

SENATE REVENUE COMMITTEE

February 6, 2001 — 8:30 A.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Senator Ted Ferrioli, Chair

Senator Lee Beyer, Vice Chair (absent 8:34 a.m. to 8:58 a.m.)

Senator Susan Castillo

Senator Tony Corcoran

Senator Gary George

Senator John Minnis

Senator Charles Starr

Staff: Lizbeth Martin-Mahar, Economist, Legislative Revenue Office

Carol Phillips, Committee Assistant

Witnesses: Debra Buchanan, Department of Revenue

John Phillips, Department of Revenue

Shirley Leiper, Department of Revenue, Deferral Unit

TAPE 032, SIDE A

005 Chair Ferrioli Meeting called to order at 8:34 a.m.

014 Lizbeth Martin-Mahar Discussed SB 425. Referred to Exhibit 4: Elderly Rental Assistance (ERA) Program. This program makes payments to renters age 58 and older with household incomes less than \$10,000

per year and total household assets of less than \$25,000. The Department of Revenue administers the program. The Department of Revenue estimates that in 2001 there will be 6,650 claims for the Elderly Rental Assistance program, with an average payment of \$714.00.

OPENED PUBLIC HEARING ON SB 425

058 Debra Buchanan Gave some history on the ERA program. Legislation passed in 1997 limited elderly rental assistance claims to one per household. Persons sharing a household who otherwise qualify for the assistance payments could be prevented from filing a claim. This bill deletes the restriction and allows each person to file a claim based on the rent actually paid by that individual.

CLOSED PUBLIC HEARING ON SB 425

OPENED WORK SESSION ON SB 425

095 Sen. Starr MOTION:

MOVES SB 425 TO THE SENATE FLOOR
WITH A DO PASS RECOMMENDATION.

099 Sen. Minnis Stated that Sen. Corcoran had an interest in this bill because it promotes diversity. Wanted to make sure, for the record, that is being accomplished by passing this bill.

Comments, and questions and answers followed.

115 Chair Ferrioli ORDER:

HEARING NO OBJECTION, MOTION
PASSES: 6 — 0 — 1

SENATORS ABSENT: L. BEYER

Sen. Starr will carry the bill on the Senate Floor.

CLOSED WORK SESSION ON SB 425

122 Martin-Mahar Began overview of SB 469. Under current law, a senior taxpayer who wishes to defer his or her property taxes must submit an initial property tax application and an income verification form. Once they are determined eligible for the program, they need to notify the Department of Revenue only if their circumstances change, i.e. income rises above \$32,000, an applicant or spouse dies, the property is sold, an applicant moves, etc. If an applicant wants to defer a partial year, they notify the Department to that extent. Every two years the Department will survey the current participants to verify the current information has not changed. There is no revenue impact.

Questions and answers followed.

178 Chair Ferrioli Stated he is the sponsor of this bill on an issue that needed simplification. Discovered there are separate forms required for disabled citizens and seniors to apply for this program. It seemed that consolidation and simplifying the process would result in a better delivery of services to people. Additionally, there appears to be a lot of time spent by seniors, if their application is determined to be ineligible or inadequate, with the Department of Revenue. It seems that a simple telephone call could perhaps clarify matters. Because this bill seeks to streamline and cut down on paperwork, questions why the Department of Revenue estimated a need for five new full time employees and an additional cost of \$274,425 in the next biennium.

OPENED PUBLIC HEARING ON SB 469

228 John Phillips Stated the Department reads the bill as a streamlining bill, but thinks maybe the aim could be reached in a less expensive manner.

250 Shirley Leiper Stated there are presently 10,000 people on the program. Approximately 10% of new applicants are denied, 6% because of excess income when verified. 20% denied because they do not have clear title to the property. The Department

anticipates receiving approximately 3,000 new applications coming in this year (1,000 for senior and 2,000 for disabled programs).

Several questions and answers followed.

458 Chair Ferrioli Pointed out that during the 1999 session the Disabled Citizens' Property Tax Deferral program was added. A mechanism was needed to modify the form to make it usable for both seniors and disabled. The initial intent of this bill is to modify the forms to include the people added to the statute. Is surprised to see the cost increased when the intent was to add a class of applicant to make it less expensive to administer. Asked what changes could be made to cut the cost.

TAPE 033, SIDE A

034 Phillips Responded that although he was not involved in earlier discussions, he can understand Chair Ferrioli's concern about the increased cost.

048 Leiper Said that the present staff can accommodate the anticipated 2,000 additional applications. The extra staff would be needed to contact the expected 3,000 people who are anticipated to not return their forms.

057 Chair Ferrioli Stated that his understanding of the current requirement is only that people on the deferral program notify the Department if their maximum \$32,000 income is exceeded, or if they no longer reside in the property, or no longer own the property being tax deferred. However, the wording of this bill requires an annual reporting requirement, so in fact paperwork has been increased, and that was not his intent for the bill. Apologized to the committee members for bringing an unfinished product for discussion. Instead of streamlining and simplifying the process, the opposite has been done.

Questions and answers followed.

085 Chair Ferrioli Said that at this point the bill is a work in progress.

Further questions and answers followed.

169 Chair Ferrioli Said this bill needs further work before it comes to this committee.

CLOSED PUBLIC HEARING ON SB 469

185 Chair Ferrioli Adjourned the meeting at 9:15 a.m.

Submitted by, Reviewed by,

Carol Phillips Kim Taylor James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. SB 425, Martin-Mahar, Staff Measure Summary, 1 pp.
2. SB 425, Martin-Mahar, Fiscal Impact Statement, 1 pp.
3. SB 425, Martin-Mahar, Revenue Impact Statement, 1 pp.
4. SB 425, Martin-Mahar, Elderly Rental Assistance Program, 8 pp.
5. SB 425, Buchanan, SB 425 Summary, 1 pp.
6. SB 469, Martin-Mahar, Staff Measure Summary, 1 pp.
7. SB 469, Martin-Mahar, Revenue Impact Statement, 1 pp.
8. SB 469, Martin-Mahar, Fiscal Impact Statement, 1 pp.
9. SB 469, Leiper, Senior Citizens' Property Tax Deferral Application, 9 pp.
10. SB 469, Leiper, Senior Citizens' Property Tax Deferral brochure, 3 pp.
11. SB 469, Leiper, Disabled Citizens' Property Tax Deferral brochure, 4 pp.