

Community Development, Housing &  
Tribal Affairs Committee

HB 2442

**Brief Description:** Providing a property tax exemption for certain property within an affordable housing incentive zone.

**Sponsors:** Representatives Appleton, Moscoso, Stanford and Santos.

<p><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"> <li>• Authorizes counties and cities to create an Affordable Housing Incentive Zone that gives a 60 percent tax exemption to properties providing affordable housing within a designated area.</li> </ul>
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**Hearing Date:** 1/19/16

**Staff:** Sean Flynn (786-7124).

**Background:**

Property Taxes. All real and personal property in the state is subject to a state property tax, unless specifically exempted under law. The state Constitution specifically exempts all government owned property from taxation. The Legislature may create tax exemptions for other property as well.

The state Constitution requires all taxes to be applied uniformly on property within each taxing district. Property taxes are based on the assessed fair market value of the property. Regular property tax levies are limited to a maximum of 1 percent of a property's assessed value. This applies collectively to the total taxes levied by the state and local governments.

**Summary of Bill:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Affordable Housing Incentive Zones. Any city or county may create an Affordable Housing Incentive Zone (Incentive Zone) in order to promote affordable housing through tax relief for property owners who provide affordable housing. A county or city may designate an Incentive Zone after providing notice and a public hearing. The designation of an Incentive Zone is based on the determination that the area lacks sufficient available affordable housing and that the designation will encourage affordable housing development within the area.

All property that provides affordable housing within the designated area qualifies for a 60 percent exemption in property taxes. The exemption applies only to the percentage of the property area that is used for affordable housing. Affordable housing includes any single-family home or any multifamily unit rented to a person or family whose income is at or below 80 percent of the area median income. Rent is deemed affordable if it is not more than 30 percent of the renter's monthly household income.

The property tax exemption must be claimed on an application form that is submitted annually to the county assessor. The assessor may require documentation of household income and rental charges to confirm that the property qualifies for the exemption. Any information obtained by the assessor identifying a tenant may only be disclosed to the Department of Revenue without written consent of the person providing such information.

The property owner must notify the assessor within 60 days after any exempt property is no longer used for affordable housing. The exemption also may be revoked if the property is in violation of any health, building, fire, safety, housing, zoning, or land use codes. Upon revocation, the county treasurer must collect all taxes that would have been assessed if the property were not exempt.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.