
SECOND SUBSTITUTE HOUSE BILL 1974

State of Washington

69th Legislature

2026 Regular Session

By House Finance (originally sponsored by Representatives Hill, Peterson, Parshley, Scott, Thomas, Reed, Simmons, Street, Pollet, Macri, and Ormsby)

READ FIRST TIME 02/09/26.

1 AN ACT Relating to establishing land banking authorities;
2 amending RCW 36.35.150, 35.21.755, 35.82.210, 82.45.010, and
3 82.45.010; adding a new chapter to Title 35 RCW; creating new
4 sections; providing an effective date; and providing an expiration
5 date.

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

7 NEW SECTION. **Sec. 1.** (1) The legislature finds that solving the
8 state's housing crisis requires a multipronged approach. Finding,
9 acquiring, and holding land in the predevelopment phase is a time-
10 consuming opportunity cost for all developers and is particularly
11 acute for developers of affordable housing. The legislature also
12 finds that the state needs more affordable housing, and land banks
13 play a crucial role in the housing ecosystem by finding, acquiring,
14 and holding land until a developer is ready to build on the parcel or
15 parcels.

16 (2) The legislature further finds that land banks provide a
17 benefit to neighbors and the community by managing abandoned or
18 underutilized properties, preventing blight and crime, and improving
19 public health and safety. The state intends to enable land banks to
20 operate regionally and provide incentives that result in reduced
21 costs to hold property. In turn, land banks can coordinate with

1 developers throughout their region to build mixed-income developments
2 and give more Washingtonians a place to call home.

3 (3) Therefore, the legislature intends to authorize land banking
4 authorities to:

5 (a) Operate as public land banks that hold property, tax-exempt,
6 while preparing it for affordable housing and public benefit uses
7 included with or attached to affordable housing;

8 (b) Prioritize equity, displacement prevention, and use of land
9 acquisition and disposition strategies to expand capacity and address
10 historical racial segregation, redlining, steering, and land
11 prospecting, that has led to disparities in access to education,
12 living wage employment, affordable housing, and transportation,
13 particularly for Black, indigenous, and other communities of color,
14 to ensure that future development remedies rather than reinforces
15 these patterns; and

16 (c) Provide for governance and decision making that is
17 representative, transparent, and inclusive so that land banking
18 activities reflect the affordable housing needs of the region and
19 help meet locally identified housing and infrastructure benchmarks.

20 NEW SECTION. **Sec. 2.** (1) A city or county legislative authority
21 may authorize the establishment of a land bank by a public
22 corporation established under RCW 35.21.730, a public housing
23 authority established under chapter 35.82 RCW, or an entity exempt
24 from federal income taxation under 26 U.S.C. Sec. 501(c)(3) of the
25 internal revenue code of 1986, as amended. The city or county
26 legislative authority must adopt an ordinance or resolution
27 authorizing such entity to establish and operate a land bank. At a
28 minimum, the ordinance or resolution must:

29 (a) State the public purpose of the land bank authority,
30 including acquiring, holding, managing, and transferring property for
31 affordable housing consistent with adopted local housing plans and
32 chapter 36.70A RCW;

33 (b) Describe the governance or oversight structure applicable to
34 the land bank authority; and

35 (c) Authorize the land bank authority to acquire, hold, lease,
36 and transfer real property, including transfers at less than fair
37 market value in exchange for affordability requirements authorized
38 under this chapter.

1 (2) The legislative authorities of two or more contiguous
2 counties may authorize the establishment of a land bank to be
3 administered in accordance with an interlocal agreement.

4 NEW SECTION. **Sec. 3.** (1) A land bank authority may acquire,
5 hold, manage, improve, lease, transfer, or dispose of real property
6 to be used as affordable housing. Real property held in the inventory
7 of a land bank must be legally owned by the land bank authority. A
8 land bank authority may also enter into contracts necessary to
9 prepare property for productive use, including clearing title,
10 addressing outstanding liens or taxes, and undertaking predevelopment
11 activities. However, an entity that is exempt from taxation under 26
12 U.S.C. Sec. 501(c)(3) of the internal revenue code of 1986, as
13 amended, and operating a land bank authority may not build or
14 construct housing.

15 (2) Land acquisitions and dispositions must:

16 (a) Be consistent with any existing local, regional, or state
17 housing plans and chapter 43.185B RCW, including the antidisplacement
18 policies in the comprehensive plans of the county or city where the
19 land is located; and

20 (b) Demonstrate alignment with adopted local housing targets
21 under chapter 36.70A RCW.

22 (3) A land bank authority may lease or sell land to a housing
23 developer at less than market rate in exchange for compliance with
24 affordability requirements. Such transfers are not required to be
25 made to the highest bidder.

26 (4) At least 50 percent of the land or property leased or sold by
27 a land bank authority must include a covenant or deed restriction
28 that the housing units developed or operated must maintain
29 affordability requirements for at least 30 years as follows:

30 (a) Rental housing units must be affordable to households with an
31 income at or below 80 percent of the area median income; and

32 (b) Owner-occupied housing units must be affordable to households
33 with an income at or below 120 percent of the area median income.

34 NEW SECTION. **Sec. 4.** (1) Each land bank authority must prepare
35 an annual report. The annual report must include:

36 (a) Real property parcels acquired, held, and transferred during
37 the year;

- 1 (b) The manner of disposition and alignment with local housing
2 and land use plans;
- 3 (c) How each action advanced a community benefit;
- 4 (d) The purchase price and assessed value of each parcel
5 acquired;
- 6 (e) The sales price and assessed value of each parcel
7 transferred;
- 8 (f) The number of housing units developed on each parcel
9 transferred;
- 10 (g) The affordability covenants recorded for each parcel sold;
11 and
- 12 (h) Progress toward advancing equity, preventing displacement,
13 and meeting locally identified housing needs.
- 14 (2) A land bank authority must make annual reports publicly
15 available and submit each report to any city or county in which it
16 has acquired or transferred land or property in the last 12 months.
17 Cities and counties receiving an annual report are encouraged to
18 provide feedback on the land bank's activities and alignment with
19 local housing and land use plans to help guide compliance with local
20 and regional housing plans.

21 NEW SECTION. **Sec. 5.** The definitions in this section apply
22 throughout this chapter unless the context clearly requires
23 otherwise.

24 (1) "Land bank" means the inventory of real property acquired,
25 held, leased, or transferred by a land bank authority for purposes
26 consistent with this chapter.

27 (2) "Land bank authority" means an entity authorized by ordinance
28 or resolution of a city or county legislative authority to establish
29 and operate a land bank under this chapter.

