

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Low-Income/Senior Exemption Programs
DEPARTMENT: Finance
PRESENTED BY: Finance Director, Debbie Tarry

PROBLEM/ISSUE STATEMENT:

The City Council requested a briefing on the low-income/senior exemption programs available through the City, County, and local utilities.

DISCUSSION

Property Taxes

State law governs exemptions or deferrals of property taxes for qualified senior citizens or persons with disabilities. Programs currently available are described below.

Senior Citizens/Disabled Exemption

If you are a senior citizen or disabled you can qualify for a property tax exemption if:

- If your total annual disposable household income is \$35,000 or less and you own and occupy a house, mobile home, condo or co-op, and one of the following is true you qualify to be exempt from all excess property tax levies:
 - you are 61 years of age or older or
 - you are retired because of physical disability or
 - you are a veteran with 100% service-connected disability or
 - you are a widow or widower at least 57 years of age whose spouse or state registered domestic partner had an exemption at the time of death

Excess levies are voter approved levies that are not part of a "regular" levy. Examples include a school district's maintenance and operations levy and voter-approved capital levies, such as the City's Park Bond.

- If a person who otherwise qualifies under this section and has a combined disposable income of \$35,000 or less but greater than \$25,000 is exempt from all regular property taxes on the greater of \$50,000 or 35% of the valuation of his or her residence, but not to exceed \$70,000 of the valuation of his or her residence; or
- A person who otherwise qualifies under this section and has a combined disposable income of \$25,000 or less is exempt from all regular property taxes on the greater of \$60,000 or 60% of the valuation of his or her residence.

Senior Citizen/Disabled Deferral

If you are a senior citizen or disabled you may qualify for a deferral if:

- Your household disposable income is \$40,000 or less and one of the following is true:
 - you are at least 60 years old when you file or
 - you are retired because of a disability

Deferred taxes become a lien against the property and must be settled when the property is sold.

Limited Income Deferral

A program exists that allows property owners to defer 50 percent of their property taxes and/or special assessments regardless of age. To qualify the property owner must have owned their property for five years and their household disposable income must be \$57,000 or less. The first half taxes, due April 30th, must be paid before applying for the deferral of the second installment due October 31st. The rate of interest for the deferrals is based on an average of the federal short-term rate, plus 2 percent. The application deadline is September 1 of each year. The accumulative deferred taxes cannot exceed 40% of the property owner's equity. The deferred taxes, plus accumulated interest, become a lien on the property and must be repaid when property ownership is transferred.

City Tax Exemption/Discount Programs

Surface Water Utility Fee Exemption

The City exempts any home owned and occupied by a low-income senior citizen from the City's surface water utility fee who qualifies for property tax exemptions described earlier in this report. The current utility fee is \$130 annually for a single family home. There are currently approximately 900 households that qualify for this exemption, which equates to approximately \$117,000 in exempt surface water fees.

Natural Gas and Solid Waste (Garbage) Utility Tax Exemptions

The City provides for an exemption from the City's six percent utility tax on natural gas and garbage for low-income individuals. Even though this requires additional administrative procedures on behalf of the utility providers, both Puget Sound Energy and Cleanscapes, and formerly Waste Management, agreed to participate in this program. Individuals reside in the home, and if they have qualified for the Seattle City Light (SCL) low-income program, they qualify for the City's utility tax exemption program. This reduces the amount of additional paperwork that an applicant must complete and reduces the administrative overhead for City staff, as we can verify if an applicant has qualified for the SCL low-income rate by reviewing their SCL utility bill. Assuming an average residential bill for garbage is \$34 and for natural gas is \$80, the exemption amounts to \$6.84 per month per household. The City currently has approximately 200 households that participate in this program.

Park and Recreation Scholarships

The City currently budgets \$45,000 annually to be used to fund scholarships for low-income park and recreation participants. The City has fully utilized these scholarship monies over the last few years.

Utility Assistance Programs

Seattle City Light and Seattle Public Utilities

Qualifying customers of Seattle City Light (SCL) and Seattle Public Utilities (SPU - water) can save 50% on electric and water bills. Customers living in federally-funded public housing and Section 8 housing are not eligible. The following qualify for the 50% discount:

- **Seniors and persons with disabilities** - A senior citizen or a person with disabilities with household income at or below 70% of the state median. ,
- **Low-Income** – Customers with household income at or below 70% of state's median.

Ronald Wastewater

Qualifying senior citizens (62 years of age or older) and persons with disabilities receive reduced rates from Ronald Wastewater district. Individuals must have gross income of less than \$29,500 and two person households must have gross income less than \$33,700. The qualifying income levels correspond with the limits by HUD for "very-low income" for the Seattle area.

Shoreline Water District

The Shoreline Water District provides low-income discount for those households that have income within the "very-low income" limits set by HUD for the Seattle area. The discount is \$10 off of the base water rate.

City of Shoreline


The City of Shoreline provides \$25,000 in annual funding to Hopelink for utility assistance for low-income individuals.

FINANCIAL IMPACT:

The current surface water exemption program amounts to approximately \$117,000 in annual surface water fees. The City's utility tax exemption program amounts to an estimated \$16,000. The City contributes \$25,000 annually to Hopelink to provide utility assistance for low-income individuals.

RECOMMENDATION

This agenda item is provided at the request of the City Council. The City Council should discuss if they would like to pursue any additional senior citizen or low-income discount programs.

Approved By: City Manager  City Attorney _____

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