

HOUSE BILL REPORT

HB 2109

As Reported By House Committee On:
Economic Development, Housing & Trade
Finance

Title: An act relating to authorizing tax, levy, and execution exemptions for properties of Indian housing authorities designated for low-income housing program uses.

Brief Description: Authorizing tax, levy, and execution exemptions for properties of Indian housing authorities for low-income housing programs.

Sponsors: Representatives Van Luven, Thomas, Dunshee, Pennington, Dunn, Cairnes, Veloria, Buck, G. Chandler and Haigh.

Brief History:

Committee Activity:

Economic Development, Housing & Trade: 2/23/99, 2/26/99 [DPS];
Finance: 3/4/99, 3/8/99 [DP2S(w/o sub EDHT)].

Brief Summary of Substitute Bill

- Exempts from taxes that property of a tribal government, tribal housing authority, or inter-tribal housing authority that has been designated for use in tribal low-income housing.
- Permits the tribal government, tribal housing authority, or inter-tribal housing authority to reimburse the local government for services provided.
- Exempts, generally, the real property of a tribal government from executions sales and liens.

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT, HOUSING & TRADE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Van Luven, Republican Co-Chair; Veloria, Democratic Co-Chair; Dunn, Republican Vice Chair; Ballasiotes; Gombosky; Miloscia; Morris; Radcliff; Skinner; D. Sommers and Wolfe.

Staff: Jean Ann Quinn (786-7310).

Background:

Property in the state is subject to the property tax each year based on the property's value, unless specifically exempted by law. Property owned by the United States, the state, its counties, school districts, and other municipal corporations, is exempt from tax by the state constitution, as is land held in trust by the United States for Indian tribes. The state constitution also permits the Legislature to exempt other property from taxation.

The Legislature has exempted the property of housing authorities from state and local taxes and special assessments. A housing authority may, however, agree to reimburse a governing authority for improvements, services, and facilities furnished by the authority for the benefit of the housing authority. The payments may not exceed the amount of the property tax that had been levied on the property prior to its acquisition by the housing authority. The real property of a housing authority is exempt from levy of execution and, generally, no lien can be placed upon its real property.

The federal Native American Housing Assistance and Self-Determination Act of 1996 provides grants on behalf of Indian tribes to carry out affordable housing activities. In addition to other grant eligibility requirements, the affordable housing assisted with the grant moneys must be exempt from all real and personal property taxes imposed by a state, tribe, or local government and the tribe must pay user fees to compensate the local governing body for the cost of providing government services, such as police and fire protection, roads, and water, sewerage, and utilities systems, unless the local governing body agrees to waive the user fees or payments in lieu of taxes. A grant recipient that does not meet this tax exempt requirement can still be eligible for a grant under the act, but only if the local governing body in which the affordable housing development is located contributes, in the form of cash or tax remission, the amount by which the taxes paid with respect to the development exceed the user fees.

Summary of Substitute Bill:

Tribal governments, tribal housing authorities, and inter-tribal housing authorities and their property, including real property held in fee within an Indian reservation or Indian housing service area which has been expressly designated for use in tribal low-income housing and personal property used in the operation and administration of tribal housing programs, are exempt from all taxes and special assessments. However, if improvements, services, or facilities are furnished by a city, county, or other political subdivision for the benefit of a tribal housing project, the tribal government or housing authority may agree to reimburse the governing authority for its fair share of the costs of the services. Reimbursements cannot exceed the amount

of tax imposed upon the property prior to its acquisition by the tribal government or authority or payments made by other low-income users for the same services.

The real property of a tribal government or tribal housing authority is exempt from levy of execution and, generally, no lien can be placed upon its real property. This does not limit the right of a creditor to enforce the terms of a mortgage of the right of a creditor to pursue remedies to enforce a pledge or lien given to it by the tribal government or tribal housing authority on its rents, fees, or revenues.

Substitute Bill Compared to Original Bill: The substitute bill clarifies that the tribal property exempted from tax is that real property which has been expressly designated for use in tribal low-income housing and personal property used in the administration of tribal housing programs. The substitute bill also deletes the language declaring this property "public property used for essential public and governmental purposes." The substitute bill specifies that a tribal housing authority means a tribal government or branch of tribal government administering housing programs for low-income persons, and states that the intent of the bill is to enable tribes to qualify for funds including, but not limited to, funds provided under the Native American Housing Assistance and Self Determination Act.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Property in the state is subject to property tax unless specifically exempted by law. This bill gives to tribes and tribal housing authorities no more and no less than what has already been granted to other housing authorities in the state.

It is not a jobs issue or a labor issue. It is about supporting housing for low-income individuals and supporting the tribes.

Testimony Against: None.

Testified: Bennie Armstrong, Suquamish Indian Tribe; Diane Nelson, Suquamish Indian Tribe; and Dan Sexton, Washington State Association of Plumbers and Pipefitters.

HOUSE COMMITTEE ON FINANCE

Majority Report: The Second substitute bill be substituted therefor and the Second substitute bill do pass and do not pass the substitute bill by Committee on Economic Development, Housing & Trade. Signed by 12 members: Representatives Dunshee, Democratic Co-Chair; Thomas, Republican Co-Chair; Carrell, Republican Vice Chair; Reardon, Democratic Vice Chair; Cairnes; Conway; Cox; Dickerson; Pennington; Santos; Van Luven and Veloria.

Staff: Rick Peterson (786-7150).

Summary of Recommendation of Committee on Finance Compared to Recommendation of Committee on Economic Development, Housing & Trade:

Technical changes were made clarifying that tribal low-income housing property is exempt. The section providing exemption from judgment execution is codified in the correct RCW chapter.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: (Substitute bill) We need to work together with the tribes on economic development. The bill will give tribal housing authorities the same property tax exemption as public housing authorities. The bill will help people that need housing. The tribes will reimburse state and local governments for the tax exemption.

Testimony Against: (Substitute bill) None.

Testified: Representative Van Luven, prime sponsor; and Bennie Armstrong, Suquamish Indian Tribe.