

FINAL BILL REPORT

2SSB 6231

C 204 L 20

Synopsis as Enacted

Brief Description: Expanding and studying the property tax exemption for physical improvements to single-family dwellings.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Kuderer, Darneille, Dhingra, Hunt, Mullet and Wilson, C.).

Senate Committee on Housing Stability & Affordability Senate Committee on Ways & Means

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 those 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: The existing property tax exemption for any improvements to a single-family dwelling is expanded to include the construction of accessory dwelling units (ADUs). 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. The Department of Revenue must work with county assessors to evaluate the home improvement exemption and report their findings to the Legislature by November 15, 2020. The review must include an analysis of the types of properties and the value of exempt improvements by geographic area to develop a better understanding of the exemption.

Votes on Final Passage:

Senate	44	5
House	94	2

Effective: June 11, 2020

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.