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**SENATE BILL 5967**

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**State of Washington**

**68th Legislature**

**2024 Regular Session**

**By** Senators Frame, J. Wilson, Keiser, Kuderer, Lovelett, Nobles, and Saldaña; by request of Department of Natural Resources

Prefiled 01/04/24. Read first time 01/08/24. Referred to Committee on Housing.

1 AN ACT Relating to an exemption to the leasehold excise tax for  
2 leases on public lands; adding a new section to chapter 82.29A RCW;  
3 and creating new sections.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.29A  
6 RCW to read as follows:

7 (1) All leasehold interests in public lands are exempt from tax  
8 under this chapter when used for the placement of affordable housing  
9 under the following conditions:

10 (a) For 12 successive years if the lessee commits to renting or  
11 selling at least 20 percent of the housing units as affordable  
12 housing units to low-income and moderate-income households; or

13 (b) For 20 successive years if the lessee commits to renting or  
14 selling at least 25 percent of the housing units as affordable  
15 housing units to low-income and moderate-income households.

16 (2) The department of natural resources may adopt rules, pursuant  
17 to chapter 34.05 RCW, as are necessary to properly administer this  
18 section.

19 (3) For purposes of this section:

20 (a) "Affordable housing" has the same meaning as in RCW  
21 84.14.010.

1 (b) "Low-income household" has the same meaning as in RCW  
2 84.14.010.

3 (c) "Moderate-income household" has the same meaning as in RCW  
4 84.14.010.

5 (d) "Public lands" has the same meaning as in RCW 79.02.010.

6 NEW SECTION. **Sec. 2.** (1) This section is the tax preference  
7 performance statement for the tax preference contained in section 1,  
8 chapter . . ., Laws of 2024 (section 1 of this act). This performance  
9 statement is only intended to be used for subsequent evaluation of  
10 the tax preference. It is not intended to create a private right of  
11 action by any party or be used to determine eligibility for  
12 preferential tax treatment.

13 (2) The legislature categorizes these tax preferences as ones  
14 intended to induce certain designated behavior by taxpayers, as  
15 indicated in RCW 82.32.808(2) (a).

16 (3) It is the legislature's specific public policy objective to  
17 incentivize the placement of affordable housing on public lands.

18 (4) If a review by the joint legislative audit and review  
19 committee finds that the number of affordable housing units placed on  
20 public lands increased following the enactment of this tax  
21 preference, the legislature intends to extend the expiration date of  
22 the tax preference.

23 (5) In order to obtain the data necessary to perform the review  
24 in subsection (4) of this section, the joint legislative audit and  
25 review committee may refer to the number of new leasehold agreements  
26 on public lands for the purposes of affordable housing.

27 NEW SECTION. **Sec. 3.** RCW 82.32.805 does not apply to this act.

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