
SUBSTITUTE HOUSE BILL 2384

State of Washington

66th Legislature

2020 Regular Session

By House Finance (originally sponsored by Representatives Doglio, Ramel, Tarleton, Macri, Kloba, and Gregerson)

READ FIRST TIME 02/11/20.

1 AN ACT Relating to the property tax exemption for nonprofit
2 organizations providing rental housing or mobile home park spaces to
3 qualifying households; amending RCW 84.36.560 and 84.36.815; and
4 creating a new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 84.36.560 and 2019 c 390 s 11 are each amended to
7 read as follows:

8 (1) The real and personal property owned or used by a nonprofit
9 entity in providing rental housing for (~~very low-income~~) qualifying
10 households or used to provide space for the placement of a mobile
11 home for a (~~very low-income~~) qualifying household within a mobile
12 home park is exempt from taxation if:

13 (a) The benefit of the exemption inures to the nonprofit entity;

14 (b) At least seventy-five percent of the occupied dwelling units
15 in the rental housing or lots in a mobile home park are occupied by a
16 (~~very low-income~~) qualifying household; and

17 (c) The rental housing or lots in a mobile home park were
18 insured, financed, or assisted in whole or in part through one or
19 more of the following sources:

20 (i) A federal or state housing program administered by the
21 department of commerce;

1 (ii) A federal housing program administered by a city or county
2 government;

3 (iii) An affordable housing levy authorized under RCW 84.52.105;

4 (iv) The surcharges authorized by RCW 36.22.178 and 36.22.179 and
5 any of the surcharges authorized in chapter 43.185C RCW; or

6 (v) The Washington state housing finance commission, provided
7 that the financing is for a mobile home park cooperative or a
8 manufactured housing cooperative, as defined in RCW 59.20.030.

9 (2) If less than seventy-five percent of the occupied dwelling
10 units within the rental housing or lots in the mobile home park are
11 occupied by (~~very low income~~) qualifying households, the rental
12 housing or mobile home park is eligible for a partial exemption on
13 the real property and a total exemption of the housing's or park's
14 personal property as follows:

15 (a) A partial exemption is allowed for each dwelling unit in the
16 rental housing or for each lot in a mobile home park occupied by a
17 (~~very low income~~) qualifying household.

18 (b) The amount of exemption must be calculated by multiplying the
19 assessed value of the property reasonably necessary to provide the
20 rental housing or to operate the mobile home park by a fraction. The
21 numerator of the fraction is the number of dwelling units or lots
22 occupied by (~~very low income~~) qualifying households as of December
23 31st of the first assessment year in which the rental housing or
24 mobile home park becomes operational or on January 1st of each
25 subsequent assessment year for which the exemption is claimed. The
26 denominator of the fraction is the total number of dwelling units or
27 lots occupied as of December 31st of the first assessment year the
28 rental housing or mobile home park becomes operational and January
29 1st of each subsequent assessment year for which exemption is
30 claimed.

31 (3) If a currently exempt rental housing unit (~~in a facility~~
32 ~~with ten units or fewer~~) or mobile home lot in a mobile home park
33 (~~with ten lots or fewer~~) was occupied by a (~~very low income~~)
34 qualifying household at the time the exemption was granted and the
35 income of the household subsequently rises above (~~fifty percent of~~
36 ~~the median income~~) the threshold set in subsection (7)(e) of this
37 section but remains at or below eighty percent of the median income,
38 the exemption will continue as long as the housing continues to meet
39 the certification requirements (~~of a very low income housing~~
40 ~~program~~) listed in subsection (1) of this section. For purposes of

1 this section, median income, as most recently determined by the
2 federal department of housing and urban development for the county in
3 which the rental housing or mobile home park is located, shall be
4 adjusted for family size. However, if a dwelling unit or a lot
5 becomes vacant and is subsequently rerented, the income of the new
6 household must be at or below (~~fifty percent of the median income~~
7 ~~adjusted for family size as most recently determined by the federal~~
8 ~~department of housing and urban development for the county in which~~
9 ~~the rental housing or mobile home park is located~~) the threshold set
10 in subsection (7)(e) of this section to remain exempt from property
11 tax.

