

# FINAL BILL REPORT

## SHB 2384

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Synopsis as Enacted

**Brief Description:** Concerning the property tax exemption for nonprofit organizations providing rental housing or mobile home park spaces to qualifying households.

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Doglio, Ramel, Tarleton, Macri, Kloba and Gregerson).

**House Committee on Finance**  
**Senate Committee on Housing Stability & Affordability**  
**Senate Committee on Ways & Means**

### **Background:**

#### Property Tax.

All property is subject to a tax each year based on the highest and best use, unless a specific exemption is provided by law. The county assessor determines assessed value for each property and calculates property taxes. The property tax bill for an individual property is determined by multiplying the assessed value of the property by the tax rate for each taxing district in which the property is located. The aggregate of all regular tax levies upon real and personal property by the state and all taxing districts may not exceed 1 percent of the true and fair value of the property. In addition, the aggregate regular levies of junior taxing districts and senior taxing districts, other than the state, may not exceed \$5.90 per \$1,000 of assessed valuation.

Property Tax Exemption for Nonprofits Providing Housing for Very Low-Income Households. Property tax exemptions are available to qualifying organizations, including schools, churches, nonprofit hospitals, nursing homes, museums, public meeting halls, and others.

Property that is owned or used by a nonprofit to provide rental housing for very low-income households or to provide space for the placement of a mobile home in a mobile home park is exempt from property taxation if:

1. the benefit of the property tax exemption inures to the nonprofit;
2. at least 75 percent of the occupied dwelling units are occupied by a very low-income household; and

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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.*

3. the rental housing was insured, financed, or assisted in whole or in part by a federal or state housing program, an affordable housing levy, or state-authorized affordable housing surcharges.

If less than 75 percent of dwelling units are occupied by very low-income households, the property is eligible for a partial tax exemption. The amount of the exemption is equal to the assessed value of the property reasonably necessary to provide the housing multiplied by the percentage of units occupied by a very low-income household.

For facilities with 10 or fewer units or lots, in cases where the income of a very low-income household rises above 50 percent of median income, but remains at or below 80 percent of median income, the exemption continues as long as the housing continues to meet other certification requirements.

A very low-income household is defined as a single person, family, or unrelated persons living together whose income is at or below 50 percent of the median county income, adjusted for family size, as determined by the federal Department of Housing and Urban Development.

#### Tax Preferences.

All new tax preference legislation is required to include a tax preference performance statement. The performance statement must clearly specify the public policy objectives of the tax preference and the specific metrics and data that will be used by the Joint Legislative Audit and Review Committee to evaluate the efficacy of the tax preference. In addition, an automatic 10-year expiration date is applied to new tax preferences if an alternate expiration date is not provided in the new tax preference legislation.

#### **Summary:**

For facilities of any size, if the income of a qualifying household rises above 60 percent of the median income, but remains at or below 80 percent, the exemption for nonprofits providing housing for very low-income households will continue so long as the housing continues to meet certification requirements.

Nonprofits receiving the exemption are required to recertify their exempt status on or before March 31 of every third year following the initial qualification for the exemption.

Beginning July 1, 2021, the maximum income to be considered a "qualifying household" is increased to 60 percent of the median income, adjusted for family size, as most recently determined by the federal Department of Housing and Urban Development for the county in which the rental housing is located.

#### **Votes on Final Passage:**

House	96	2	
Senate	42	7	(Senate amended)
House	94	3	(House concurred)

**Effective:** June 11, 2020