

E2SSB 5287 - H AMD TO FIN COMM AMD (H-1430.3/21) **695**

By Representative Pollet

ADOPTED 04/10/2021

1 On page 12, line 24 of the striking amendment, after "(3)" insert
2 "(a) The department of commerce must adopt and implement a program to
3 effectively audit or review that the owner or operator of each
4 property for which a certificate of tax exemption has been issued,
5 except for those properties receiving an exemption that are owned or
6 operated by a nonprofit or for those properties receiving an exemption
7 from a city or county that operates an independent audit or review
8 program, is offering the number of units at rents as committed to in
9 the approved application for an exemption and that the tenants are
10 being properly screened to be qualified for an income-restricted unit.
11 The audit or review program must be adopted in consultation with local
12 governments and other stakeholders and may be based on auditing a
13 percentage of income-restricted units or properties annually. A
14 private owner or operator of a property for which a certificate of tax
15 exemption has been issued under this chapter, must be audited at least
16 once every 5 years.

17 (b) If the review or audit required under (a) of this subsection
18 for a given property finds that the owner or operator is not offering
19 the number of units at rents as committed to in the approved
20 application or is not properly screening tenants for income-restricted
21 units, the department of commerce must notify the city or county and
22 the city or county must impose and collect a sliding scale penalty not
23 to exceed an amount calculated by subtracting the amount of rents that
24 would have been collected had the owner or operator complied with
25 their commitment from the amount of rents collected by the owner or
26 operator for the income-restricted units, with consideration of the
27 severity of the noncompliance. If a subsequent review or audit

1 required under (a) of this subsection for a given property finds
2 continued substantial noncompliance with the program requirements, the
3 exemption certificate must be canceled pursuant to RCW 84.14.110.

4 (c) The department of commerce may impose and collect a fee, not
5 to exceed the costs of the audit or review, from the owner or operator
6 of any property subject to an audit or review required under (a) of
7 this subsection.

8 (4)"

9
10 Renumber the remaining subsection consecutively and correct any
11 internal references accordingly.

12

EFFECT: Requires the Department of Commerce to adopt and implement a program to audit or review that private owners or operators of properties receiving an exemption under the program are offering the number of units at rents as committed to in the approved application for an exemption and that the tenants are being properly screened to be qualified for an income-restricted unit. Provides that a property must be audited at least once every 5 years. Provides that properties owned or operated by a nonprofit or properties receiving an exemption from a city or county that operates an independent audit or review program are not subject to the audit and review program administered by the Department of Commerce. Provides that noncompliance must result in the imposition and collection of a penalty and that substantial noncompliance must result in cancellation of the exemption. Authorizes the Department of Commerce to collect a fee to cover the costs of the audit or review.

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