30 **Sec. 6.** RCW 36.35.150 and 2016 c 63 s 1 are each amended to read
31 as follows:

32 (1) The county legislative authority may dispose of tax
33 foreclosed property by private negotiation, without a call for bids,
34 for not less than the principal amount of the unpaid taxes in any of
35 the following cases: (a) When the sale is to any governmental agency
36 and for public purposes; (b) when the county legislative authority
37 determines that it is not practical to build on the property due to
38 the physical characteristics of the property or legal restrictions on

1 construction activities on the property; (c) when the property has an
2 assessed value of less than (~~five hundred dollars~~) \$500 and the
3 property is sold to an adjoining landowner; (~~or~~) (d) when no
4 acceptable bids were received at the attempted public auction of the
5 property, if the sale is made within (~~twelve~~) 12 months from the
6 date of the attempted public auction; or (e) when the sale is to an
7 entity operating a land bank authority under section 2 of this act.

8 (2) A county legislative authority must prioritize the transfer
9 of tax foreclosed property to an entity operating a land bank
10 authority under section 2 of this act.

11 (3) Except when a county legislative authority purchases the tax
12 foreclosed property for public purposes or transfers the tax
13 foreclosed property to an entity operating a land bank authority
14 under section 2 of this act, the county legislative authority must
15 give notice to any city in which any tax foreclosed property is
16 located within at least (~~sixty~~) 60 days of acquiring such property,
17 and the county may not dispose of the property at public auction or
18 by private negotiation before giving such notice. The notice must
19 offer the city the opportunity to purchase the property for the
20 original minimum bid under RCW 84.64.080, together with any direct
21 costs incurred by the county in the sale. If the city chooses to
22 purchase the property, the following conditions apply:

23 (a) The city must accept the offer within (~~thirty~~) 30 days of
24 receiving notice, unless the county agrees to extend the offer;

25 (b) The city must provide that the property is suitable and will
26 be used for an affordable housing development as defined in RCW
27 36.130.010; and

28 (c) The city must agree to transfer the property to a local
29 housing authority, land bank authority, or (~~either~~) nonprofit entity
30 eligible to receive assistance from the affordable housing program
31 under chapter 43.185A RCW. The city must be reimbursed by the housing
32 authority, land bank authority, or (~~either~~) nonprofit entity for the
33 amount the city paid to purchase the property together with any
34 direct costs incurred by the city in the transfer to the housing
35 authority, land bank authority, or (~~either~~) nonprofit entity.

36 **Sec. 7.** RCW 35.21.755 and 2020 c 20 s 1011 are each amended to
37 read as follows:

38 (1) A public corporation, commission, or authority created
39 pursuant to RCW 35.21.730, 35.21.660, or 81.112.320, or a land bank

1 authority established under section 2 of this act that is operated by
2 a public corporation, shall receive the same immunity or exemption
3 from taxation as that of the city, town, or county creating the same:
4 PROVIDED, That, except for (a) any property within a special review
5 district established by ordinance prior to January 1, 1976, or listed
6 on or which is within a district listed on any federal or state
7 register of historical sites, or (b) any property owned, operated, or
8 controlled by a public corporation that is used primarily for low-
9 income housing, or that is used as a convention center, performing
10 arts center, public assembly hall, public meeting place, public
11 esplanade, street, public way, public open space, park, public
12 utility corridor, or view corridor for the general public, or (c) any
13 blighted property owned, operated, or controlled by a public
14 corporation that was acquired for the purpose of remediation and
15 redevelopment of the property in accordance with an agreement or plan
16 approved by the city, town, or county in which the property is
17 located, or (d) any property owned, operated, or controlled by a
18 public corporation created under RCW 81.112.320, or (e) any property
19 owned, operated, or controlled by a public corporation operating a
20 land bank authority under section 2 of this act, any such public
21 corporation, commission, or authority shall pay to the county
22 treasurer an annual excise tax equal to the amounts which would be
23 paid upon real property and personal property devoted to the purposes
24 of such public corporation, commission, or authority were it in
25 private ownership, and such real property and personal property is
26 acquired and/or operated under RCW 35.21.730 through 35.21.755, and
27 the proceeds of such excise tax shall be allocated by the county
28 treasurer to the various taxing authorities in which such property is
29 situated, in the same manner as though the property were in private
30 ownership: PROVIDED FURTHER, That the provisions of chapter 82.29A
31 RCW shall not apply to property within a special review district
32 established by ordinance prior to January 1, 1976, or listed on or
33 which is within a district listed on any federal or state register of
34 historical sites and which is controlled by a public corporation,
35 commission, or authority created pursuant to RCW 35.21.730 or
36 35.21.660, which was in existence prior to January 1, 1987: AND
37 PROVIDED FURTHER, That property within a special review district
38 established by ordinance prior to January 1, 1976, or property which
39 is listed on any federal or state register of historical sites and
40 controlled by a public corporation, commission, or authority created

1 pursuant to RCW 35.21.730 or 35.21.660, which was in existence prior
2 to January 1, 1976, shall receive the same immunity or exemption from
3 taxation as if such property had been within a district listed on any
4 such federal or state register of historical sites as of January 1,
5 1976, and controlled by a public corporation, commission, or
6 authority created pursuant to RCW 35.21.730 or 35.21.660 which was in
7 existence prior to January 1, 1976.

8 (2) As used in this section:

9 (a) "Low-income" means a total annual income, adjusted for family
10 size, not exceeding (~~fifty~~) 50 percent of the area median income.

11 (b) "Area median income" means:

12 (i) For an area within a standard metropolitan statistical area,
13 the area median income reported by the United States department of
14 housing and urban development for that standard metropolitan
15 statistical area; or

16 (ii) For an area not within a standard metropolitan statistical
17 area, the county median income reported by the department of
18 commerce.

19 (c) "Blighted property" means property that is contaminated with
20 hazardous substances as defined under RCW 70A.305.020.

21 **Sec. 8.** RCW 35.82.210 and 2000 c 187 s 2 are each amended to
22 read as follows:

23 (1) The property of an authority is declared to be public
24 property used for essential public and governmental purposes and such
25 property and an authority shall be exempt from all taxes and special
26 assessments of the city, the county, the state or any political
27 subdivision thereof: PROVIDED, HOWEVER, That, except for any property
28 owned by a land bank authority operated by a housing authority under
29 section 2 of this act, in lieu of such taxes an authority may agree
30 to make payments to the city or the county or any such political
31 subdivision for improvements, services and facilities furnished by
32 such city, county or political subdivision for the benefit of a
33 housing project, but in no event shall such payments exceed the
34 amount last levied as the annual tax of such city, county or
35 political subdivision upon the property included in said project
36 prior to the time of its acquisition by the authority.

