
Finance Committee

HB 1486

Brief Description: *Providing senior citizen property tax relief.*

Sponsors: *Representatives Lambert, Campbell, Carrell, Marine and Mulliken.*

Brief Summary of Bill

Phases down state property tax on owner occupied principal residences of persons over age 64.

Hearing Date: *2/15/01*

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.

The state imposes an annual property tax. The maximum tax rate is \$3.60 per thousand dollars of market value. The amount of the state property tax is also restricted by the property tax revenue limit. This limit requires the state to reduce its property tax rate as necessary to limit the total amount of property taxes to the highest property tax amount in the three most recent years plus inflation plus an amount equal to last year's tax rate multiplied by the value of new construction in the state. This limit has reduced the state's market value property tax rate to \$2.74 for taxes to be collected in 2001.

Assessed values are assigned in each county by the county assessor. The ratio of assessed value to market value varies from county to county, but on average is about 90 percent of market value. The state property tax rate is adjusted in each county so that the effective state tax rate is uniform across all counties. The average state tax rate applied to the local assessed value is \$3.04 per thousand of assessed value.

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 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 Bill:

Persons over age 64 are allowed a credit against the state property tax on their owner occupied principal residences according the following schedule:

<i>AGE</i>	<i>Tax Credit</i>
<i>65</i>	<i>15% of the state property tax</i>
<i>66</i>	<i>20% of the state property tax</i>
<i>67</i>	<i>25% of the state property tax</i>
<i>68</i>	<i>30% of the state property tax</i>
<i>69</i>	<i>40% of the state property tax</i>
<i>70 and over</i>	<i>50% of the state property tax</i>

The procedures for application are the same as for the current senior citizen and persons retired due to disability property tax relief program. Tax relief is in addition to any relief available under the senior citizen and disabled persons property tax relief program.

Credits first apply to property taxes due for collection in 2002.

Appropriation: *None.*

Fiscal Note: *Requested on February 06, 2001.*

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