

# SENATE BILL REPORT

## SB 6231

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As of January 17, 2020

**Title:** An act relating to providing a limited property tax exemption for the construction of accessory dwelling units.

**Brief Description:** Providing a limited property tax exemption for the construction of accessory dwelling units.

**Sponsors:** Senators Kuderer, Darneille, Dhingra, Hunt, Mullet and Wilson, C.

**Brief History:**

**Committee Activity:** Housing Stability & Affordability: 1/15/20.

**Brief Summary of Bill**

- Exempts the value of constructing an accessory dwelling unit from property taxes for three years.

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### SENATE COMMITTEE ON HOUSING STABILITY & AFFORDABILITY

**Staff:** Jeff Olsen (786-7428)

**Background:** All real and personal property is subject to a tax each year based on the highest and best use, unless a specific exemption is provided by law. Examples of property tax exemptions established either by statute or constitutionally include exemptions for churches, nonprofit hospitals, affordable housing, and certain improvements to single family residences. If a single family residence is improved by remodeling, adding new rooms, decks, patios, or other improvements, a person may apply for a three-year exemption from property taxes on the value of the physical improvement. Physical improvements do not include normal maintenance items, and the value of the improvements must be 30 percent or less of the value of the original structure. The exemption may not be claimed more than once in a five-year period.

**Summary of Bill:** The value of improvements from constructing a single-family residence accessory dwelling unit (ADU) is exempt from property tax for three assessment years after completion of the improvements. The ADU may be either attached to or within the single-family dwelling or a detached unit on the same real property to qualify for the exemption.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Appropriation:** None.

**Fiscal Note:** Requested on January 13, 2020.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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

**Staff Summary of Public Testimony:** PRO: Homeowners currently may exempt the value of improvements to their residences from property tax for three years, and this bill adds the construction of accessory dwelling units, or ADUs, as an incentive for property owners. ADUs provide flexibility for homeowners to provide additional living space for multi-generational families, seniors to age in place, to increase urban density, or to generate additional income. The state needs to create more affordable housing, and this incentive can help develop the missing middle in the housing market.

**Persons Testifying:** PRO: Senator Patty Kuderer, Prime Sponsor; Kelli Curtis, City of Kirkland.

**Persons Signed In To Testify But Not Testifying:** No one.