

# SENATE BILL REPORT

## HB 2457

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As Reported By Senate Committee On:  
Government Operations, February 23, 1996

**Title:** An act relating to the property taxation of senior citizens and persons retired because of physical disability.

**Brief Description:** Changing how valuation is determined for property taxation of senior citizens and persons retired because of physical disability.

**Sponsors:** Representatives Hatfield, Van Luven, Regala and Kessler.

**Brief History:**

**Committee Activity:** Government Operations: 2/20/96, 2/23/96 [DPA].

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS

**Majority Report:** Do pass as amended.

Signed by Senators Haugen, Chair; Sheldon, Vice Chair; Goings, Hale, Heavey and McCaslin.

**Staff:** Katie Healy (786-7403)

**Background:** Senior citizens and persons retired from regular employment because of physical disability are eligible for property tax relief on their personal residences. If the person is at least 62 years old or is retired from regular employment because of physical disability, and the person's disposable household income is \$28,000 or less, the person is entitled to a limit on the value of the residence and a partial property tax exemption. Application by a senior citizen can be made in the year the person reaches the age of 61. The valuation limit and exemption apply to the residence and up to one acre of land on which it is situated. Property tax relief is available for taxes payable in the year following the year of application, and thereafter.

The valuation of the residence is frozen at the market value of the residence (and up to one acre of land on which it is situated) on the later of January 1, 1995, or January 1 of the year the person first qualified for the program, but the valuation cannot exceed the market value on January 1 of the assessment year. Failure to qualify only for one year because of high income does not change this valuation upon requalification. The valuation does not transfer to a replacement residence. Subsequent improvements to the residence are added at market value. Any exemption to which the person is entitled is applied to this valuation.

There is desire to have the statute better reflect current practice.

**Summary of Amended Bill:** The property tax valuation for eligible senior citizens and persons retired due to disability is frozen based upon the assessed value, rather than the

market value, of the residence. The January 1 date for the valuation freeze is clarified as January 1 of the assessment year the person first qualified for the program.

The true and fair value of real property for taxation purposes is based on its most probable and reasonable use. A severability clause is added.

**Amended Bill Compared to Original Bill:** The striking amendment incorporates the basis for calculating the true and fair value of real property for taxation purposes. The most probable and most reasonable use of the real property is the basis.

A severability clause is added.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** If relief is not provided for senior citizens and disabled persons, where will they go? Veterans are affected by this bill. More families will be able to stay in their homes. This bill is a technical correction. The Constitution says that the state may provide relief to senior citizens. This legislation says that before the values are frozen, the value is not increased one more time.

**Testimony Against:** None.

**Testified:** Fred Saeger, WA Assn. of County Officials (pro); E. Kip Dreps, Veterans Legislative Coalition (pro).