

HOUSE BILL ANALYSIS HB 2490

Title: An act relating to extending to Indian housing authorities the exemption from state and local tax currently applicable to other housing authorities.

Brief Description: Extending the housing authority tax exemption to Indian housing authorities.

Sponsors: Representatives Haigh, Thomas, Dunshee, Dunn, Veloria, and Kenny; by request of Department of Revenue.

Brief Summary of Bill

- Exempts from taxes that property of a tribal housing authority or intertribal housing authority that has been designated for use as housing for persons of low income or senior citizens.
- Permits the tribal housing authority or intertribal housing authority to reimburse the local government or special purpose district for services provided.

HOUSE ECONOMIC DEVELOPMENT, HOUSING & TRADE COMMITTEE

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Background:

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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 local government or special purpose district for improvements, services, and facilities furnished by the local government or special purpose district 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

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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 intertribal 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 intertribal housing authority or payments made by other low-income users for the same services.

Appropriation: None.

Fiscal Note: Requested January 26, 2000.

Effective Date: The bill takes effect July 1, 2000.

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