37 (2) For the sole purpose of the exemption from tax under this
38 section:

1 (a) "Authority," in addition to the meaning in RCW 35.82.020,
2 also means tribal housing authorities (~~and~~), intertribal housing
3 authorities(~~-~~), and a land bank authority owned, operated, or
4 controlled by a housing authority under section 2 of this act.

5 (b) "Intertribal housing authority" means a housing authority
6 created by a consortium of tribal governments to operate and
7 administer housing programs for persons of low income or senior
8 citizens for and on behalf of such tribes.

9 (c) "Tribal government" means the governing body of a federally
10 recognized Indian tribe.

11 (d) "Tribal housing authority" means the tribal government or an
12 agency or branch of the tribal government that operates and
13 administers housing programs for persons of low income or senior
14 citizens.

15 NEW SECTION. **Sec. 9.** (1) All real and personal property owned
16 by a nonprofit entity operating a land bank authority under section 2
17 of this act is exempt from property taxation.

18 (2) To qualify for this exemption, the nonprofit entity must be
19 exempt from taxation under 26 U.S.C. Sec. 501(c)(3) of the internal
20 revenue code of 1986, as amended.

21 **Sec. 10.** RCW 82.45.010 and 2025 c 159 s 1 are each amended to
22 read as follows:

23 (1) As used in this chapter, the term "sale" has its ordinary
24 meaning and includes any conveyance, grant, assignment, quitclaim, or
25 transfer of the ownership of or title to real property, including
26 standing timber, or any estate or interest therein for a valuable
27 consideration, and any contract for such conveyance, grant,
28 assignment, quitclaim, or transfer, and any lease with an option to
29 purchase real property, including standing timber, or any estate or
30 interest therein or other contract under which possession of the
31 property is given to the purchaser, or any other person at the
32 purchaser's direction, and title to the property is retained by the
33 vendor as security for the payment of the purchase price. The term
34 also includes the grant, assignment, quitclaim, sale, or transfer of
35 improvements constructed upon leased land.

36 (2)(a) The term "sale" also includes the transfer or acquisition
37 within any 36 month period of a controlling interest in any entity

1 with an interest in real property located in this state for a
2 valuable consideration.

3 (b) For the sole purpose of determining whether, pursuant to the
4 exercise of an option, a controlling interest was transferred or
5 acquired within a 36 month period, the date that the option agreement
6 was executed is the date on which the transfer or acquisition of the
7 controlling interest is deemed to occur. For all other purposes under
8 this chapter, the date upon which the option is exercised is the date
9 of the transfer or acquisition of the controlling interest.

10 (c) For purposes of this subsection, all acquisitions of persons
11 acting in concert must be aggregated for purposes of determining
12 whether a transfer or acquisition of a controlling interest has taken
13 place. The department must adopt standards by rule to determine when
14 persons are acting in concert. In adopting a rule for this purpose,
15 the department must consider the following:

16 (i) Persons must be treated as acting in concert when they have a
17 relationship with each other such that one person influences or
18 controls the actions of another through common ownership; and

19 (ii) When persons are not commonly owned or controlled, they must
20 be treated as acting in concert only when the unity with which the
21 purchasers have negotiated and will consummate the transfer of
22 ownership interests supports a finding that they are acting as a
23 single entity. If the acquisitions are completely independent, with
24 each purchaser buying without regard to the identity of the other
25 purchasers, then the acquisitions are considered separate
26 acquisitions.

27 (3) The term "sale" does not include:

28 (a) A transfer by gift, devise, or inheritance.

29 (b) A transfer by transfer on death deed, to the extent that it
30 is not in satisfaction of a contractual obligation of the decedent
31 owed to the recipient of the property.

32 (c) A transfer of any leasehold interest other than of the type
33 mentioned above.

34 (d) A cancellation or forfeiture of a vendee's interest in a
35 contract for the sale of real property, whether or not such contract
36 contains a forfeiture clause, or deed in lieu of foreclosure of a
37 mortgage.

38 (e) The partition of property by tenants in common by agreement
39 or as the result of a court decree.

1 (f) The assignment of property or interest in property from one
2 spouse or one domestic partner to the other spouse or other domestic
3 partner in accordance with the terms of a decree of dissolution of
4 marriage or state registered domestic partnership or in fulfillment
5 of a property settlement agreement.

6 (g) The assignment or other transfer of a vendor's interest in a
7 contract for the sale of real property, even though accompanied by a
8 conveyance of the vendor's interest in the real property involved.

9 (h) Transfers by appropriation or decree in condemnation
10 proceedings brought by the United States, the state or any political
11 subdivision thereof, or a municipal corporation.

12 (i) A mortgage or other transfer of an interest in real property
13 merely to secure a debt, or the assignment thereof.

14 (j) Any transfer or conveyance made pursuant to a deed of trust
15 or an order of sale by the court in any mortgage, deed of trust, or
16 lien foreclosure proceeding or upon execution of a judgment, or deed
17 in lieu of foreclosure to satisfy a mortgage or deed of trust.

18 (k) A conveyance to the federal housing administration or
19 veterans administration by an authorized mortgagee made pursuant to a
20 contract of insurance or guaranty with the federal housing
21 administration or veterans administration.

22 (l) A transfer in compliance with the terms of any lease or
23 contract upon which the tax as imposed by this chapter has been paid
24 or where the lease or contract was entered into prior to the date
25 this tax was first imposed.

26 (m) The sale of any grave or lot in an established cemetery.

27 (n) A sale by the United States, this state or any political
28 subdivision thereof, or a municipal corporation of this state.

29 (o) A sale to a regional transit authority or public corporation
30 under RCW 81.112.320 under a sale/leaseback agreement under RCW
31 81.112.300.

32 (p) A transfer of real property, however effected, if it consists
33 of a mere change in identity or form of ownership of an entity where
34 there is no change in the beneficial ownership. These include
35 transfers to a corporation or partnership which is wholly owned by
36 the transferor and/or the transferor's spouse or domestic partner or
37 children of the transferor or the transferor's spouse or domestic
38 partner. However, if thereafter such transferee corporation or
39 partnership voluntarily transfers such real property, or such
40 transferor, spouse or domestic partner, or children of the transferor

1 or the transferor's spouse or domestic partner voluntarily transfer
2 stock in the transferee corporation or interest in the transferee
3 partnership capital, as the case may be, to other than (i) the
4 transferor and/or the transferor's spouse or domestic partner or
5 children of the transferor or the transferor's spouse or domestic
6 partner, (ii) a trust having the transferor and/or the transferor's
7 spouse or domestic partner or children of the transferor or the
8 transferor's spouse or domestic partner as the only beneficiaries at
9 the time of the transfer to the trust, or (iii) a corporation or
10 partnership wholly owned by the original transferor and/or the
11 transferor's spouse or domestic partner or children of the transferor
12 or the transferor's spouse or domestic partner, within three years of
13 the original transfer to which this exemption applies, and the tax on
14 the subsequent transfer has not been paid within 60 days of becoming
15 due, excise taxes become due and payable on the original transfer as
16 otherwise provided by law.

