FINAL BILL REPORT
SB 6013

C 273 L 24
Synopsis as Enacted

Brief Description: Expanding the homeownership development property tax exemption to include real property sold to low-income households for building residences using mutual self-help housing construction.

Sponsors: Senators Shewmake, Dhingra, Kuderer and Saldaña.

Senate Committee on Housing
Senate Committee on Ways & Means
House Committee on Finance

Background: Property Tax. All real and personal property in the state is subject to property tax each year based on its value, unless a specific exemption is provided by law. There are numerous exemptions from property tax established either by statute or constitutionally. Exemptions include intangible property, churches, nonprofit hospitals, private schools and colleges, agricultural products, and affordable housing.

Property Tax Exemption for Low-Income Housing Development. Property owned by a nonprofit or a qualified cooperative association for developing residences for low-income households is exempt from state and local property taxes for a limited term. As long as the property remains held for the purpose of low-income housing development, the exemption lasts for seven consecutive tax years, unless an extension is granted, or until the nonprofit transfers title to the property. The tax preference exemption will expire January 1, 2038.

The exemption expires on the date on which the nonprofit entity transfers title to the single-family dwelling unit or the date on which the qualified cooperative association first conveys, directly or indirectly through the transfer of an ownership interest in the association, any single-family dwelling unit on the property or any part of the property. The exemption will not expire because of the real property being transferred by one nonprofit entity to another nonprofit entity or to a qualified cooperative association so long as the transferee timely applies to the Department of Revenue for a continuation.

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

Summary: The property tax exemption for real property is expanded to include real property owned by a nonprofit entity who sells the real property to a low-income household that enters into an agreement with a nonprofit to build, or have built, through a qualified mutual self-help housing program, a residence on the real property. A qualified mutual self-help program is dedicated to supporting building residences for low-income households through a mutual self-help construction method where low-income households use their own labor to reduce total construction costs of their residences. The program must be:

- operated by nonprofits; and
- receive financial support from the United States Department of Agriculture's Mutual Self-help Housing Technical Assistance Grant Program.

The exemption expires on the date of transfer of title between the nonprofit entity and the low-income household. Nonprofits must immediately notify the Department of Revenue when the exempt real property is sold to the low-income household providing the date when the title was or is anticipated to be transferred.

The exemption does not expire if the real property is transferred from one nonprofit to another nonprofit or to a qualified cooperative association as long as the transferee timely applies to the Department of Revenue and is approved for a continuation of the exemption.

Votes on Final Passage:

Senate	37	12
House	96	0

Effective: June 6, 2024