

# SENATE BILL REPORT

## SHB 2569

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As Reported By Senate Committee On:  
Ways & Means, February 22, 2006

**Title:** An act relating to the property tax deferral program.

**Brief Description:** Lowering the interest rate for the property tax deferral program.

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Morrell, Roach, Campbell, Williams, Kilmer, Clibborn, Conway, Blake, Eickmeyer, Flannigan, Wallace, Roberts, Upthegrove, McCoy, McDonald, Green, Dickerson, Lantz and Springer).

**Brief History:** Passed House: 2/03/06, 95-1.

**Committee Activity:** Ways & Means: 2/21/06, 2/22/06 [DP].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Prentice, Chair; Doumit, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Fairley, Kohl-Welles, Parlette, Pflug, Pridemore, Rasmussen, Regala, Rockefeller, Schoesler and Thibaudeau.

**Staff:** Terry Wilson (786-7433)

**Background:** A person who is at least 60 years of age or is retired from regular employment because of physical disability and whose disposable income is \$40,000 or less may defer payment of all property taxes and special benefit assessments imposed on the person's residence. An eligible person electing to defer taxes for any year must file a declaration to defer at least 30 days before the tax or assessment is due.

Amounts deferred may accumulate up to 80 percent of the homeowner's equity and become a lien on the property in favor of the state. If deferred taxes are not repaid within three years after the claimant ceases to own and live in the residence, the lien will be foreclosed and the residence sold to recover the taxes.

**Summary of Bill:** The interest rate on deferred property taxes is reduced to 5 percent. The Department of Revenue is required to study and report on the adequacy and appropriateness of the interest rate in accomplishing the intent of the property tax deferral program.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Testimony For:** The eight percent interest rate discourages people from using the program. This bill encourages long-term care at home. A variable interest rate was not used because it confuses senior citizens and is difficult for county assessors to administer.

**Testimony Against:** None.

**Who Testified:** PRO: Representative Morell, prime sponsor; Representative McIntire, House Finance Committee.