17 (q) (i) A transfer that for federal income tax purposes does not
18 involve the recognition of gain or loss for entity formation,
19 liquidation or dissolution, and reorganization, including but not
20 limited to nonrecognition of gain or loss because of application of
21 26 U.S.C. Sec. 332, 337, 351, 368(a)(1), 721, or 731 of the internal
22 revenue code of 1986, as amended.

23 (ii) However, the transfer described in (q) (i) of this subsection
24 cannot be preceded or followed within a 36 month period by another
25 transfer or series of transfers, that, when combined with the
26 otherwise exempt transfer or transfers described in (q) (i) of this
27 subsection, results in the transfer of a controlling interest in the
28 entity for valuable consideration, and in which one or more persons
29 previously holding a controlling interest in the entity receive cash
30 or property in exchange for any interest the person or persons acting
31 in concert hold in the entity. This subsection (3) (q) (ii) does not
32 apply to that part of the transfer involving property received that
33 is the real property interest that the person or persons originally
34 contributed to the entity or when one or more persons who did not
35 contribute real property or belong to the entity at a time when real
36 property was purchased receive cash or personal property in exchange
37 for that person or persons' interest in the entity. The real estate
38 excise tax under this subsection (3) (q) (ii) is imposed upon the
39 person or persons who previously held a controlling interest in the
40 entity.

1 (r) A qualified sale of a manufactured/mobile home community, as
2 defined in RCW 59.20.030.

3 (s)(i) A transfer of a qualified low-income housing development
4 or controlling interest in a qualified low-income housing
5 development, unless, due to noncompliance with federal statutory
6 requirements, the seller is subject to recapture, in whole or in
7 part, of its allocated federal low-income housing tax credits within
8 the four years prior to the date of transfer.

9 (ii) For purposes of this subsection (3)(s), "qualified low-
10 income housing development" means real property and improvements in
11 respect to which the seller or, in the case of a transfer of a
12 controlling interest, the owner or beneficial owner, was allocated
13 federal low-income housing tax credits authorized under 26 U.S.C.
14 Sec. 42 or successor statute, by the Washington state housing finance
15 commission or successor state-authorized tax credit allocating
16 agency.

17 (iii) This subsection (3)(s) does not apply to transfers of a
18 qualified low-income housing development or controlling interest in a
19 qualified low-income housing development occurring on or after July
20 1, 2035.

21 (iv) The Washington state housing finance commission, in
22 consultation with the department, must gather data on: (A) The fiscal
23 savings, if any, accruing to transferees as a result of the exemption
24 provided in this subsection (3)(s); (B) the extent to which
25 transferors of qualified low-income housing developments receive
26 consideration, including any assumption of debt, as part of a
27 transfer subject to the exemption provided in this subsection (3)(s);
28 and (C) the continued use of the property for low-income housing. The
29 Washington state housing finance commission must provide this
30 information to the joint legislative audit and review committee. The
31 committee must conduct a review of the tax preference created under
32 this subsection (3)(s) in calendar year 2033, as required under
33 chapter 43.136 RCW.

34 (t)(i) A qualified transfer of residential property by a legal
35 representative of a person with developmental disabilities to a
36 qualified entity subject to the following conditions:

37 (A) The adult child with developmental disabilities of the
38 transferor of the residential property must be allowed to reside in
39 the residence or successor property so long as the placement is safe

1 and appropriate as determined by the department of social and health
2 services;

3 (B) The title to the residential property is conveyed without the
4 receipt of consideration by the legal representative of a person with
5 developmental disabilities to a qualified entity;

6 (C) The residential property must have no more than four living
7 units located on it; and

8 (D) The residential property transferred must remain in continued
9 use for 50 years by the qualified entity as supported living for
10 persons with developmental disabilities by the qualified entity or
11 successor entity. If the qualified entity sells or otherwise conveys
12 ownership of the residential property the proceeds of the sale or
13 conveyance must be used to acquire similar residential property and
14 such similar residential property must be considered the successor
15 for continued use. The property will not be considered in continued
16 use if the department of social and health services finds that the
17 property has failed, after a reasonable time to remedy, to meet any
18 health and safety statutory or regulatory requirements. If the
19 department of social and health services determines that the property
20 fails to meet the requirements for continued use, the department of
21 social and health services must notify the department and the real
22 estate excise tax based on the value of the property at the time of
23 the transfer into use as residential property for persons with
24 developmental disabilities becomes immediately due and payable by the
25 qualified entity. The tax due is not subject to penalties, fees, or
26 interest under this title.

27 (ii) For the purposes of this subsection (3)(t) the definitions
28 in RCW 71A.10.020 apply.

29 (iii) A "qualified entity" is:

30 (A) A nonprofit organization under Title 26 U.S.C. Sec. 501(c)(3)
31 of the federal internal revenue code of 1986, as amended, as of June
32 7, 2018, or a subsidiary under the same taxpayer identification
33 number that provides residential supported living for persons with
34 developmental disabilities; or

35 (B) A nonprofit adult family home, as defined in RCW 70.128.010,
36 that exclusively serves persons with developmental disabilities.

37 (iv) In order to receive an exemption under this subsection
38 (3)(t) an affidavit must be submitted by the transferor of the
39 residential property and must include a copy of the transfer
40 agreement and any other documentation as required by the department.

1 (u)(i) The sale by an affordable homeownership facilitator of
2 self-help housing to a low-income household.

3 (ii) The definitions in this subsection (3)(u) apply to this
4 subsection (3)(u) unless the context clearly requires otherwise.

5 (A) "Affordable homeownership facilitator" means a nonprofit
6 community or neighborhood-based organization that is exempt from
7 income tax under Title 26 U.S.C. Sec. 501(c) of the internal revenue
8 code of 1986, as amended, as of October 1, 2019, and that is the
9 developer of self-help housing.

10 (B) "Low-income" means household income as defined by the
11 department, provided that the definition may not exceed 80 percent of
12 median household income, adjusted for household size, for the county
13 in which the dwelling is located.

