors: Representatives Barnard, Leavitt, Eslick, Penner, Klicker, Richards, Shavers, Couture, McClintock, Callan, Marshall, Kloba, Nance and Simmons.

Brief History: Passed House: 3/12/25, 97-0.

Committee Activity: Ways & Means: 3/18/25, 4/08/25 [DPA, w/oRec].

Brief Summary of Amended Bill

- Reduces the combined service-connected evaluation rating percentage for disabled veterans from 80 percent to 40 percent in 2027 in order to qualify for the Senior Citizens Property Tax Exemption Program.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Robinson, Chair; Stanford, Vice Chair, Operating; Trudeau, Vice Chair, Capital; Frame, Vice Chair, Finance; Gildon, Ranking Member, Operating; Torres, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Dozier, Assistant Ranking Member, Capital; Boehnke, Braun, Cleveland, Conway, Dhingra, Hansen, Kauffman, Muzzall, Pedersen, Riccelli, Saldaña, Wagoner, Warnick, Wellman and Wilson, C..

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.

Minority Report: That it be referred without recommendation.

Signed by Senator Hasegawa.

Staff: Tianyi Lan (786-7432)

Background: The Senior Citizen Property Tax Exemption Program. The Senior Citizen Property Tax Exemption Program (SPTE) provides property tax relief for qualifying senior citizens, persons retired due to disability, and qualifying veterans. The home must be owned and be the primary residence of the applicant.

To qualify, veterans must be a veteran of the armed forces of the United States receiving compensation from the United States Department of Veterans Affairs at:

- combined service-connected evaluation rating of 80 percent or higher; or
- total disability rating for a service-connected disability without regard to evaluation percent.

The qualifying applicant receives a reduction in the amount of property taxes due and a valuation freeze. The amount of the reduction is based on the applicant's income, the value of the residence, and the local levy rates. To qualify for the SPTE, a person must meet various income, age, and ownership requirements. There are three levels of exemption depending on the applicant's combined disposable income. The income thresholds are as follows:

- income threshold one is the greater of \$30,000, the income threshold one for the previous year, or 50 percent of the county median household income;
- income threshold two is the greater of \$35,000, the income threshold two for the previous year, or 60 percent of the county median household income; and
- income threshold three is the greater of \$40,000, the income threshold three for the previous year, or 70 percent of the county median household income.

Income thresholds for the SPTE are adjusted every three years, beginning August 1, 2023. Income thresholds that are not adjusted based on changes in county median income will be adjusted by the Consumer Price Index for All Urban Consumers beginning with the August 1, 2023, adjustment, and every adjustment thereafter.

In addition to the SPTE, individuals who meet the requirements, except for the income and age requirements, are permitted to defer their property taxes if their combined disposable income is less than the deferral threshold and they are 60 years or older. The income threshold for the deferral program is the greater of 75 percent of the county median household income or \$45,000.

Tax Preference Performance Statement. State law provides 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 an alternative expiration date is provided or the tax preference is exempted from expiration.

Summary of Amended Bill: The bill reduces the combined service-connected evaluation rating percentage for disabled veterans from 80 percent to 40 percent in January 1, 2027, in order to qualify for the SPTE. For taxes levied for collection in calendar year 2027 and thereafter, the rating is 40 percent or higher.

The automatic ten-year expiration date, TPPS requirement, and the JLARC review do not apply to the bill.

EFFECT OF WAYS & MEANS COMMITTEE AMENDMENT(S):

- Reduces the combined service-connected evaluation rating percentage qualification requirement for disabled veterans from 80 percent to 40 percent in 2027, instead of phasing in over two years.

Appropriation: None.

Fiscal Note: Available.

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

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

Staff Summary of Public Testimony on Engrossed House Bill: *The committee recommended a different version of the bill than what was heard.* PRO: The aging population still warrants attention because of its consistent association with homelessness, which affects veterans disproportionately in the last four decades. The legislation provides additional financial relief and support to aging veterans. It has lasting impact in many years to come for the underserved communities, the senior veterans.

It costs little to give low-income disabled veterans tax breaks to keep them in their homes longer and to reduce future overcrowding in the state veteran homes.

Persons Testifying: PRO: Miguel De Jesus Padilla, VLC Member at Large; Allen Acosta, Military Order of the Purple Heart; Charles Wharton, AMVETS Legislative Director.

Persons Signed In To Testify But Not Testifying: No one.