

SENATE BILL REPORT

SB 5302

As of January 27, 2023

Title: An act relating to establishing a property tax exemption for adult family homes that serve people with intellectual or developmental disabilities and are owned by a nonprofit.

Brief Description: Establishing a property tax exemption for adult family homes that serve people with intellectual or developmental disabilities and are owned by a nonprofit.

Sponsors: Senators Mullet, Dhingra, Fortunato, Holy, Keiser, Lovelett, Lovick, Nguyen, Robinson, Shewmake and Wilson, C..

Brief History:

Committee Activity: Health & Long Term Care: 1/17/23 [w/oRec-HS].
Human Services: 1/30/23.

Brief Summary of Bill

- Expands the property tax exemption for housing for eligible individuals with developmental disabilities when housing is provided indirectly through lease, sublet, or service agreement with a provider operating an adult family home regardless of the nonprofit status of the adult family home provider.

SENATE COMMITTEE ON HUMAN SERVICES

Staff: Kelsey-anne Fung (786-7479)

Background: Property Tax Exemption. All real and personal property owned or leased by a nonprofit organization qualified for exemption under section 501(c)(3) of the federal Internal Revenue Code to provide housing for eligible persons with developmental disabilities is exempt from property taxation. The housing must be occupied by developmentally disabled persons whose adjusted gross incomes are 80 percent or less of the median income for the county, adjusted for family size. To be exempt, the property must

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be used exclusively to provide housing for individuals with developmental disabilities. For property that is leased, the benefit of the exemption must inure to the nonprofit organization, corporation, or association leasing the property to provide the housing for individuals with developmental disabilities.

Adult Family Homes. Adult family homes are community-based residential facilities licensed to care for up to six non-related residents. They provide room, board, laundry, necessary supervision, and assistance with activities of daily living, personal care, and social services. The Department of Social and Health Services is responsible for the oversight and licensure of adult family homes.

Tax Preferences Performance Statement. Every bill that enacts a new tax preference must include a tax preference performance statement unless the legislation specifically exempts the new tax preference from this requirement. The statement must identify the legislative purpose of the new tax preference and specify clear, relevant, and ascertainable metrics and data requirements that allow the Joint Legislative Audit and Review Committee to measure the effectiveness of the new tax preference. All new tax preferences automatically expire after ten years unless an alternative expiration date is provided.

Summary of Bill: The property tax exemption for property used to provide housing for eligible individuals with developmental disabilities is expanded. The exemption is expanded to include housing provided directly by the nonprofit organization, corporation, or association, or indirectly through lease, sublet, or service agreement with a provider operating an adult family home that specifically provides services for persons with developmental disabilities, without regard to the nonprofit status of the operator of the adult family home.

The circumstances under which loan or rental of the property do not subject the property to tax do not apply to the property tax exemption for nonprofit organizations, corporations, or associations that provide housing for eligible persons with developmental disabilities.

The bill applies to taxes levied for collection beginning January 1, 2024. The bill is exempt from provisions of law that require a tax preference performance statement, review by the Joint Legislative Audit and Review Committee, and automatic expiration of new tax preferences.

Appropriation: None.

Fiscal Note: Requested on January 27, 2023.

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

Effective Date: The bill contains several effective dates. Please refer to the bill.