14 (C) "Self-help housing" means dwelling residences provided for
15 ownership by low-income individuals and families whose ownership
16 requirement includes labor participation. "Self-help housing" does
17 not include residential rental housing provided on a commercial basis
18 to the general public.

19 (v)(i) A sale or transfer of real property to a qualifying
20 grantee that uses the property for housing for low-income persons and
21 receives or otherwise qualifies the property for an exemption from
22 real and personal property taxes under RCW 84.36.560, 84.36.049,
23 35.82.210, 35.21.755, or 84.36.010. For purposes of this subsection
24 (3)(v), "qualifying grantee" means a nonprofit entity as defined in
25 RCW 84.36.560, a nonprofit entity or qualified cooperative
26 association as defined in RCW 84.36.049, a housing authority created
27 under RCW 35.82.030 or 35.82.300, a public corporation established
28 under RCW 35.21.660 or 35.21.730, or a county or municipal
29 corporation. A qualifying grantee that is a county or municipal
30 corporation must record a covenant at the time of transfer that
31 prohibits using the property for any purpose other than for low-
32 income housing for a period of at least 10 years. At a minimum, the
33 covenant must address price restrictions and household income limits
34 for the low-income housing. A qualifying grantee must comply with the
35 requirements described in (v)(i)(A), (B), or (C) of this subsection
36 and must also certify, by affidavit at the time of sale or transfer,
37 that it intends to comply with those requirements.

38 (A) If the qualifying grantee intends to operate existing housing
39 on the property, within one year of the sale or transfer:

1 (I) The qualifying grantee must receive or qualify the property
2 for a tax exemption under RCW 84.36.560, 84.36.049,
3 35.82.210, 35.21.755, or 84.36.010; and
4 (II) The property must be used as housing for low-income persons.
5 (B) If the qualifying grantee intends to develop new housing on
6 the site, within five years of the sale or transfer:
7 (I) The qualifying grantee must receive or qualify the property
8 for a tax exemption under RCW 84.36.560, 84.36.049,
9 35.82.210, 35.21.755, or 84.36.010; and
10 (II) The property must be used as housing for low-income persons.
11 (C) If the qualifying grantee intends to substantially
12 rehabilitate the premises as defined in RCW 59.18.200, within three
13 years:
14 (I) The qualifying grantee must receive or qualify the property
15 for a tax exemption under RCW 84.36.560, 84.36.049,
16 35.82.210, 35.21.755, or 84.36.010; and
17 (II) The property must be used as housing for low-income persons.
18 (ii) If the qualifying grantee fails to satisfy the requirements
19 described in (v)(i)(A), (B), or (C) of this subsection, within the
20 timelines described in (v)(i)(A), (B), or (C) of this subsection, the
21 qualifying grantee must pay the tax that would have otherwise been
22 due at the time of initial transfer, plus interest calculated from
23 the date of initial transfer pursuant to RCW 82.32.050.
24 (iii) If a qualifying grantee transfers the property to a
25 different qualifying grantee within the original timelines described
26 in (v)(i)(A), (B), or (C) of this subsection, neither the original
27 qualifying grantee nor the new qualifying grantee is required to pay
28 the tax, so long as the new qualifying grantee satisfies the
29 requirements as described in (v)(i)(A), (B), or (C) of this
30 subsection within the exemption period of the initial transfer. If
31 the new qualifying grantee fails to satisfy the requirements
32 described in (v)(i)(A), (B), or (C) of this subsection, only the new
33 qualifying grantee is liable for the payment of taxes required by
34 (v)(ii) of this subsection. There is no limit on the number of
35 transfers between qualifying grantees within the original timelines.
36 (iv) Each affidavit must be filed with the department upon
37 completion of the sale or transfer of property, including transfers
38 from a qualifying grantee to a different qualifying grantee. The
39 qualifying grantee must provide proof to the department as required

1 by the department once the requirements as described in (v) (i) (A),
2 (B), or (C) of this subsection have been satisfied.

3 (v) For the purposes of this subsection (3) (v), "low-income" has
4 the same meaning as in (u) of this subsection.

5 (w) (i) Beginning January 1, 2026, the sale of qualified space in
6 a development that qualifies for a property tax exemption under RCW
7 84.36.560, 84.36.049, 35.82.210, 35.21.755, or 84.36.010 to a
8 nonprofit organization, a housing authority, or public corporation
9 for use for an exempt community purpose.

10 (ii) For the purposes of this subsection (3) (w), the following
11 definitions apply:

12 (A) "Affordable housing development" means a development with
13 housing provided to households with a household income that does not
14 exceed 80 percent of median household income at initial occupancy,
15 adjusted for household size, for the county in which the dwelling is
16 located.

17 (B) "Exempt community purpose" means any use to provide a service
18 that benefits affordable housing development tenants or the public
19 including, but not limited to, health clinics, senior day care, food
20 banks, community centers, and early learning facilities.

21 (C) "Nonprofit organization" means an organization exempt from
22 taxation under section 501(c) (3) of the internal revenue code of 1986
23 (26 U.S.C. Sec. 501(c) (3)), as amended.

24 (D) "Qualified space" means any portion of an affordable housing
25 development that is accessible to tenants or the public that
26 constitutes a separate legal parcel of property under chapter 64.32,
27 64.34, or 64.90 RCW.

28 (x) (i) A sale or transfer of real property to a land bank
29 authority under section 2 of this act.

30 (ii) For the purposes of this subsection (3) (x):

31 (A) "Land bank authority" means an entity authorized by ordinance
32 or resolution of a city or county legislative authority to establish
33 and operate a land bank under this act.

34 (B) "Land bank" means the inventory of real property acquired,
35 held, leased, or transferred by a land bank authority for purposes
36 consistent with this act.

37 (iii) To claim the exemption under this subsection (3) (x), the
38 land bank authority must, at the time of sale or transfer:

39 (A) Provide a copy of the ordinance or resolution; and

1 (B) Certify that the real property is being acquired, held, or
2 transferred for purposes consistent with this act.

3 (y) (i) A sale or transfer of real property by a land bank
4 authority under section 2 of this act.

5 (ii) For the purposes of this subsection (3) (y):

6 (A) "Land bank authority" means an entity authorized by ordinance
7 or resolution of a city or county legislative authority to establish
8 and operate a land bank under this act.

9 (B) "Land bank" means the inventory of real property acquired,
10 held, leased, or transferred by a land bank authority for purposes
11 consistent with this act.

12 (iii) To claim the exemption under this subsection (3) (y), the
13 land bank authority and the grantee must, at the time of sale or
14 transfer:

15 (A) Provide a copy of the ordinance or resolution; and

16 (B) Certify that the real property is being acquired, held, or
17 transferred for purposes consistent with this act.

