

HOUSE BILL REPORT

HB 1414

*As Reported By House Committee on:
Housing*

Title: An act relating to property tax exemptions for first-time homebuyers.

Brief Description: Exempting certain first-time homebuyers from property taxation for three years.

Sponsor(s): Representatives Wineberry, Winsley, Leonard, Ballard, Franklin, Mitchell, Ogden, Locke, Ludwig, Scott, Cooper, Rasmussen, Bowman, Cantwell, Tate, Van Luven, Cole, Forner, Jones, Ferguson, Mielke, Riley, Roland, O'Brien, R. Fisher, H. Sommers, G. Fisher, Edmondson, D. Sommers, Paris and Miller.

Brief History:

Reported by House Committee on:
Housing, February 8, 1991, DPS.

**HOUSE COMMITTEE ON
HOUSING**

Majority Report: *That Substitute House Bill No. 1414 be substituted therefor, and the substitute bill do pass.*
Signed by 8 members: Representatives Nelson, Chair; Franklin, Vice Chair; Mitchell, Ranking Minority Member; Winsley, Assistant Ranking Minority Member; Ballard; Leonard; Ogden; and Wineberry.

Staff: Kenny Pittman (786-7392).

Background: A proposed amendment to the Washington Constitution, HJR 4210, would allow the Department of Revenue to provide a property tax exemption for qualified first-time homebuyers. The exemption would be for a period of three assessment years after the purchase of the residence by the qualified first-time homebuyer.

Summary of Substitute Bill: The Department of Revenue is directed to provide an exemption of any obligation to pay a pro-rated portion of the amount of excess and regular property taxes for the year the exemption is claimed and for a period of three assessment years after the purchase of a residence by a qualified first-time homebuyer.

To qualify for the property tax exemption the property and homebuyer must meet the following requirements:

- 1) The property tax must be imposed on a residence that is owned and occupied as the principal residence of the person claiming the exemption. Residence is defined as a single-family dwelling unit whether such unit be separate or part of a multifamily dwelling, including the land not to exceed one acre;
- 2) The purchaser or purchasers could not have had an ownership interest in their principal place of residence for a three-year period prior to claiming the exemption;
- 3) The purchase price of the residence cannot exceed 90 percent of the average purchase price of single-family residences, as determined by the Department of Community Development, in the area where the residence is located. The average purchase price is based on the most recent twelve-month period prior to the purchase of the residence; and
- 4) The income of the purchaser must be at or below 115 percent of the median family income, as determined by the Department of Community Development, based on household size, for the county where the property is located.

The request for the exemption must be filed with the County Assessor's Office within 60 days of purchase of the residence. The county assessor must determine the purchaser's eligibility for the exemption. The purchaser is given rights to appeal the assessor's determination to the county board of equalization within 30 days of notification.

The Department of Revenue shall adopt rules and regulations to implement and administer the first-time homebuyer property tax exemption program, including audits of the local administration of the program, claims for the exemption, and providing for penalties for false claims for exemptions.

Substitute Bill Compared to Original Bill: The original bill had the exemption for a three-year period. The Department of Community Development is required to provide information on the maximum purchase price of the residence and maximum income limits of the purchaser. The substitute bill adds procedures to obtain the exemption, appeal rights of the claimant, and penalties for false statements.

Fiscal Note: Requested January 28, 1991.

Effective Date of Substitute Bill: After approval by the voters at the November 1991 general election.

Testimony For: None.

Testimony Against: None.

Witnesses: None.