12 (4) If at the time of initial application the property is
13 unoccupied, or subsequent to the initial application the property is
14 unoccupied because of renovations, and the property is not currently
15 being used for the exempt purpose authorized by this section but will
16 be used for the exempt purpose within two assessment years, the
17 property shall be eligible for a property tax exemption for the
18 assessment year in which the claim for exemption is submitted under
19 the following conditions:

20 (a) A commitment for financing to acquire, construct, renovate,
21 or otherwise convert the property to provide housing for (~~very low-~~
22 ~~income~~) qualifying households has been obtained, in whole or in
23 part, by the nonprofit entity claiming the exemption from one or more
24 of the sources listed in subsection (1)(c) of this section;

25 (b) The nonprofit entity has manifested its intent in writing to
26 construct, remodel, or otherwise convert the property to housing for
27 (~~very low-income~~) qualifying households; and

28 (c) Only the portion of property that will be used to provide
29 housing or lots for (~~very low-income~~) qualifying households shall
30 be exempt under this section.

31 (5) To be exempt under this section, the property must be used
32 exclusively for the purposes for which the exemption is granted,
33 except as provided in RCW 84.36.805.

34 (6) The nonprofit entity qualifying for a property tax exemption
35 under this section may agree to make payments to the city, county, or
36 other political subdivision for improvements, services, and
37 facilities furnished by the city, county, or political subdivision
38 for the benefit of the rental housing. However, these payments shall
39 not exceed the amount last levied as the annual tax of the city,

1 county, or political subdivision upon the property prior to
2 exemption.

3 (7) The definitions in this subsection apply throughout this
4 section unless the context clearly requires otherwise.

5 (a) "Group home" means a single-family dwelling financed, in
6 whole or in part, by one or more of the sources listed in subsection
7 (1)(c) of this section. The residents of a group home shall not be
8 considered to jointly constitute a household, but each resident shall
9 be considered to be a separate household occupying a separate
10 dwelling unit. The individual incomes of the residents shall not be
11 aggregated for purposes of this exemption;

12 (b) "Mobile home lot" or "mobile home park" means the same as
13 these terms are defined in RCW 59.20.030;

14 (c) "Occupied dwelling unit" means a living unit that is occupied
15 by an individual or household as of December 31st of the first
16 assessment year the rental housing becomes operational or is occupied
17 by an individual or household on January 1st of each subsequent
18 assessment year in which the claim for exemption is submitted. If the
19 housing facility is comprised of three or fewer dwelling units and
20 there are any unoccupied units on January 1st, the department shall
21 base the amount of the exemption upon the number of occupied dwelling
22 units as of December 31st of the first assessment year the rental
23 housing becomes operational and on May 1st of each subsequent
24 assessment year in which the claim for exemption is submitted;

25 (d) "Rental housing" means a residential housing facility or
26 group home that is occupied but not owned by (~~very low income~~)
27 qualifying households;

28 (e) (i) "~~(Very low income)~~ Qualifying household" means a single
29 person, family, or unrelated persons living together whose income is
30 at or below fifty percent of the median income adjusted for family
31 size as most recently determined by the federal department of housing
32 and urban development for the county in which the rental housing or
33 mobile home park is located and in effect as of January 1st of the
34 year the application for exemption is submitted; (~~and~~)

35 (ii) Beginning July 1, 2021, "qualifying household" means a
36 single person, family, or unrelated persons living together whose
37 income is at or below sixty percent of the median income adjusted for
38 family size as most recently determined by the federal department of
39 housing and urban development for the county in which the rental

1 housing or mobile home park is located and in effect as of January
2 1st of the year the application for exemption is submitted; and