18 **Sec. 11.** RCW 82.45.010 and 2025 c 159 s 2 are each amended to
19 read as follows:

20 (1) As used in this chapter, the term "sale" has its ordinary
21 meaning and includes any conveyance, grant, assignment, quitclaim, or
22 transfer of the ownership of or title to real property, including
23 standing timber, or any estate or interest therein for a valuable
24 consideration, and any contract for such conveyance, grant,
25 assignment, quitclaim, or transfer, and any lease with an option to
26 purchase real property, including standing timber, or any estate or
27 interest therein or other contract under which possession of the
28 property is given to the purchaser, or any other person at the
29 purchaser's direction, and title to the property is retained by the
30 vendor as security for the payment of the purchase price. The term
31 also includes the grant, assignment, quitclaim, sale, or transfer of
32 improvements constructed upon leased land.

33 (2) (a) The term "sale" also includes the transfer or acquisition
34 within any 36 month period of a controlling interest in any entity
35 with an interest in real property located in this state for a
36 valuable consideration.

37 (b) For the sole purpose of determining whether, pursuant to the
38 exercise of an option, a controlling interest was transferred or
39 acquired within a 36 month period, the date that the option agreement

1 was executed is the date on which the transfer or acquisition of the
2 controlling interest is deemed to occur. For all other purposes under
3 this chapter, the date upon which the option is exercised is the date
4 of the transfer or acquisition of the controlling interest.

5 (c) For purposes of this subsection, all acquisitions of persons
6 acting in concert must be aggregated for purposes of determining
7 whether a transfer or acquisition of a controlling interest has taken
8 place. The department must adopt standards by rule to determine when
9 persons are acting in concert. In adopting a rule for this purpose,
10 the department must consider the following:

11 (i) Persons must be treated as acting in concert when they have a
12 relationship with each other such that one person influences or
13 controls the actions of another through common ownership; and

14 (ii) When persons are not commonly owned or controlled, they must
15 be treated as acting in concert only when the unity with which the
16 purchasers have negotiated and will consummate the transfer of
17 ownership interests supports a finding that they are acting as a
18 single entity. If the acquisitions are completely independent, with
19 each purchaser buying without regard to the identity of the other
20 purchasers, then the acquisitions are considered separate
21 acquisitions.

22 (3) The term "sale" does not include:

23 (a) A transfer by gift, devise, or inheritance.

24 (b) A transfer by transfer on death deed, to the extent that it
25 is not in satisfaction of a contractual obligation of the decedent
26 owed to the recipient of the property.

27 (c) A transfer of any leasehold interest other than of the type
28 mentioned above.

29 (d) A cancellation or forfeiture of a vendee's interest in a
30 contract for the sale of real property, whether or not such contract
31 contains a forfeiture clause, or deed in lieu of foreclosure of a
32 mortgage.

33 (e) The partition of property by tenants in common by agreement
34 or as the result of a court decree.

35 (f) The assignment of property or interest in property from one
36 spouse or one domestic partner to the other spouse or other domestic
37 partner in accordance with the terms of a decree of dissolution of
38 marriage or state registered domestic partnership or in fulfillment
39 of a property settlement agreement.

1 (g) The assignment or other transfer of a vendor's interest in a
2 contract for the sale of real property, even though accompanied by a
3 conveyance of the vendor's interest in the real property involved.

4 (h) Transfers by appropriation or decree in condemnation
5 proceedings brought by the United States, the state or any political
6 subdivision thereof, or a municipal corporation.

7 (i) A mortgage or other transfer of an interest in real property
8 merely to secure a debt, or the assignment thereof.

9 (j) Any transfer or conveyance made pursuant to a deed of trust
10 or an order of sale by the court in any mortgage, deed of trust, or
11 lien foreclosure proceeding or upon execution of a judgment, or deed
12 in lieu of foreclosure to satisfy a mortgage or deed of trust.

13 (k) A conveyance to the federal housing administration or
14 veterans administration by an authorized mortgagee made pursuant to a
15 contract of insurance or guaranty with the federal housing
16 administration or veterans administration.

17 (l) A transfer in compliance with the terms of any lease or
18 contract upon which the tax as imposed by this chapter has been paid
19 or where the lease or contract was entered into prior to the date
20 this tax was first imposed.

21 (m) The sale of any grave or lot in an established cemetery.

22 (n) A sale by the United States, this state or any political
23 subdivision thereof, or a municipal corporation of this state.

24 (o) A sale to a regional transit authority or public corporation
25 under RCW 81.112.320 under a sale/leaseback agreement under RCW
26 81.112.300.

27 (p) A transfer of real property, however effected, if it consists
28 of a mere change in identity or form of ownership of an entity where
29 there is no change in the beneficial ownership. These include
30 transfers to a corporation or partnership which is wholly owned by
31 the transferor and/or the transferor's spouse or domestic partner or
32 children of the transferor or the transferor's spouse or domestic
33 partner. However, if thereafter such transferee corporation or
34 partnership voluntarily transfers such real property, or such
35 transferor, spouse or domestic partner, or children of the transferor
36 or the transferor's spouse or domestic partner voluntarily transfer
37 stock in the transferee corporation or interest in the transferee
38 partnership capital, as the case may be, to other than (i) the
39 transferor and/or the transferor's spouse or domestic partner or
40 children of the transferor or the transferor's spouse or domestic

1 partner, (ii) a trust having the transferor and/or the transferor's
2 spouse or domestic partner or children of the transferor or the
3 transferor's spouse or domestic partner as the only beneficiaries at
4 the time of the transfer to the trust, or (iii) a corporation or
5 partnership wholly owned by the original transferor and/or the
6 transferor's spouse or domestic partner or children of the transferor
7 or the transferor's spouse or domestic partner, within three years of
8 the original transfer to which this exemption applies, and the tax on
9 the subsequent transfer has not been paid within sixty days of
10 becoming due, excise taxes become due and payable on the original
11 transfer as otherwise provided by law.

12 (q)(i) A transfer that for federal income tax purposes does not
13 involve the recognition of gain or loss for entity formation,
14 liquidation or dissolution, and reorganization, including but not
15 limited to nonrecognition of gain or loss because of application of
16 26 U.S.C. Sec. 332, 337, 351, 368(a)(1), 721, or 731 of the internal
17 revenue code of 1986, as amended.

