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HOUSE BILL 1287

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State of Washington

55th Legislature

1997 Regular Session

By Representatives Radcliff, Pennington, Morris, O'Brien, Costa, Linville, Mitchell, Van Luven, Wood, Scott, Mason, Conway and D. Schmidt

Read first time 01/21/97. Referred to Committee on Finance.

1 AN ACT Relating to exemption of state regular property taxes for  
2 low-income multifamily housing; adding a new chapter to Title 84 RCW;  
3 and prescribing penalties.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that rental housing  
6 provides the overwhelming source of housing for very low-income  
7 households throughout the state of Washington. The legislature further  
8 finds that as the assessed value of multifamily residential property  
9 continues to rise that the amount paid in property taxes increases.  
10 The legislature further finds that increases in property taxes are  
11 being passed on to those households in the form of higher rents. The  
12 legislature further finds that these increases cause many households to  
13 be displaced or reduce the amount of affordable housing that is  
14 available to them. It is the intent of the legislature to reduce the  
15 impact of increases in property values by providing a state property  
16 tax exemption to those property owners that pass on the savings to  
17 qualified households.

1        NEW SECTION.    **Sec. 2.**    The definitions in this section apply

2 throughout this chapter unless the context clearly requires otherwise.

3        (1) "Applicant" means a nonprofit organization, nonprofit  
4 association, nonprofit corporation, or landlord that makes application  
5 for the state property tax exemption under this chapter.

6        (2) "Landlord" has the same meaning as in RCW 59.18.030.

7        (3) "Multi-unit housing" means a building having four or more  
8 dwelling units.

9        (4) "Occupied dwelling unit" means a living unit that is occupied  
10 on January 1st of the year in which the claim for exemption is  
11 submitted.

12        (5) "Qualified household" means a single person, family, or  
13 unrelated persons living together whose income is at or below forty  
14 percent of the median income adjusted for family size as most recently  
15 determined by the federal department of housing and urban development  
16 for the county in which the rental housing is located and in effect as  
17 of January 1st of the year the application for exemption is submitted.

18        (6) "Rental housing" means residential housing that is subject to  
19 the provisions of chapter 59.18 RCW and occupied by a qualified  
20 household.

21        NEW SECTION.    **Sec. 3.**    (1) The real property owned or used by a

22 nonprofit organization, nonprofit association, nonprofit corporation,  
23 or landlord to provide rental housing to qualified households is exempt  
24 from state regular property taxes levied under RCW 84.52.043(1)(a) that  
25 are due and payable in the year following the year in which a claim is  
26 filed, and thereafter, if:

27        (a) Except as provided in subsection (2) of this section, at least  
28 fifty percent of the occupied dwelling units in the multi-unit rental  
29 housing are occupied by qualified households; and

30        (b) The monthly rent, including utilities, for the individual  
31 dwelling unit occupied by a qualified household within the multi-unit  
32 rental housing does not exceed forty percent of the qualified  
33 household's income.

34        (2) If less than fifty percent of the dwelling units are occupied  
35 by qualified households, the rental housing used to provide housing for  
36 qualified households is eligible for a partial exemption on state real  
37 property taxes as follows:

1 (a) The partial exemption shall be allowed for each dwelling unit  
2 in the multi-unit rental housing occupied by qualified households.

3 (b) The amount of exemption shall be calculated by multiplying the  
4 assessed value of the property reasonably necessary to provide the  
5 rental housing by a fraction. The numerator of the fraction is the  
6 number of dwelling units occupied by qualified households as of January  
7 1st of the year for which the exemption is claimed. The denominator of  
8 the fraction is the total number of occupied dwelling units as of  
9 January 1st of the year for which exemption is claimed.

10 NEW SECTION. **Sec. 4.** (1) An applicant may file a claim for  
11 exemption under section 3 of this act at any time during the year for  
12 exemption from taxes payable the following year and thereafter with the  
13 county assessor and solely upon forms as prescribed and furnished by  
14 the department. However, an exemption from tax under section 3 of this  
15 act may continue for no more than two years unless a renewal  
16 application is filed as provided in subsection (3) of this section.  
17 Renewal applications shall be on forms prescribed and furnished by the  
18 department.

19 (2) An applicant granted an exemption under section 3 of this act  
20 shall inform the county assessor of any change in the number of  
21 dwelling units that are occupied by qualified households on forms  
22 prescribed and furnished by the department.

23 (3) Each applicant exempt from taxes under section 3 of this act  
24 shall file with the county assessor a renewal application by December  
25 31st of the year the county assessor notifies the applicant of the  
26 requirement to file a renewal application.

27 (4) If the county assessor finds that an applicant does not meet  
28 the requirements of section 3 of this act, the claim for an exemption  
29 under this chapter shall be denied but the denial shall be subject to  
30 appeal under chapter 84.48 RCW. If the applicant has received an  
31 exemption in prior years based on erroneous information, the taxes  
32 shall be collected subject to penalties as provided in RCW 84.40.130  
33 for a period of not to exceed ten years.

34 (5) The department and each county assessor is required to  
35 publicize the qualifications and manner of making application for the  
36 tax exemption under this chapter through communications media,  
37 including such paid advertisements or notices as it deems appropriate.  
38 Notice of the qualifications, methods of making applications, and the

1 penalties for not reporting a change in the status of occupied dwelling  
2 units shall be included on or with property tax statements and  
3 revaluations notices for all residential property, except single-family  
4 residential property.

5 NEW SECTION. **Sec. 5.** (1) All claims for the tax exemption shall  
6 be made and signed by an authorized representative or agent of the  
7 nonprofit organization, nonprofit association, nonprofit corporation,  
8 or landlord that is entitled to the tax exemption.

9 (2) All claims for exemption and renewal applications shall be  
10 accompanied by such documented verification of the rent and income of  
11 the qualified households as are prescribed by the department by rule.

12 (3) Any applicant making a false claim with the intent to defraud  
13 or evade the payment of any tax is guilty of perjury.

14 NEW SECTION. **Sec. 6.** (1) The director of revenue shall adopt such  
15 rules and prescribe such forms as may be necessary and appropriate for  
16 implementation and administration of this chapter, subject to chapter  
17 34.05 RCW.

18 (2) The department may conduct such audits of the administration of  
19 this chapter and the claims for exemption filed as it considers  
20 necessary. The powers of the department under chapter 84.08 RCW apply  
21 to these audits.

22 (3) Any information or facts concerning confidential income data of  
23 the qualified households obtained by the county assessor or the  
24 department, or its agents or employees, under subsection (2) of this  
25 section shall be used only to administer this chapter. The  
26 confidential income data on qualified households shall not be disclosed  
27 by the county assessor or the county assessor's agents or employees to  
28 anyone other than the department or the department's agents or  
29 employees nor by the department or the department's agents or employees  
30 to anyone other than the county assessor or the county assessor's  
31 agents or employees except in a judicial proceeding pertaining to the  
32 applicant's entitlement to the tax exemption under this chapter. A  
33 violation of this subsection is a misdemeanor.

1        NEW SECTION.   **Sec. 7.**   Sections 1 through 6 of this act constitute  
2   a new chapter in Title 84 RCW.

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