

HOUSE BILL REPORT

E2SHB 2109

As Passed Legislature

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: By House Committee on Finance (originally sponsored by 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)].

Floor Activity:

Passed House: 2/11/00, 96-0.
Passed Senate: 3/2/00, 43-0.
Passed Legislature.

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.

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: Kenny Pittman (786-7392).

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).

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 Bill:

The property of tribal housing authorities and inter-tribal housing authorities is exempt from all taxes and special assessments. The property must be used for housing for persons of low income and senior citizens for and behalf of the federally recognized Indian tribe.

The tribal housing authority or inter-tribal housing authority may agree to make a payment to a city, county, or other political subdivision for improvements, services, or facilities that are furnished for the benefit of a tribal housing project. The payment must be based on the 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 housing authority or inter-tribal housing authority or payments made by other low-income users for the same services.

Appropriation: None.**Fiscal Note:** Available.**Effective Date:** Ninety days after adjournment of session in which bill is passed.**Testimony For:** (Economic Development, Housing & Trade) 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.

(Finance) (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: (Economic Development, Housing & Trade) None.

(Finance) (Substitute bill) None.

Testified: (Economic Development, Housing & Trade) Bennie Armstrong, Suquamish Indian Tribe; Diane Nelson, Suquamish Indian Tribe; and Dan Sexton, Washington State Association of Plumbers and Pipefitters.

(Finance) Representative Van Luven, prime sponsor; and Bennie Armstrong, Suquamish Indian Tribe.