18 (ii) However, the transfer described in (q)(i) of this subsection
19 cannot be preceded or followed within a 36 month period by another
20 transfer or series of transfers, that, when combined with the
21 otherwise exempt transfer or transfers described in (q)(i) of this
22 subsection, results in the transfer of a controlling interest in the
23 entity for valuable consideration, and in which one or more persons
24 previously holding a controlling interest in the entity receive cash
25 or property in exchange for any interest the person or persons acting
26 in concert hold in the entity. This subsection (3)(q)(ii) does not
27 apply to that part of the transfer involving property received that
28 is the real property interest that the person or persons originally
29 contributed to the entity or when one or more persons who did not
30 contribute real property or belong to the entity at a time when real
31 property was purchased receive cash or personal property in exchange
32 for that person or persons' interest in the entity. The real estate
33 excise tax under this subsection (3)(q)(ii) is imposed upon the
34 person or persons who previously held a controlling interest in the
35 entity.

36 (r) A qualified sale of a manufactured/mobile home community, as
37 defined in RCW 59.20.030, that takes place on or after June 12, 2008,
38 but before December 31, 2018.

39 (s)(i) A transfer of a qualified low-income housing development
40 or controlling interest in a qualified low-income housing

1 development, unless, due to noncompliance with federal statutory
2 requirements, the seller is subject to recapture, in whole or in
3 part, of its allocated federal low-income housing tax credits within
4 the four years prior to the date of transfer.

5 (ii) For purposes of this subsection (3)(s), "qualified low-
6 income housing development" means real property and improvements in
7 respect to which the seller or, in the case of a transfer of a
8 controlling interest, the owner or beneficial owner, was allocated
9 federal low-income housing tax credits authorized under 26 U.S.C.
10 Sec. 42 or successor statute, by the Washington state housing finance
11 commission or successor state-authorized tax credit allocating
12 agency.

13 (iii) This subsection (3)(s) does not apply to transfers of a
14 qualified low-income housing development or controlling interest in a
15 qualified low-income housing development occurring on or after July
16 1, 2035.

17 (iv) The Washington state housing finance commission, in
18 consultation with the department, must gather data on: (A) The fiscal
19 savings, if any, accruing to transferees as a result of the exemption
20 provided in this subsection (3)(s); (B) the extent to which
21 transferors of qualified low-income housing developments receive
22 consideration, including any assumption of debt, as part of a
23 transfer subject to the exemption provided in this subsection (3)(s);
24 and (C) the continued use of the property for low-income housing. The
25 Washington state housing finance commission must provide this
26 information to the joint legislative audit and review committee. The
27 committee must conduct a review of the tax preference created under
28 this subsection (3)(s) in calendar year 2033, as required under
29 chapter 43.136 RCW.

30 (t)(i) A qualified transfer of residential property by a legal
31 representative of a person with developmental disabilities to a
32 qualified entity subject to the following conditions:

33 (A) The adult child with developmental disabilities of the
34 transferor of the residential property must be allowed to reside in
35 the residence or successor property so long as the placement is safe
36 and appropriate as determined by the department of social and health
37 services;

38 (B) The title to the residential property is conveyed without the
39 receipt of consideration by the legal representative of a person with
40 developmental disabilities to a qualified entity;

1 (C) The residential property must have no more than four living
2 units located on it; and

3 (D) The residential property transferred must remain in continued
4 use for 50 years by the qualified entity as supported living for
5 persons with developmental disabilities by the qualified entity or
6 successor entity. If the qualified entity sells or otherwise conveys
7 ownership of the residential property the proceeds of the sale or
8 conveyance must be used to acquire similar residential property and
9 such similar residential property must be considered the successor
10 for continued use. The property will not be considered in continued
11 use if the department of social and health services finds that the
12 property has failed, after a reasonable time to remedy, to meet any
13 health and safety statutory or regulatory requirements. If the
14 department of social and health services determines that the property
15 fails to meet the requirements for continued use, the department of
16 social and health services must notify the department and the real
17 estate excise tax based on the value of the property at the time of
18 the transfer into use as residential property for persons with
19 developmental disabilities becomes immediately due and payable by the
20 qualified entity. The tax due is not subject to penalties, fees, or
21 interest under this title.

22 (ii) For the purposes of this subsection (3)(t) the definitions
23 in RCW 71A.10.020 apply.

24 (iii) A "qualified entity" is:

25 (A) A nonprofit organization under Title 26 U.S.C. Sec. 501(c)(3)
26 of the federal internal revenue code of 1986, as amended, as of June
27 7, 2018, or a subsidiary under the same taxpayer identification
28 number that provides residential supported living for persons with
29 developmental disabilities; or

30 (B) A nonprofit adult family home, as defined in RCW 70.128.010,
31 that exclusively serves persons with developmental disabilities.

32 (iv) In order to receive an exemption under this subsection
33 (3)(t) an affidavit must be submitted by the transferor of the
34 residential property and must include a copy of the transfer
35 agreement and any other documentation as required by the department.

36 (u)(i) A sale or transfer of real property to a qualifying
37 grantee that uses the property for housing for low-income persons and
38 receives or otherwise qualifies the property for an exemption from
39 real and personal property taxes under RCW 84.36.560, 84.36.049,
40 35.82.210, 35.21.755, or 84.36.010. For purposes of this subsection

1 (3)(u), "qualifying grantee" means a nonprofit entity as defined in
2 RCW 84.36.560, a nonprofit entity or qualified cooperative
3 association as defined in RCW 84.36.049, a housing authority created
4 under RCW 35.82.030 or 35.82.300, a public corporation established
5 under RCW 35.21.660 or 35.21.730, or a county or municipal
6 corporation. A qualifying grantee that is a county or municipal
7 corporation must record a covenant at the time of transfer that
8 prohibits using the property for any purpose other than for low-
9 income housing for a period of at least 10 years. At a minimum, the
10 covenant must address price restrictions and household income limits
11 for the low-income housing. A qualifying grantee must comply with the
12 requirements described in (u)(i)(A), (B), or (C) of this subsection
13 and must also certify, by affidavit at the time of sale or transfer,
14 that it intends to comply with those requirements.

15 (A) If the qualifying grantee intends to operate existing housing
16 on the property, within one year of the sale or transfer:

17 (I) The qualifying grantee must receive or qualify the property
18 for a tax exemption under RCW 84.36.560, 84.36.049,
19 35.82.210, 35.21.755, or 84.36.010; and

20 (II) The property must be used as housing for low-income persons.

21 (B) If the qualifying grantee intends to develop new housing on
22 the site, within five years of the sale or transfer:

23 (I) The qualifying grantee must receive or qualify the property
24 for a tax exemption under RCW 84.36.560, 84.36.049,
25 35.82.210, 35.21.755, or 84.36.010; and

26 (II) The property must be used as housing for low-income persons.

