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**HOUSE BILL 2359**

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**State of Washington**

**69th Legislature**

**2026 Regular Session**

**By** Representatives Peterson, Ramel, Reed, Zahn, and Doglio

Prefiled 01/09/26. Read first time 01/12/26. Referred to Committee on Finance.

1 AN ACT Relating to modifying requirements and allowed uses for  
2 certain funding related to providing and maintaining affordable  
3 housing and related services; amending RCW 82.14.530, 82.14.540,  
4 82.45.010, and 82.45.010; reenacting and amending RCW 36.22.250;  
5 providing an effective date; and providing an expiration date.

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

7 **Sec. 1.** RCW 82.14.530 and 2021 c 27 s 1 are each amended to read  
8 as follows:

9 (1)(a)(i) A county legislative authority may submit an  
10 authorizing proposition to the county voters at a special or general  
11 election and, if the proposition is approved by a majority of persons  
12 voting, impose a sales and use tax in accordance with the terms of  
13 this chapter. The title of each ballot measure must clearly state the  
14 purposes for which the proposed sales and use tax will be used. The  
15 rate of tax under this section may not exceed (~~one-tenth of one~~)  
16 0.1 percent of the selling price in the case of a sales tax, or value  
17 of the article used, in the case of a use tax.

18 (ii) As an alternative to the authority provided in (a)(i) of  
19 this subsection, a county legislative authority may impose, without a  
20 proposition approved by a majority of persons voting, a sales and use  
21 tax in accordance with the terms of this chapter. The rate of tax

1 under this section may not exceed (~~one-tenth of one~~) 0.1 percent of  
2 the selling price in the case of a sales tax, or value of the article  
3 used, in the case of a use tax.

4 (b) (i) If a county does not impose the full tax rate authorized  
5 under (a) of this subsection by September 30, 2020, any city  
6 legislative authority located in that county may:

7 (A) Submit an authorizing proposition to the city voters at a  
8 special or general election and, if the proposition is approved by a  
9 majority of persons voting, impose the whole or remainder of the  
10 sales and use tax rate in accordance with the terms of this chapter.  
11 The title of each ballot measure must clearly state the purposes for  
12 which the proposed sales and use tax will be used; or

13 (B) Impose, without a proposition approved by a majority of  
14 persons voting, the whole or remainder of the sales and use tax rate  
15 in accordance with the terms of this chapter.

16 (ii) The rate of tax under this section may not exceed (~~one-~~  
17 ~~tenth of one~~) 0.1 percent of the selling price in the case of a  
18 sales tax, or value of the article used, in the case of a use tax.

19 (iii) A county with a population of greater than (~~one million~~  
20 ~~five hundred thousand~~) 1,500,000 may impose the tax authorized under  
21 (a) (ii) of this subsection only if the county plans to spend at least  
22 (~~thirty~~) 30 percent of the moneys collected under this section that  
23 are attributable to taxable activities or events within any city with  
24 a population greater than (~~sixty thousand~~) 60,000 located in that  
25 county within that city's boundaries.

26 (c) If a county imposes a tax authorized under (a) of this  
27 subsection after a city located in that county has imposed the tax  
28 authorized under (b) of this subsection, the county must provide a  
29 credit against its tax for the full amount of tax imposed by a city.

30 (d) The taxes authorized in this subsection are in addition to  
31 any other taxes authorized by law and must be collected from persons  
32 who are taxable by the state under chapters 82.08 and 82.12 RCW upon  
33 the occurrence of any taxable event within the county for a county's  
34 tax and within a city for a city's tax.

35 (2) (a) Notwithstanding subsection (4) of this section, a minimum  
36 of (~~sixty~~) 60 percent of the moneys collected under this section  
37 must be used for the following purposes:

38 (i) Constructing or acquiring affordable housing, which may  
39 include emergency, transitional, and supportive housing and new units  
40 of affordable housing within an existing structure, and facilities

1 providing housing-related services, or acquiring land for these  
2 purposes; or

3 (ii) Constructing or acquiring behavioral health-related  
4 facilities, or acquiring land for these purposes; or

5 (iii) Funding the operations and maintenance costs of new and  
6 existing units of affordable housing and facilities where housing-  
7 related programs are provided, or newly constructed evaluation and  
8 treatment centers; or

9 (iv) Rehabilitating existing affordable housing, which may  
10 include emergency, transitional, and supportive housing.

