

SENATE BILL REPORT

SB 5512

As of February 9, 1995

Title: An act relating to property tax relief for senior citizens and persons retired by reason of physical disability.

Brief Description: Providing property tax relief for senior citizens and persons retired by reason of physical disability.

Sponsors: Senators Haugen, McCaslin, Quigley, Swecker and Rasmussen.

Brief History:

Committee Activity: Ways & Means: 2/1/95.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7715)

Background: Some senior citizens and persons retired due to disability are entitled to property tax relief in the form of exemptions and deferrals of taxes on their principal residences. To qualify, a person must be 61 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 below specified levels.

To be eligible for an exemption, the disposable income of the applicant's household must fall below \$26,000 a year. To be eligible for a deferral of taxes, the disposable income of the applicant's household must fall below \$30,000 a year.

Disposable income is defined as the sum of federally defined adjusted gross income and the following, if not already included: Deductions for loss, depreciation, pensions and annuities, military pay and benefits, veterans benefits, Social Security and federal railroad retirement benefits, dividends, and interest income. Payments for the care of either spouse received in the home or in a nursing home are deducted in determining disposable income.

Summary of Bill: Disposable income does not include a one-time withdrawal from a pension or other retirement plan which does not represent continuing income payments.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: A senior citizen lost his exemption because he had to withdraw money from his IRA to pay for one-time medical expenses. To lose the senior citizen exemption because of this is not fair.

Testimony Against: None.

Testified: Senator Haugen, prime sponsor (pro).