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HOUSE BILL 2384

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State of Washington

66th Legislature

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By Representatives Doglio, Ramel, Tarleton, Macri, Kloba, and Gregerson

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1 AN ACT Relating to the property tax exemption for nonprofit  
2 organizations providing rental housing or mobile home park spaces to  
3 qualifying households; amending RCW 84.36.560 and 84.36.815; and  
4 creating a new section.

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

6 **Sec. 1.** RCW 84.36.560 and 2019 c 390 s 11 are each amended to  
7 read as follows:

8 (1) The real and personal property owned or used by a nonprofit  
9 entity in providing rental housing for (~~very low income~~) qualifying  
10 households or used to provide space for the placement of a mobile  
11 home for a (~~very low income~~) qualifying household within a mobile  
12 home park is exempt from taxation if:

13 (a) The benefit of the exemption inures to the nonprofit entity;

14 (b) At least seventy-five percent of the occupied dwelling units  
15 in the rental housing or lots in a mobile home park are occupied by a  
16 (~~very low income~~) qualifying household; and

17 (c) The rental housing or lots in a mobile home park were  
18 insured, financed, or assisted in whole or in part through one or  
19 more of the following sources:

20 (i) A federal or state housing program administered by the  
21 department of commerce;

1 (ii) A federal housing program administered by a city or county  
2 government;

3 (iii) An affordable housing levy authorized under RCW 84.52.105;

4 (iv) The surcharges authorized by RCW 36.22.178 and 36.22.179 and  
5 any of the surcharges authorized in chapter 43.185C RCW; or

6 (v) The Washington state housing finance commission, provided  
7 that the financing is for a mobile home park cooperative or a  
8 manufactured housing cooperative, as defined in RCW 59.20.030.

9 (2) If less than seventy-five percent of the occupied dwelling  
10 units within the rental housing or lots in the mobile home park are  
11 occupied by (~~very low income~~) qualifying households, the rental  
12 housing or mobile home park is eligible for a partial exemption on  
13 the real property and a total exemption of the housing's or park's  
14 personal property as follows:

15 (a) A partial exemption is allowed for each dwelling unit in the  
16 rental housing or for each lot in a mobile home park occupied by a  
17 (~~very low income~~) qualifying household.

18 (b) The amount of exemption must be calculated by multiplying the  
19 assessed value of the property reasonably necessary to provide the  
20 rental housing or to operate the mobile home park by a fraction. The  
21 numerator of the fraction is the number of dwelling units or lots  
22 occupied by (~~very low income~~) qualifying households as of December  
23 31st of the first assessment year in which the rental housing or  
24 mobile home park becomes operational or on January 1st of each  
25 subsequent assessment year for which the exemption is claimed. The  
26 denominator of the fraction is the total number of dwelling units or  
27 lots occupied as of December 31st of the first assessment year the  
28 rental housing or mobile home park becomes operational and January  
29 1st of each subsequent assessment year for which exemption is  
30 claimed.

31 (3) If a currently exempt rental housing unit (~~in a facility~~  
32 ~~with ten units or fewer~~) or mobile home lot in a mobile home park  
33 (~~with ten lots or fewer~~) was occupied by a (~~very low income~~)  
34 qualifying household at the time the exemption was granted and the  
35 income of the household subsequently rises above (~~fifty~~) sixty  
36 percent of the median income but remains at or below eighty percent  
37 of the median income, the exemption will continue as long as the  
38 housing continues to meet the certification requirements (~~of a very~~  
39 ~~low income housing program~~) listed in subsection (1) of this  
40 section. For purposes of this section, median income, as most

1 recently determined by the federal department of housing and urban  
2 development for the county in which the rental housing or mobile home  
3 park is located, shall be adjusted for family size. However, if a  
4 dwelling unit or a lot becomes vacant and is subsequently rerented,  
5 the income of the new household must be at or below (~~fifty~~) sixty  
6 percent of the median income adjusted for family size as most  
7 recently determined by the federal department of housing and urban  
8 development for the county in which the rental housing or mobile home  
9 park is located to remain exempt from property tax.

10 (4) If at the time of initial application the property is  
11 unoccupied, or subsequent to the initial application the property is  
12 unoccupied because of renovations, and the property is not currently  
13 being used for the exempt purpose authorized by this section but will  
14 be used for the exempt purpose within two assessment years, the  
15 property shall be eligible for a property tax exemption for the  
16 assessment year in which the claim for exemption is submitted under  
17 the following conditions:

18 (a) A commitment for financing to acquire, construct, renovate,  
19 or otherwise convert the property to provide housing for (~~very low-~~  
20 ~~income~~) qualifying households has been obtained, in whole or in  
21 part, by the nonprofit entity claiming the exemption from one or more  
22 of the sources listed in subsection (1)(c) of this section;

23 (b) The nonprofit entity has manifested its intent in writing to  
24 construct, remodel, or otherwise convert the property to housing for  
25 (~~very low-income~~) qualifying households; and

26 (c) Only the portion of property that will be used to provide  
27 housing or lots for (~~very low-income~~) qualifying households shall  
28 be exempt under this section.

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

32 (6) The nonprofit entity qualifying for a property tax exemption  
33 under this section may agree to make payments to the city, county, or  
34 other political subdivision for improvements, services, and  
35 facilities furnished by the city, county, or political subdivision  
36 for the benefit of the rental housing. However, these payments shall  
37 not exceed the amount last levied as the annual tax of the city,  
38 county, or political subdivision upon the property prior to  
39 exemption.

1 (7) The definitions in this subsection apply throughout this  
2 section unless the context clearly requires otherwise.

