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**SUBSTITUTE HOUSE BILL 1841**

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**State of Washington**

**67th Legislature**

**2022 Regular Session**

**By** House Finance (originally sponsored by Representatives Walen, Springer, Goodman, Shewmake, Wylie, Slatter, Duerr, Riccelli, and Ormsby)

READ FIRST TIME 02/03/22.

1 AN ACT Relating to incentivizing rental of accessory dwelling  
2 units to low-income households; amending RCW 84.36.400; and creating  
3 new sections.

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

5 **Sec. 1.** RCW 84.36.400 and 2020 c 204 s 1 are each amended to  
6 read as follows:

7 ~~((Any physical))~~ (1) Physical improvements to single-family  
8 dwellings upon real property ~~((, including constructing an))~~ are  
9 exempt from taxation as follows:

10 (a) Any physical improvement is exempt for the three assessment  
11 years after the completion of the improvement to the extent that the  
12 improvement represents 30 percent or less of the value of the  
13 original structure; and

14 (b) An accessory dwelling unit, whether attached to or within the  
15 single-family dwelling or as a detached unit on the same real  
16 property, ~~((shall be))~~ to the extent that the improvement represents  
17 30 percent or less of the value of the original structure, is exempt  
18 from taxation for ~~((the))~~:

19 (i) The three assessment years subsequent to the completion of  
20 the improvement ~~((to the extent that the improvement represents~~  
21 thirty percent or less of the value of the original structure)); and

1        (ii) The duration of time that the accessory dwelling unit is  
2 rented to a low-income household that is verified by the city or the  
3 county where the real property resides. For the purposes of this  
4 section, "low-income household" means a single person, family, or  
5 unrelated persons living together whose adjusted income is at or  
6 below 60 percent of the median household income adjusted for  
7 household size, for the county where the household is located, as  
8 reported by the United States department of housing and urban  
9 development.

10        ((A)) (2) If the exemption is being sought for a planned  
11 improvement, a taxpayer desiring to obtain the exemption granted by  
12 this section must file notice of his or her intention to construct  
13 the improvement prior to the improvement being made on forms  
14 prescribed by the department of revenue and furnished to the taxpayer  
15 by the county assessor: PROVIDED, That this exemption cannot be  
16 claimed more than once in a five-year period.

17        The department of revenue shall promulgate such rules and  
18 regulations as are necessary and convenient to properly administer  
19 the provisions of this section, including necessary verification and  
20 monitoring requirements, by December 31, 2022.

21        NEW SECTION. Sec. 2. The provisions of RCW 82.32.805 and  
22 82.32.808 do not apply to this act.

23        NEW SECTION. Sec. 3. This act applies to taxes levied for  
24 collection in 2023 and thereafter.

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