

# HOUSE BILL REPORT

## HB 1763

---

### As Reported by House Committee On: Finance

**Title:** An act relating to modifying the property tax exemption for property used to provide housing for eligible persons with developmental disabilities.

**Brief Description:** Modifying the property tax exemption for property used to provide housing for eligible persons with developmental disabilities.

**Sponsors:** Representatives Robinson, Wylie, Jenkins, Ortiz-Self, Sells, Orcutt, Dolan, Pollet, Wilcox, Springer, Kretz, Kloba, Senn, Tharinger, Kilduff and Santos.

#### **Brief History:**

##### **Committee Activity:**

Finance: 1/31/17, 2/14/17 [DPS].

#### **Brief Summary of Substitute Bill**

- Expands the property tax exemption for nonprofit organizations providing housing to low-income individuals with developmental disabilities to include qualifying adult family homes.

---

### HOUSE COMMITTEE ON FINANCE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Lytton, Chair; Frame, Vice Chair; Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Dolan, Pollet, Springer, Stokesbary, Wilcox and Wylie.

**Minority Report:** Do not pass. Signed by 1 member: Representative Condotta.

**Staff:** Rachelle Harris (786-7137).

#### **Background:**

Property Taxes.

---

*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.*

All property in Washington state is subject to property tax each year based on the highest and best use of the property, unless a specific exemption is provided by law. Property tax exemptions are currently made available to qualifying organizations including schools, churches, nonprofit hospitals, nursing homes, museums, public meeting halls, and others.

Property Tax Exemptions for Specific Nonprofit Organizations.

Nonprofit organizations that provide housing for eligible individuals who have developmental disabilities receive a property tax exemption on the property used to do so. Eligible individuals must have been found to be eligible for services based on rules developed by the Department of Social and Health Services. The nonprofit organization must qualify under federal code and must have been specifically charitably created for the purpose of creating and preserving long-term affordable housing for low-income individuals with developmental disabilities. The exempt housing must be occupied by eligible clients who have a low income. "Low income" is defined as being at or below 80 percent of the county median income adjusted for family size based on Federal Housing and Urban Development standards. The property must be used exclusively for the purpose of the exemption.

Adult Family Homes.

Adult family homes are residences where room, board, and medical or other special care is provided to at least two, but no more than six, adults who are not related by blood, marriage, or to the people providing the services. There are more than 2,800 adult family homes in the state. Adult family homes are independently operated and are licensed by the state.

---

**Summary of Substitute Bill:**

The property tax exemption for nonprofit organizations that provide housing for low-income individuals with developmental disabilities is expanded, allowing adult family homes where at least 75 percent of the residents with developmental disabilities who have a low income to qualify for the exemption.

The bill applies to taxes levied for collection in 2018 and after.

**Substitute Bill Compared to Original Bill:**

The substitute bill includes a tax preference performance statement that identifies the public policy objective of providing tax relief to specific businesses. The substitute bill contains an expiration date for the exemption of January 1, 2028.

---

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) Some adult family homes have only one resident who is not low income. It is difficult for these homes to exist, but they provide an important service to the state by providing safe and affordable places to live for adults with developmental disabilities. This bill will make it possible for adult family homes to continue to provide services in our communities.

(Opposed) None.

**Persons Testifying:** Representative June Robinson, prime sponsor.

**Persons Signed In To Testify But Not Testifying:** None.