
Finance Committee

HB 1405

Brief Description: Excluding social security disability payments from the calculation of disposable income for the property tax exemption for senior citizens and persons retired by reason of disability.

Sponsors: Representatives Campbell, Flannigan, McCune, Dammeier, Darneille, Simpson and Moeller.

Brief Summary of Bill

- Excludes social security disability benefits from the income calculation for the senior citizens and persons retired due to disability property tax relief program.

Hearing Date: 2/10/09

Staff: Rick Peterson (786-7150)

Background:

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 disability, own his or her principal residence, and have a disposable income of less than \$35,000 a year. Persons meeting this criteria are entitled to partial property tax exemptions and a valuation freeze.

Disposable income is the sum of their federally-defined adjusted gross income and the following if not already included: capital gains, deductions for loss, depreciation, pensions and annuities, military pay and benefits, veterans' benefits except attendant-care, medical-aid payments, and disability compensation; Social Security and federal railroad retirement benefits, dividends, and interest income. Payments for the care of either spouse received in the home, a nursing home, boarding home, or adult family home, as well as payments for Medicare insurance premiums and prescription drugs are deducted in determining disposable income.

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Partial exemptions for senior citizens and persons retired due to disability are provided as follows:

- If the income level is \$30,001 to \$35,000, all excess levies are exempted.
- If the income level is \$25,001 to \$30,000, all excess levies and regular levies greater than \$50,000, or 35 percent of assessed valuation (\$70,000 maximum), are exempted.
- If the income level is \$25,000 or less, all excess levies and regular levies greater than \$60,000, or 60 percent of assessed valuation, are exempted.

In addition to the partial exemptions listed above, the valuation of the residence of an eligible senior citizen or disabled person is frozen at the assessed value of the residence on January 1 of the assessment year the person first qualifies for the program.

Summary of Bill:

Social security disability benefits are no longer included in the income calculation for the senior citizens and persons retired due to disability property tax relief program.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.