

**SB 500 A STAFF MEASURE SUMMARY**

**Carrier:** Sen. Olsen, Sen. Manning  
Jr

**Senate Committee On Finance and Revenue**

---

**Action Date:** 03/07/19  
**Action:** Do pass with amendments. (Printed A-Eng.)  
**Vote:** 5-0-0-0  
**Yeas:** 5 - Bentz, Boquist, Hass, Riley, Taylor  
**Fiscal:** Has minimal fiscal impact  
**Revenue:** Revenue impact issued  
**Prepared By:** Jaime McGovern, Economist  
**Meeting Dates:** 2/20, 3/7

---

**WHAT THE MEASURE DOES:**

Increases the property tax exemption for veterans (and surviving spouses) with service related disabilities of at least 40 percent but less than 100% to \$45,000.

Increases the property tax exemption for veterans with service related disabilities of 100 percent to \$100,000.

Allows counties to create eligibility limits related to annual gross income for the latter group; if found not eligible, a taxpayer would be allowed the lesser exemption amount.

**ISSUES DISCUSSED:**

- The amended bill does not increase property tax exemptions for veterans with non-service related disabilities
- Original bill had higher exemptions and higher revenue impact amendment lowered both
- Other states have larger exemptions
- Possibility that revenue impact is larger if there are new applicants due to higher exemption levels
- There is some amount of the property tax exemption that will be shifted onto other tax payers

**EFFECT OF AMENDMENT:**

Eliminates increase in property tax exemptions for non-service related disabilities. Sets service related exemption for those veterans and spouses with at least 40% but less than 100% disability at \$45,000. Sets service related exemption for those veterans and spouses with 100% disability at \$100,000.

**BACKGROUND:**

This bill modifies a provision included in the current Tax Expenditure Report, item 2.109. Eligible veterans or their surviving spouses may file a claim for the exemption. Requirements include that the taxpayer must own and live on the property; surviving spouses are allowed the exemption unless they have remarried. The base exemption amounts are increased by three percent annually. For tax year 2017-18, the base exemption was \$21,386 and the service-connected exemption was \$25,665.