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**SUBSTITUTE HOUSE BILL 1763**

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**State of Washington 65th Legislature 2017 Regular Session**

**By** House Finance (originally sponsored by Representatives Robinson, Wylie, Jinkins, Ortiz-Self, Sells, Orcutt, Dolan, Pollet, Wilcox, Springer, Kretz, Kloba, Senn, Tharinger, Kilduff, and Santos)

AN ACT Relating to modifying the property tax exemption for property used to provide housing for eligible persons with developmental disabilities; amending RCW 84.36.042; creating new sections; and providing an expiration date.

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

NEW SECTION. **Sec.**  This section is the tax preference performance statement for the tax preference contained in section 2 of this act. The performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(1) The legislature categorizes the tax preference as one intended to provide tax relief for certain business as indicated in RCW 82.32.808(2)(e).

(2) It is the legislature's specific public policy objective to increase the availability of affordable housing for individuals with developmental disabilities in Washington. It is the legislature's intent to expand the property tax exemption for nonprofit organizations that provide housing for persons with developmental disabilities in order to maintain and expand housing opportunities.

(3) To measure the effectiveness of the tax preference in section 2 of this act in achieving the public policy objectives described in subsection (2) of this section, the joint legislative audit and review committee must evaluate the amount of available housing for low-income individuals with developmental disabilities in the state.

(4) In order to obtain the data necessary to perform the review in subsection (3) of this section, the department of social and health services must provide data needed for the joint legislative audit and review committee analysis. In addition to the data source described under this subsection, the joint legislative audit and review committee may use any other data it deems necessary.

**Sec.**  RCW 84.36.042 and 1998 c 202 s 1 are each amended to read as follows:

(1) All real and personal property owned or leased by a nonprofit organization, corporation, or association to provide housing for eligible persons with developmental disabilities is exempt from property taxation.

(a) To qualify for this exemption, the nonprofit organization, corporation, or association must be qualified for exemption under section 501(c)(3) of the internal revenue code of 1986 (26 U.S.C. Sec. 501(c)(3)). It must also have been organized for charitable purposes to create and preserve long-term affordable housing for low-income ((~~developmentally disabled persons~~)) individuals with developmental disabilities.

(b) The housing must be (i) occupied by eligible persons who have a low income, or (ii) an adult family home, as defined in RCW 70.128.010, that is occupied by eligible persons with developmental disabilities, if at least seventy-five percent of the eligible persons have a low income.

(2) ((~~As used in this section:~~)) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Developmental disability" means the same as defined in RCW 71A.10.020;

(b) "Eligible person" means the same as defined in RCW 71A.10.020; and

(c) "Low income" means the adjusted gross income of the resident is at eighty percent or less 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 housing is located and in effect as of January 1st of the assessment year for which the exemption is sought. "Adjusted gross income" is as defined in the federal internal revenue code of 1986, as it exists on June 11, 1998, or such subsequent date as the director may provide by rule consistent with the purpose of this section.

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

(4) If the real or personal property for which exemption is sought is leased, the benefit of the exemption must inure to the nonprofit organization, corporation, or association leasing the property to provide the housing for ((~~developmentally disabled persons~~)) individuals with developmental disabilities.

(5) This section expires January 1, 2028.

NEW SECTION. **Sec.**  This act applies to taxes levied for collection in 2018 and thereafter.

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