

HOUSE BILL REPORT

HB 1739

*As Reported By House Committee on:
Housing
Revenue*

Title: An act relating to a property tax exemption for nonprofit organizations that house low-income homeless persons.

Brief Description: Providing a property tax exemption for certain nonprofit organizations.

Sponsor(s): Representatives Leonard, Mitchell, Nelson, Winsley, Franklin, Locke, May, R. Johnson, Wineberry and Miller.

Brief History:

Reported by House Committee on:
Housing, February 14, 1991, DPS;
Revenue, March 8, 1991, DPS(HO).

**HOUSE COMMITTEE ON
HOUSING**

Majority Report: *That Substitute House Bill No. 1739 be substituted therefor, and the substitute bill do pass.*
Signed by 8 members: Representatives Nelson, Chair; Franklin, Vice Chair; Mitchell, Ranking Minority Member; Winsley, Assistant Ranking Minority Member; Ballard; Leonard; Ogden; and Wineberry.

Staff: Kenny Pittman (786-7392).

Background: Leased or rented property of nonprofit organizations operating nonpermanent shelters for low-income homeless persons or victims of domestic violence who are homeless for personal safety reasons is exempt from property taxes. To qualify for the property tax exemption, the benefit of the reduction in the property tax must incur, in the form of reduced lease rents, to the nonprofit organization. The exemption for property that is leased or rented by a nonprofit organization is only for taxes that are assessed through the year 1999.

Summary of Substitute Bill: The nonprofit organization property tax exemption is expanded to include the real or personal property used by a nonprofit organization to

provide emergency or transitional housing for low-income persons or victims of domestic violence who are homeless for personal safety.

Homeless is defined as persons, including families, who, on one particular day or night, do not have decent and safe shelter nor sufficient funds to purchase or rent a place to stay.

Emergency housing is defined as a project that provides housing and supportive services to homeless persons or families for up to 60 days.

Transitional housing is defined as a project that provides housing and supportive services to persons or families for up to two years and that has as its purpose facilitating the movement of homeless persons and families into independent living.

To qualify for the exemption, the benefit of the reduction in the property tax must incur, in the form of reduced lease rents, to the nonprofit organization. The exemption for property that is leased or rented by a nonprofit organization and used for housing for homeless persons is only for taxes that are assessed through the year 1999.

The administrative provisions used for the nonprofit organization exemption applies to property used by the nonprofit organization to provide emergency or transitional housing for low-income persons or victims of domestic violence.

Substitute Bill Compared to Original Bill: The original bill had the exemption for real and personal property used to provide temporary and permanent housing for low-income homeless persons or victims of domestic violence. The original bill did not contain definition of homeless, emergency housing, and transitional housing.

Fiscal Note: Requested February 11, 1991.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill will assist that small group of nonprofit organizations that have to lease their facilities to provide housing for the homeless. Any reductions in the property tax burden will lower the operational costs of the nonprofit organization.

Testimony Against: The cost of this exemption will have to be passed on to the rest of the taxpayers. There should be

consideration given to the average person who pays the tax bills when this type of legislation is passed.

Witnesses: Mike Ryherd, Low-Income Housing Congress (in favor of bill); Kim Herman, Washington State Housing Finance Commission (in favor of bill); and Paul W. Locke (against the bill).

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: *The substitute bill by Committee on Housing be substituted therefor and the substitute bill do pass.* Signed by 14 members: Representatives Wang, Chair; Fraser, Vice Chair; Holland, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Appelwick; Belcher; Brumsickle; Day; Leonard; Morris; Morton; Phillips; Rust; and Silver.

Staff: Greg Pierce (786-7102).

Summary of Recommendation of Committee on Revenue Compared to Recommendation of Committee on Housing: No new changes were recommended.

Fiscal Note: Available.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: The bill clarifies existing language for property tax exemption.

Testimony Against: None.

Witnesses: Mike Ryherd, Low-Income Housing Congress (in favor); and Linda Lethlean, Department of Revenue (in favor).