

# HOUSE BILL REPORT

## HB 2073

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As Reported By House Committee On:  
Revenue

**Title:** An act relating to the eligibility of nonprofit homes for the aging for exemption from property taxation.

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

**Sponsors:** Representative Wang.

**Brief History:**

Reported by House Committee on:  
Revenue, March 8, 1993, DP.

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### HOUSE COMMITTEE ON REVENUE

**Majority Report:** Do pass. Signed by 13 members: Representatives G. Fisher, Chair; Holm, Vice Chair; Foreman, Ranking Minority Member; Anderson; Brown; Cothorn; Leonard; Morris; Romero; Rust; Talcott; Thibaudeau; and Wang.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Fuhrman, Assistant Ranking Minority Member; Silver; and Van Luven.

**Staff:** Rick Peterson (786-7150).

**Background:** Nonprofit homes for the aging are residential housing facilities for persons at least 62 years of age. These nonprofit homes are eligible for a property tax exemption. Some nonprofit homes for the aging receive a full exemption and others receive a partial exemption. The exemption amount is determined by a two part formula.

The first part of the formula fully exempts nonprofit homes for the aging that are subsidized under a Federal Housing and Urban Development program (HUD). It also fully exempts nonprofit homes with at least 50 percent of the occupied dwelling units occupied by households with incomes below \$22,000 in disposable income.

The second part of the formula provides a partial property tax exemption 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 that are below \$22,000.

There are 147 nonprofit homes for the aging in Washington. Of these homes, 93 are fully exempted as HUD facilities and 31 others are fully exempt because they have 50 percent of the residents with incomes below \$22,000. The remaining 25 are partially exempt. The exemption amount for this group ranges from 25 percent to 96 percent with an average of 63 percent.

SHB 2639 (1992 Session) directed the Department of Revenue to conduct a study of the property tax exemption for nonprofit homes for the aging. The study was 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.

The study committee made the following recommendations:

The \$22,000 income threshold should be increased to the greater of \$22,000 or 80 percent of county median income adjusted for family size.

Nonprofit homes for the aging should be completely exempt from tax if the home is a Federal Housing and Urban Development subsidized home under current law, or if the home is financed with tax-exempt bonds requiring low income set asides, or if 50 percent of the home's residents are below the income threshold under current law.

Only the proportion of residents with incomes below the income threshold rather than twice the proportion of residents with incomes below the income threshold should be used when determining the partial exemption amount.

Housing units in which residents receive significant assistance with the activities of daily living should be exempt.

The personal property of a nonprofit home for the aging should be exempt from property tax.

Any increase in assessed value due to these recommendations should be phased-in over three years.

**Summary of Bill:** The study committee recommendations are implemented. Nonprofit homes for the aging financed with

tax-exempt bonds requiring low income set asides are exempt from property tax.

The \$22,000 income threshold is increased to the greater of \$22,000 or 80 percent of county median income adjusted for family size.

The bill retains the current law feature that provides complete exemption for homes where 50 percent or more of the residents have incomes below the income threshold.

Only the proportion of residents with incomes below the income threshold rather than twice the proportion of residents with incomes below the income threshold is used when determining the partial exemption amount.

Housing units in which residents receive significant assistance with the activities of daily living are exempt.

The personal property of a nonprofit home for the aging is exempt from property tax.

Any increase in assessed value due to changes in the exemption amount by this bill are phased-in over three years.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This bill, the result of extensive negotiations between state and local government and the private sector, supports the social policies of the state. This bill offers incentive for the private sector to provide housing for low-income seniors. Components of the bill are consistent with the components the homes will use to measure social accountability.

**Testimony Against:** None.

**Witnesses:** Karen Tynes, Washington Association of Homes for the Aging (WAHA) (supports total exemption; but, in lieu of that, WAHA supports the bill). Will Rice, Department of Revenue; John Veblen, Hearthstone resident; Jack Sage, American Association of Retired Persons; Ben Gassaway, Washington Association of County Officials; and Bernie Main, City of Lacey (all in favor).