27 (C) If the qualifying grantee intends to substantially
28 rehabilitate the premises as defined in RCW 59.18.200, within three
29 years:

30 (I) The qualifying grantee must receive or qualify the property
31 for a tax exemption under RCW 84.36.560, 84.36.049,
32 35.82.210, 35.21.755, or 84.36.010; and

33 (II) The property must be used as housing for low-income persons.

34 (ii) If the qualifying grantee fails to satisfy the requirements
35 described in (u)(i)(A), (B), or (C) of this subsection, within the
36 timelines described in (u)(i)(A), (B), or (C) of this subsection, the
37 qualifying grantee must pay the tax that would have otherwise been
38 due at the time of initial transfer, plus interest calculated from
39 the date of initial transfer pursuant to RCW 82.32.050.

1 (iii) If a qualifying grantee transfers the property to a
2 different qualifying grantee within the original timelines described
3 in (u)(i)(A), (B), or (C) of this subsection, neither the original
4 qualifying grantee nor the new qualifying grantee is required to pay
5 the tax, so long as the new qualifying grantee satisfies the
6 requirements as described in (u)(i)(A), (B), or (C) of this
7 subsection within the exemption period of the initial transfer. If
8 the new qualifying grantee fails to satisfy the requirements
9 described in (u)(i)(A), (B), or (C) of this subsection, only the new
10 qualifying grantee is liable for the payment of taxes required by
11 (u)(ii) of this subsection. There is no limit on the number of
12 transfers between qualifying grantees within the original timelines.

13 (iv) Each affidavit must be filed with the department upon
14 completion of the sale or transfer of property, including transfers
15 from a qualifying grantee to a different qualifying grantee. The
16 qualifying grantee must provide proof to the department as required
17 by the department once the requirements as described in (u)(i)(A),
18 (B), or (C) of this subsection have been satisfied.

19 (v) For the purposes of this subsection (3)(u), "low-income"
20 means household income as defined by the department, provided that
21 the definition may not exceed 80 percent of median household income,
22 adjusted for household size, for the county in which the dwelling is
23 located.

24 (v)(i) The sale of qualified space in a development that
25 qualifies for a property tax exemption under RCW 84.36.560,
26 84.36.049, 35.82.210, 35.21.755, or 84.36.010 to a nonprofit
27 organization, a housing authority, or public corporation for use for
28 an exempt community purpose.

29 (ii) For the purposes of this subsection (3)(v), the following
30 definitions apply:

31 (A) "Affordable housing development" means a development with
32 housing provided to households with a household income that does not
33 exceed 80 percent of median household income at initial occupancy,
34 adjusted for household size, for the county in which the dwelling is
35 located.

36 (B) "Exempt community purpose" means any use to provide a service
37 that benefits affordable housing development tenants or the public
38 including, but not limited to, health clinics, senior day care, food
39 banks, community centers, and early learning facilities.

1 (C) "Nonprofit organization" means an organization exempt from
2 taxation under section 501(c)(3) of the internal revenue code of 1986
3 (26 U.S.C. Sec. 501(c)(3)), as amended.

4 (D) "Qualified space" means any portion of an affordable housing
5 development that is accessible to tenants or the public that
6 constitutes a separate legal parcel of property under chapter 64.32,
7 64.34, or 64.90 RCW.

8 (w)(i) A sale or transfer of real property to a land bank
9 authority under section 2 of this act.

10 (ii) For the purposes of this subsection (3)(w):

11 (A) "Land bank authority" means an entity authorized by ordinance
12 or resolution of a city or county legislative authority to establish
13 and operate a land bank under this act.

14 (B) "Land bank" means the inventory of real property acquired,
15 held, leased, or transferred by a land bank authority for purposes
16 consistent with this act.

17 (iii) To claim the exemption under this subsection (3)(w), the
18 land bank authority must, at the time of sale or transfer:

19 (A) Provide a copy of the ordinance or resolution; and

20 (B) Certify that the real property is being acquired, held, or
21 transferred for purposes consistent with this act.

22 (x)(i) A sale or transfer of real property by a land bank
23 authority under section 2 of this act.

24 (ii) For the purposes of this subsection (3)(x):

25 (A) "Land bank authority" means an entity authorized by ordinance
26 or resolution of a city or county legislative authority to establish
27 and operate a land bank under this act.

28 (B) "Land bank" means the inventory of real property acquired,
29 held, leased, or transferred by a land bank authority for purposes
30 consistent with this act.

31 (iii) To claim the exemption under this subsection (3)(x), the
32 land bank authority and the grantee must, at the time of sale or
33 transfer:

34 (A) Provide a copy of the ordinance or resolution; and

35 (B) Certify that the real property is being acquired, held, or
36 transferred for purposes consistent with this act.

37 NEW SECTION. Sec. 12. (1) This section is the tax preference
38 performance statement for the tax preferences in sections 7 through
39 11 of this act. This performance statement is only intended to be

1 used for subsequent evaluation of the tax preferences. It is not
2 intended to create a private right of action by any party or be used
3 to determine eligibility for preferential tax treatment.

4 (2) The legislature categorizes this tax preference as one
5 intended to induce certain designated behavior by taxpayers, as
6 indicated in RCW 82.32.808(2)(a).

7 (3) It is the legislature's specific public policy objective to:

8 (a) Encourage sales or transfers of real property to land bank
9 authorities that intend the property to be used for affordable
10 housing; and

11 (b) Reduce the cost of land for housing development by allowing
12 land bank authorities to own land or property without being subject
13 to state or local property tax and to sell land or property without
14 being subject to the real estate excise tax.

15 (4) If a review finds that the tax preferences in sections 7
16 through 11 of this act have not reduced the cost of land for housing
17 development, then the legislature intends to consider repealing the
18 tax preferences.

19 (5) In order to obtain the data necessary to perform the review
20 in subsection (4) of this section, the joint legislative audit and
21 review committee may refer to any available data source, including
22 county records identifying the assessed value, sales value, and
23 number of housing units developed for any property acquired or
24 transferred by a land bank authority.

25 NEW SECTION. **Sec. 13.** The provisions of RCW 82.32.805 do not
26 apply to sections 7 through 11 of this act.

27 NEW SECTION. **Sec. 14.** Sections 2 through 5 and 9 of this act
28 constitute a new chapter in Title 35 RCW.

29 NEW SECTION. **Sec. 15.** Section 10 of this act expires January 1,
30 2030.

31 NEW SECTION. **Sec. 16.** Section 11 of this act takes effect
32 January 1, 2030.

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