
SUBSTITUTE HOUSE BILL 1763

State of Washington

65th Legislature

2017 Regular Session

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

READ FIRST TIME 02/17/17.

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

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

6 NEW SECTION. **Sec. 1.** This section is the tax preference
7 performance statement for the tax preference contained in section 2
8 of this act. The performance statement is only intended to be used
9 for subsequent evaluation of the tax preference. It is not intended
10 to create a private right of action by any party or be used to
11 determine eligibility for preferential tax treatment.

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

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

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

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

12 **Sec. 2.** RCW 84.36.042 and 1998 c 202 s 1 are each amended to
13 read as follows:

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

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

25 (b) The housing must be (i) occupied by eligible persons who have
26 a low income, or (ii) an adult family home, as defined in RCW
27 70.128.010, that is occupied by eligible persons with developmental
28 disabilities, if at least seventy-five percent of the eligible
29 persons have a low income.

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

33 (a) "Developmental disability" means the same as defined in RCW
34 71A.10.020;

35 (b) "Eligible person" means the same as defined in RCW
36 71A.10.020; and

37 (c) "Low income" means the adjusted gross income of the resident
38 is at eighty percent or less of the median income adjusted for family
39 size, as most recently determined by the federal department of

1 housing and urban development for the county in which the housing is
2 located and in effect as of January 1st of the assessment year for
3 which the exemption is sought. "Adjusted gross income" is as defined
4 in the federal internal revenue code of 1986, as it exists on June
5 11, 1998, or such subsequent date as the director may provide by rule
6 consistent with the purpose of this section.

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

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

15 (5) This section expires January 1, 2028.

16 NEW SECTION. **Sec. 3.** This act applies to taxes levied for
17 collection in 2018 and thereafter.

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