3 (a) "Group home" means a single-family dwelling financed, in  
4 whole or in part, by one or more of the sources listed in subsection  
5 (1)(c) of this section. The residents of a group home shall not be  
6 considered to jointly constitute a household, but each resident shall  
7 be considered to be a separate household occupying a separate  
8 dwelling unit. The individual incomes of the residents shall not be  
9 aggregated for purposes of this exemption;

10 (b) "Mobile home lot" or "mobile home park" means the same as  
11 these terms are defined in RCW 59.20.030;

12 (c) "Occupied dwelling unit" means a living unit that is occupied  
13 by an individual or household as of December 31st of the first  
14 assessment year the rental housing becomes operational or is occupied  
15 by an individual or household on January 1st of each subsequent  
16 assessment year in which the claim for exemption is submitted. If the  
17 housing facility is comprised of three or fewer dwelling units and  
18 there are any unoccupied units on January 1st, the department shall  
19 base the amount of the exemption upon the number of occupied dwelling  
20 units as of December 31st of the first assessment year the rental  
21 housing becomes operational and on May 1st of each subsequent  
22 assessment year in which the claim for exemption is submitted;

23 (d) "Rental housing" means a residential housing facility or  
24 group home that is occupied but not owned by (~~very low-income~~)  
25 qualifying households;

26 (e) "~~(Very low-income)~~ Qualifying household" means a single  
27 person, family, or unrelated persons living together whose income is  
28 at or below (~~fifty~~) sixty percent of the median income adjusted for  
29 family size as most recently determined by the federal department of  
30 housing and urban development for the county in which the rental  
31 housing is located and in effect as of January 1st of the year the  
32 application for exemption is submitted; and

33 (f) "Nonprofit entity" means a:

34 (i) Nonprofit as defined in RCW 84.36.800 that is exempt from  
35 income tax under section 501(c) of the federal internal revenue code;

36 (ii) Limited partnership where a nonprofit as defined in RCW  
37 84.36.800 that is exempt from income tax under section 501(c) of the  
38 federal internal revenue code, a public corporation established under  
39 RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority created

1 under RCW 35.82.030 or 35.82.300, or a housing authority meeting the  
2 definition in RCW 35.82.210(2)(a) is a general partner;

3 (iii) Limited liability company where a nonprofit as defined in  
4 RCW 84.36.800 that is exempt from income tax under section 501(c) of  
5 the federal internal revenue code, a public corporation established  
6 under RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority  
7 established under RCW 35.82.030 or 35.82.300, or a housing authority  
8 meeting the definition in RCW 35.82.210(2)(a) is a managing member;  
9 or

10 (iv) Mobile home park cooperative or a manufactured housing  
11 cooperative, as defined in RCW 59.20.030.

12 **Sec. 2.** RCW 84.36.815 and 2016 c 217 s 4 are each amended to  
13 read as follows:

14 (1) In order to qualify for exempt status for any real or  
15 personal property under this chapter except personal property under  
16 RCW 84.36.600, all foreign national governments; cemeteries;  
17 nongovernmental nonprofit corporations, organizations, and  
18 associations; hospitals owned and operated by a public hospital  
19 district for purposes of exemption under RCW 84.36.040(2); and soil  
20 and water conservation districts must file an initial application on  
21 or before March 31st with the state department of revenue. However,  
22 the initial application deadline for the exemption provided in RCW  
23 84.36.049 is July 1st for 2016 and March 31st for 2017 and  
24 thereafter. All applications must be filed on forms prescribed by the  
25 department and must be signed by an authorized agent of the  
26 applicant.

27 (2) (a) In order to requalify for exempt status, all applicants  
28 except nonprofit cemeteries and nonprofits receiving the exemption  
29 under RCW 84.36.049 and nonprofits receiving the exemption under RCW  
30 84.36.560 must file an annual renewal declaration on or before March  
31 31st each year. The renewal declaration must be on forms prescribed  
32 by the department of revenue and must contain a statement certifying  
33 the exempt status of the real or personal property owned by the  
34 exempt organization. This renewal declaration may be submitted  
35 electronically in a format provided or approved by the department.  
36 Information may also be required with the renewal declaration to  
37 assist the department in determining whether the property tax  
38 exemption should continue.

1       (b) In order to requalify for exempt status, nonprofits receiving  
2 the exemption under RCW 84.36.560 must file a renewal declaration on  
3 or before March 31st of every third year following initial  
4 qualification for the exemption. Except for the annual renewal  
5 requirement, all other requirements of (a) of this subsection apply.

6       (3) When an organization acquires real property qualified for  
7 exemption or converts real property to exempt status, the  
8 organization must file an initial application for the property within  
9 sixty days following the acquisition or conversion in accordance with  
10 all applicable provisions of subsection (1) of this section. If the  
11 application is filed after the expiration of the sixty-day period, a  
12 late filing penalty is imposed under RCW 84.36.825.

13       (4) When organizations acquire real property qualified for  
14 exemption or convert real property to an exempt use, the property,  
15 upon approval of the application for exemption, is entitled to a  
16 property tax exemption for property taxes due and payable the  
17 following year. If the owner has paid taxes for the year following  
18 the year the property qualified for exemption, the owner is entitled  
19 to a refund of the amount paid on the property so acquired or  
20 converted.

21       (5) The department must share approved initial applications for  
22 the tax preference provided in RCW 84.36.049 with the joint  
23 legislative audit and review committee, upon request by the  
24 committee, in order for the committee to complete its review of the  
25 tax preference provided in RCW 84.36.049.

26       NEW SECTION.       **Sec. 3.**       The provisions of RCW 82.32.805 and  
27 82.32.808 do not apply to this act.

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