SENATE BILL REPORT
ESHB 1175

As of February 25, 2022

Title: An act relating to providing a property tax exemption for real property used as a host home associated with a host home program.

Brief Description: Providing a property tax exemption for real property used as a host home associated with a host home program.

Sponsors: House Committee on Finance (originally sponsored by Representatives Johnson, J., Caldier, Callan, Young, Griffey, Sutherland, Harris-Talley, Ormsby and Fitzgibbon).

Brief History: Passed House: 2/12/22, 85-12.
Committee Activity: Human Services, Reentry & Rehabilitation: 2/17/22 [w/oRec-WM].
Ways & Means: 2/26/22.

Brief Summary of Bill

- Provides a property tax exemption for real property used as a host home for at least 180 days during the previous tax year.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Alia Kennedy (786-7405)

Background: Property Tax. All real and personal property in the state is subject to property tax each year based on its value, unless a specific exemption is provided by law. The Washington Constitution limits regular property tax levies to a maximum of 1 percent of the property's value. Excess levies are not subject to this constitutional limit and require voter approval. There are statutory rate maximums for individual taxing districts and aggregate rate maximums to keep the total tax rate of regular property taxes within the constitutional limit.

The state collects two regular property tax levies for common schools. The original state

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

levy was first imposed when Washington achieved statehood in 1889. In 2017, the Legislature created a second state levy. For taxes levied for collection in calendar years 2018, 2020, and 2021, the combined rate for both state levies is $2.70 per $1,000 of assessed value. For taxes levied for collection in calendar year 2019, the combined rate for both state levies is $2.40 per $1,000 assessed value. The revenue growth limit does not apply to the state levies during this time. Beginning with taxes levied for collection in calendar year 2022 and thereafter, the revenue growth limit applies to both levies and the rate is calculated based on the total levy amount.

All regular levies, except the state levies, are subject to a statutory revenue growth limit. If the taxing authority has a population of 10,000 or more, the revenue growth limit is the lesser of inflation or 1 percent plus the valuation of new construction. If the taxing authority has a population of less than 10,000, the revenue growth limit is 1 percent plus the value of new construction.

Host Homes. During the 2016 regular legislative session, the Washington Legislature passed SHB 2440, which exempt host home programs that serve youth from licensing requirements, including for foster care. Host home programs match young people under age 18 who are experiencing homelessness, housing instability, or family crisis, with a community member who is willing to provide housing and other support to the young person. The nonprofit organizations that oversee host home programs provide case management and other supportive services to the youth and the host home/host family.

Tax Preference Performance Requirements. State law provides a range of tax preferences that confer reduced tax liability upon a designated class of taxpayer. Tax preferences include tax exclusions, deductions, exemptions, preferential tax rates, deferrals, and credits. Washington has over 700 tax preferences, including a variety of sales and use tax exemptions. Legislation that establishes or expands a tax preference must include a tax preference performance statement that identifies the public policy objective of the preference, as well as specific metrics that the Joint Legislative Audit and Review Committee can use to evaluate the effectiveness of the preference. All new tax preferences automatically expire after ten years unless an alternative expiration date is provided.

Summary of Bill: An exemption from property tax is authorized for real property used for at least 180 days as a host home during the previous tax year.

A claim for the exemption must be made by the owner of the host home for taxes due and payable for the following year. The application must require sufficient evidence to support the owner's eligibility claim. The application must be submitted to the county assessor no later than December 31 of the year prior to the tax year for which the tax is payable. The county assessor must review the exemption claim and approve any application that meets the 180 day minimum. Any denial of the exemption claim may be appealed. Late claims for exemptions made within three years of the due date for payment of the taxes for which an exemption is sought must be granted.

An exemption is valid for one year and must be annually renewed.

The legislation does not include a tax preference performance statement; however, there is an intent section that states the Legislature intends to provide a tax incentive to private homeowners to host a homeless youth, unaccompanied minor, and systems-impacted young adults to provide safe, transitional placement options to vulnerable young people.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill takes effect on January 1, 2023.