3 (f) "Nonprofit entity" means a:

4 (i) Nonprofit as defined in RCW 84.36.800 that is exempt from
5 income tax under section 501(c) of the federal internal revenue code;

6 (ii) Limited partnership where a nonprofit as defined in RCW
7 84.36.800 that is exempt from income tax under section 501(c) of the
8 federal internal revenue code, a public corporation established under
9 RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority created
10 under RCW 35.82.030 or 35.82.300, or a housing authority meeting the
11 definition in RCW 35.82.210(2)(a) is a general partner;

12 (iii) Limited liability company where a nonprofit as defined in
13 RCW 84.36.800 that is exempt from income tax under section 501(c) of
14 the federal internal revenue code, a public corporation established
15 under RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority
16 established under RCW 35.82.030 or 35.82.300, or a housing authority
17 meeting the definition in RCW 35.82.210(2)(a) is a managing member;
18 or

19 (iv) Mobile home park cooperative or a manufactured housing
20 cooperative, as defined in RCW 59.20.030.

21 **Sec. 2.** RCW 84.36.815 and 2016 c 217 s 4 are each amended to
22 read as follows:

23 (1) In order to qualify for exempt status for any real or
24 personal property under this chapter except personal property under
25 RCW 84.36.600, all foreign national governments; cemeteries;
26 nongovernmental nonprofit corporations, organizations, and
27 associations; hospitals owned and operated by a public hospital
28 district for purposes of exemption under RCW 84.36.040(2); and soil
29 and water conservation districts must file an initial application on
30 or before March 31st with the state department of revenue. However,
31 the initial application deadline for the exemption provided in RCW
32 84.36.049 is July 1st for 2016 and March 31st for 2017 and
33 thereafter. All applications must be filed on forms prescribed by the
34 department and must be signed by an authorized agent of the
35 applicant.

36 (2) (a) In order to requalify for exempt status, all applicants
37 except nonprofit cemeteries and nonprofits receiving the exemption
38 under RCW 84.36.049 and nonprofits receiving the exemption under RCW
39 84.36.560 must file an annual renewal declaration on or before March

1 31st each year. The renewal declaration must be on forms prescribed
2 by the department of revenue and must contain a statement certifying
3 the exempt status of the real or personal property owned by the
4 exempt organization. This renewal declaration may be submitted
5 electronically in a format provided or approved by the department.
6 Information may also be required with the renewal declaration to
7 assist the department in determining whether the property tax
8 exemption should continue.

9 (b) In order to requalify for exempt status, nonprofits receiving
10 the exemption under RCW 84.36.560 must file a renewal declaration on
11 or before March 31st of every third year following initial
12 qualification for the exemption. Except for the annual renewal
13 requirement, all other requirements of (a) of this subsection apply.

14 (3) When an organization acquires real property qualified for
15 exemption or converts real property to exempt status, the
16 organization must file an initial application for the property within
17 sixty days following the acquisition or conversion in accordance with
18 all applicable provisions of subsection (1) of this section. If the
19 application is filed after the expiration of the sixty-day period, a
20 late filing penalty is imposed under RCW 84.36.825.

21 (4) When organizations acquire real property qualified for
22 exemption or convert real property to an exempt use, the property,
23 upon approval of the application for exemption, is entitled to a
24 property tax exemption for property taxes due and payable the
25 following year. If the owner has paid taxes for the year following
26 the year the property qualified for exemption, the owner is entitled
27 to a refund of the amount paid on the property so acquired or
28 converted.

29 (5) The department must share approved initial applications for
30 the tax preference provided in RCW 84.36.049 with the joint
31 legislative audit and review committee, upon request by the
32 committee, in order for the committee to complete its review of the
33 tax preference provided in RCW 84.36.049.

34 NEW SECTION. **Sec. 3.** The provisions of RCW 82.32.805 and
35 82.32.808 do not apply to this act.

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