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**SECOND SUBSTITUTE SENATE BILL 6231**

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**State of Washington 66th Legislature 2020 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Kuderer, Darneille, Dhingra, Hunt, Mullet, and Wilson, C.)

AN ACT Relating to expanding and studying the property tax exemption for physical improvements to single-family dwellings; 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 2013 c 23 s 350 are each amended to read as follows:

Any physical improvement to single-family dwellings upon real property, including constructing 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 exempt from taxation for 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. 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.

NEW SECTION. **Sec.**  This act applies to taxes levied for collection in 2021 and thereafter.

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

NEW SECTION. **Sec.**  The department of revenue must work with county assessors to review and evaluate the three year property tax exemption for home improvements to determine its effectiveness in encouraging homeowners to upgrade their residences, while avoiding the sudden and potentially large increases in assessed value and property tax which can otherwise occur. The review shall include an analysis of the types of properties and the value of exempt improvements by geographic area to develop a better demographic and geographic understanding of the home improvement property tax exemption and the locations and types of communities where the homes are located. The department of revenue must report their findings to the appropriate committees of the legislature by November 15, 2020.

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