# FINAL BILL REPORT

# SHB 2639

*C 213 L 92*
*Synopsis As Enacted*

**Brief Description:** Modifying the nonprofit homes for the aging property tax exemption.

By House Committee on Revenue (originally sponsored by Representatives Wang, Hine, Brumsickle, Horn, Heavey, Van Luven, Appelwick, Silver, Day, Padden, Sheldon, Franklin, Ogden, G. Fisher, Pruitt, Dellwo, Nelson, Haugen, Rasmussen, Spanel and Winsley).

House Committee on Revenue
Senate Committee on Ways & Means

***Background:*** In 1989, the Legislature changed the property tax exemption for nonprofit homes for the aging. Under the 1989 law, most homes for the aging remained completely exempt from property tax. Some became partially taxable. Homes for the aging subsidized under a Federal Housing and Urban Development program remained completely exempt. Those homes with at least 50 percent of the occupied dwelling units occupied by households with incomes below $18,000 also remained completely exempt.

A partial property tax exemption is available for the homes that do not qualify for a full exemption. The percent of the property that is exempt is equal to twice the percentage of dwelling units occupied by persons with incomes below $18,000.

Of 126 homes applying for exemption for 1992 taxes, 78 are fully exempt as HUD facilities and 23 others are fully exempt because they had over 50 percent of the residents with incomes below $18,000. The remaining 25 are partially exempt. The exemption amount for this group ranges from 18 percent to 87.5 percent with an average of 53 percent.

In 1991, the Legislature increased the income thresholds for the senior citizen homeowner property tax exemption program. The top income threshold, for special levy relief, was increased from $18,000 to $26,000. The second threshold, where senior homeowners first become eligible for regular levy relief, was increased from $14,000 to $18,000.

The 1991 legislation also changed the tie-in between the nonprofit homes for the aging exemption and the senior homeowner exemption program. Rather than being tied to the top income threshold, the formula for the homes for the aging exemption now is tied to the second income threshold, the income threshold where senior homeowners first become eligible for regular property tax relief. This left the income threshold used in the homes for the aging exemption formula unchanged at $18,000.

***Summary:*** The income threshold for determining the nonprofit homes for the aging property tax exemption is increased to $22,000.

For-profit homes for the aging that convert to nonprofit status must wait five years before receiving a property tax exemption. The exemption is then phased in equally over the following five years.

The Department of Revenue is required to conduct a study of the property tax exemption for nonprofit homes for the aging. The study shall be conducted with the assistance of a study committee composed of residents and managers of nonprofit homes for the aging, representatives of senior citizen advocacy organizations not associated with nonprofit homes for the aging, the county assessors, city officials, and county officials.

***Votes on Final Passage:***

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| House | 92 | 1 |
| Senate | 47 | 0 |

***Effective:*** June 11, 1992