H-2549.1

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**SUBSTITUTE HOUSE BILL 1841**

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**State of Washington 67th Legislature 2022 Regular Session**

**By** House Finance (originally sponsored by Representatives Walen, Springer, Goodman, Shewmake, Wylie, Slatter, Duerr, Riccelli, and Ormsby)

AN ACT Relating to incentivizing rental of accessory dwelling units to low-income households; amending RCW 84.36.400; and creating new sections.

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

**Sec.**  RCW 84.36.400 and 2020 c 204 s 1 are each amended to read as follows:

((~~Any physical~~)) (1) Physical improvements to single-family dwellings upon real property((~~, including constructing an~~)) are exempt from taxation as follows:

(a) Any physical improvement is exempt for the three assessment years after the completion of the improvement to the extent that the improvement represents 30 percent or less of the value of the original structure; and

(b) An accessory dwelling unit, whether attached to or within the single-family dwelling or as a detached unit on the same real property, ((~~shall be~~)) to the extent that the improvement represents 30 percent or less of the value of the original structure, is exempt from taxation for ((~~the~~)):

(i) The three assessment years subsequent to the completion of the improvement ((~~to the extent that the improvement represents thirty percent or less of the value of the original structure~~)); and

(ii) The duration of time that the accessory dwelling unit is rented to a low-income household that is verified by the city or the county where the real property resides. For the purposes of this section, "low-income household" means a single person, family, or unrelated persons living together whose adjusted income is at or below 60 percent of the median household income adjusted for household size, for the county where the household is located, as reported by the United States department of housing and urban development.

((~~A~~)) (2) If the exemption is being sought for a planned improvement, a taxpayer desiring to obtain the exemption granted by this section must file notice of his or her intention to construct the improvement prior to the improvement being made on forms prescribed by the department of revenue and furnished to the taxpayer by the county assessor: PROVIDED, That this exemption cannot be claimed more than once in a five-year period.

The department of revenue shall promulgate such rules and regulations as are necessary and convenient to properly administer the provisions of this section, including necessary verification and monitoring requirements, by December 31, 2022.

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

NEW SECTION. **Sec.**  This act applies to taxes levied for collection in 2023 and thereafter.

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