

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 2384**

Chapter 273, Laws of 2020

66th Legislature  
2020 Regular Session

NONPROFIT ORGANIZATIONS--HOUSING PROPERTY TAX EXEMPTION

EFFECTIVE DATE: June 11, 2020

Passed by the House March 7, 2020  
Yeas 94 Nays 3

LAURIE JINKINS

**Speaker of the House of  
Representatives**

Passed by the Senate March 5, 2020  
Yeas 42 Nays 7

CYRUS HABIB

**President of the Senate**

Approved April 2, 2020 2:20 PM

JAY INSLEE

**Governor of the State of Washington**

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2384** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

**Chief Clerk**

FILED

April 3, 2020

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 2384**

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AS AMENDED BY THE SENATE

Passed Legislature - 2020 Regular Session

**State of Washington                      66th Legislature                      2020 Regular Session**

**By** House Finance (originally sponsored by Representatives Doglio, Ramel, Tarleton, Macri, Kloba, and Gregerson)

READ FIRST TIME 02/11/20.

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, or a  
9 nonprofit entity.

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

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

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

32 (3) If a currently exempt rental housing unit (~~in a facility~~  
33 ~~with ten units or fewer~~) or mobile home lot in a mobile home park  
34 (~~with ten lots or fewer~~) was occupied by a (~~very low income~~)  
35 qualifying household at the time the exemption was granted and the  
36 income of the household subsequently rises above (~~fifty percent of~~  
37 ~~the median income~~) the threshold set in subsection (7)(e) of this  
38 section but remains at or below eighty percent of the median income,  
39 the exemption will continue as long as the housing continues to meet  
40 the certification requirements (~~of a very low income housing~~

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

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

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

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

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

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

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

1 county, or political subdivision upon the property prior to  
2 exemption.

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

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

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

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

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

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

35 (ii) Beginning July 1, 2021, "qualifying household" means a  
36 single person, family, or unrelated persons living together whose  
37 income is at or below sixty percent of the median income adjusted for  
38 family size as most recently determined by the federal department of  
39 housing and urban development for the county in which the rental

1 housing or mobile home park is located and in effect as of January  
2 1st of the year the application for exemption is submitted; and

3 (f) "Nonprofit entity" means a:

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

6 (ii) Limited partnership where a nonprofit as defined in RCW  
7 84.36.800 that is exempt from income tax under section 501(c) of the  
8 federal internal revenue code, a public corporation established under  
9 RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority created  
10 under RCW 35.82.030 or 35.82.300, or a housing authority meeting the  
11 definition in RCW 35.82.210(2)(a) is a general partner;

12 (iii) Limited liability company where a nonprofit as defined in  
13 RCW 84.36.800 that is exempt from income tax under section 501(c) of  
14 the federal internal revenue code, a public corporation established  
15 under RCW 35.21.660, 35.21.670, or 35.21.730, a housing authority  
16 established under RCW 35.82.030 or 35.82.300, or a housing authority  
17 meeting the definition in RCW 35.82.210(2)(a) is a managing member;  
18 or

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

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

23 (1) In order to qualify for exempt status for any real or  
24 personal property under this chapter except personal property under  
25 RCW 84.36.600, all foreign national governments; cemeteries;  
26 nongovernmental nonprofit corporations, organizations, and  
27 associations; hospitals owned and operated by a public hospital  
28 district for purposes of exemption under RCW 84.36.040(2); and soil  
29 and water conservation districts must file an initial application on  
30 or before March 31st with the state department of revenue. However,  
31 the initial application deadline for the exemption provided in RCW  
32 84.36.049 is July 1st for 2016 and March 31st for 2017 and  
33 thereafter. All applications must be filed on forms prescribed by the  
34 department and must be signed by an authorized agent of the  
35 applicant.

36 (2) (a) In order to requalify for exempt status, all applicants  
37 except nonprofit cemeteries and nonprofits receiving the exemption  
38 under RCW 84.36.049 and nonprofits receiving the exemption under RCW  
39 84.36.560 must file an annual renewal declaration on or before March

1 31st each year. The renewal declaration must be on forms prescribed  
2 by the department of revenue and must contain a statement certifying  
3 the exempt status of the real or personal property owned by the  
4 exempt organization. This renewal declaration may be submitted  
5 electronically in a format provided or approved by the department.  
6 Information may also be required with the renewal declaration to  
7 assist the department in determining whether the property tax  
8 exemption should continue.

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

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

21 (4) When organizations acquire real property qualified for  
22 exemption or convert real property to an exempt use, the property,  
23 upon approval of the application for exemption, is entitled to a  
24 property tax exemption for property taxes due and payable the  
25 following year. If the owner has paid taxes for the year following  
26 the year the property qualified for exemption, the owner is entitled  
27 to a refund of the amount paid on the property so acquired or  
28 converted.

29 (5) The department must share approved initial applications for  
30 the tax preference provided in RCW 84.36.049 with the joint  
31 legislative audit and review committee, upon request by the  
32 committee, in order for the committee to complete its review of the  
33 tax preference provided in RCW 84.36.049.

34 NEW SECTION. Sec. 3. The provisions of RCW 82.32.805 and  
35 82.32.808 do not apply to this act.

Passed by the House March 7, 2020.  
Passed by the Senate March 5, 2020.  
Approved by the Governor April 2, 2020.

Filed in Office of Secretary of State April 3, 2020.

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