

# FINAL BILL REPORT

## SHB 1345

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C 203 L 99

Synopsis as Enacted

**Brief Description:** Exempting certain low-income rental housing from property taxes.

**Sponsors:** By House Committee on Economic Development, Housing & Trade  
(Originally sponsored by Representatives O'Brien, Radcliff, Ballasiotes, Tokuda, Van Luven, Pennington, McIntire, Sheahan, Kagi, Sullivan, Cody, Veloria, Constantine, Edwards, Cooper, Rockefeller, D. Sommers, Campbell, McDonald, Edmonds, Ruderman and Dunn).

**House Committee on Economic Development, Housing & Trade**

**House Committee on Finance**

**Senate Committee on Commerce, Trade, Housing & Financial Institutions**

**Senate Committee on Ways & Means**

### **Background:**

All real and personal property in Washington is subject to property tax each year based on its value unless a specific exemption is provided by law. The amount of property tax due is determined by multiplying the assessed value of real property, including the land itself, and all buildings, structures, or improvements or other fixtures sitting upon such land, by the tax rate for each taxing district in which the property is located.

Several exemptions from property tax are provided in state law.

### **Summary:**

A property tax exemption for real and personal property is provided for rental housing for very low-income households that either: (1) are owned or used by a nonprofit; or (2) have the nonprofit as the general partner with a for-profit corporation. The property tax exemption applies to rental property that meets the following conditions:

- The benefit of the exemption goes to the nonprofit;
- At least 75 percent of the occupied dwelling units are occupied by households with incomes at or below 50 percent of the median income, adjusted for household size, for the county where the property is located; and

- The rental housing was insured, financed, or assisted in whole or in part through a federal or state program administered through the Department of Community, Trade, and Economic Development or through a local affordable housing levy.

If fewer than 75 percent of the units are occupied by very low-income households, a partial exemption from the property tax is available. The partial exemption is equal to the ratio of rental units occupied by very low-income households to the total number of occupied rental units.

The nonprofit may agree to make payments in-lieu of taxes to a local government for improvements, services, and facilities that are furnished and benefit the rental housing. The payments may not exceed the amount paid as an annual tax by the nonprofit to the local government.

**Votes on Final Passage:**

House 94 3

Senate 36 12

**Effective:** July 25, 1999