Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Finance Committee

HB 2610

Brief Description: Ensuring nonprofit housing providers qualify for a property tax exemption when the property is temporarily used for certain community purposes other than affordable housing.

Sponsors: Representatives Street, Mena, Reed, Cortes, Scott, Ormsby, Obras and Hill.

Brief Summary of Bill

- Expands the allowable use of property for the nonprofit homeownership property tax exemption.
- Allows the exemption to continue if the property is transferred to another nonprofit entity that is granted a different property tax exemption.

Hearing Date: 2/4/26

Staff: Serena Dolly (786-7150).

Background:

Property Tax Exemptions for Nonprofit Entities.
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. Property owned by a nonprofit entity is generally subject to property tax. However, a variety of property tax exemptions are available for nonprofit social service organizations, including medical clinics, counseling services, food and clothing banks, and veteran support services.

Temporary Leases of Property.
Generally, a nonprofit entity that owns exempt property must use it exclusively for the activity for which the exemption is granted. Limited exclusions apply for certain property tax

---

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.

exemptions that allow the nonprofit to temporarily rent or loan the property to another organization for any use that would otherwise qualify for a property tax exemption, if the property was owned by the organization to which it is rented or loaned. The following conditions also must be met:

- any rent or donations received must be reasonable and may not exceed the maintenance and operation costs of the portion of the property loaned or rented;
- use of the property for fundraising events must be consistent with the purposes of the exemption or be conducted by a nonprofit organization; and
- use of the property for a nonexempt purpose may not exceed 50 days each calendar year, and no more than 15 of those days may be used for monetary gain or to promote business activities.

Most property tax exemptions for nonprofit entities require submission of an annual renewal declaration to the Department of Revenue (DOR).

Nonprofit Homeownership Property Tax Exemption.
All real property owned by a nonprofit entity or qualified cooperative association for the purpose of developing or redeveloping housing to be sold to low-income households, including certain land leases, is exempt from state and local property taxes. A low-income household is a single person, family, or unrelated persons living together whose adjusted income is less than 80 percent of the adjusted median family income.

The property tax exemption expires on the earlier of:

- the date the entity transfers ownership of the qualifying property;
- the date on which the entity executes a lease of the land;
- the end of the seventh year of the exemption, unless an additional three-year extension has been granted; or
- when the entity no longer holds the property for the exempt purpose.

The exemption does not expire if the real property transfers between a nonprofit entity or a qualified cooperative association, so long as the transferee timely applies to continue the exemption.

Summary of Bill:

A nonprofit entity receiving the nonprofit homeownership property tax exemption may temporarily rent or loan the property to another organization without expiring the exemption, as long as certain requirements are met. A nonprofit entity receiving the exemption must submit an annual renewal declaration. The exemption does not expire if the property is transferred to another nonprofit entity that is granted a property tax exemption for a different use.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains multiple effective dates. Please see the bill.