11 (b) The affordable housing and facilities providing housing-  
12 related programs in (a) (i) of this subsection may only be provided to  
13 persons within any of the following population groups whose income is  
14 at or below (~~sixty~~) 60 percent of the median income of the county  
15 imposing the tax:

16 (i) Persons with behavioral health disabilities;

17 (ii) Veterans;

18 (iii) Senior citizens;

19 (iv) Persons who are homeless or at-risk of being homeless,  
20 including families with children;

21 (v) Unaccompanied homeless youth or young adults;

22 (vi) Persons with disabilities; or

23 (vii) Domestic violence survivors.

24 (c) The remainder of the moneys collected under this section must  
25 be used for the operation, delivery, or evaluation of behavioral  
26 health treatment programs and services, affordable and supportive  
27 housing operation and maintenance, or housing-related services.

28 (3) (a) A county that imposes the tax under this section must  
29 consult with a city before the county may construct or acquire any of  
30 the facilities authorized under subsection (2) (a) of this section  
31 within the city limits.

32 (b) Among other priorities, a county that acquires a facility  
33 under subsection (2) (a) of this section must provide an opportunity  
34 for 15 percent of the units provided at that facility to be provided  
35 to individuals who are living in or near the city in which the  
36 facility is located, or have ties to that community. The provisions  
37 of this subsection (3) (b) do not apply if the county is unable to  
38 identify sufficient individuals within the city in need of services  
39 that meet the criteria provided in subsection (2) (b) of this section.  
40 This prioritization must not jeopardize United States department of

1 housing and urban development funding for the continuum of care  
2 program.

3 (4) A county that has not imposed the tax authorized under RCW  
4 82.14.460 prior to October 9, 2015, but imposes the tax authorized  
5 under this section after a city in that county has imposed the tax  
6 authorized under RCW 82.14.460 prior to October 9, 2015, must enter  
7 into an interlocal agreement with that city to determine how the  
8 services and provisions described in subsection (2) of this section  
9 will be allocated and funded in the city.

10 (5) To carry out the purposes of subsection (2)(a) and (b) of  
11 this section, the legislative authority of the county or city  
12 imposing the tax has the authority to issue general obligation or  
13 revenue bonds within the limitations now or hereafter prescribed by  
14 the laws of this state, and may use, and is authorized to pledge, up  
15 to (~~fifty~~) 50 percent of the moneys collected under this section  
16 for repayment of such bonds, in order to finance the provision or  
17 construction of affordable housing, facilities where housing-related  
18 programs are provided, or evaluation and treatment centers described  
19 in subsection (2)(a)(iii) of this section.

20 (6)(a) Moneys collected under this section may be used to offset  
21 reductions in state or federal funds for the purposes described in  
22 subsection (2) of this section.

23 (b) No more than (~~ten~~) 10 percent of the moneys collected under  
24 this section may be used to supplant existing local funds.

25 (7) A county or city may enter into an interlocal agreement with  
26 one or more counties, cities, or public housing authorities in  
27 accordance with chapter 39.34 RCW. The agreement may include, but is  
28 not limited to, pooling the tax receipts received under this section,  
29 pledging those taxes to bonds issued by one or more parties to the  
30 agreement, and allocating the proceeds of the taxes levied or the  
31 bonds issued in accordance with such interlocal agreement and this  
32 section.

33 **Sec. 2.** RCW 82.14.540 and 2024 c 136 s 1 are each amended to  
34 read as follows:

35 (1) The definitions in this subsection apply throughout this  
36 section unless the context clearly requires otherwise.

37 (a) "Nonparticipating city" is a city that does not impose a  
38 sales and use tax in accordance with the terms of this section.

1 (b) "Nonparticipating county" is a county that does not impose a  
2 sales and use tax in accordance with the terms of this section.

3 (c) "Participating city" is a city that imposes a sales and use  
4 tax in accordance with the terms of this section.

5 (d) "Participating county" is a county that imposes a sales and  
6 use tax in accordance with the terms of this section.

7 (e) "Qualifying local tax" means the following tax sources, if  
8 the tax source is instated no later than (~~twelve~~) 12 months after  
9 July 28, 2019:

10 (i) The affordable housing levy authorized under RCW 84.52.105;

11 (ii) The sales and use tax for housing and related services  
12 authorized under RCW 82.14.530, provided the city has imposed the tax  
13 at a minimum or of at least half of the authorized rate;

14 (iii) The sales tax for chemical dependency and mental health  
15 treatment services or therapeutic courts authorized under RCW  
16 82.14.460 imposed by a city; and

17 (iv) The levy authorized under RCW 84.55.050, if used solely for  
18 affordable housing.

19 (2) (a) A county or city legislative authority may authorize, fix,  
20 and impose a sales and use tax in accordance with the terms of this  
21 section.

22 (b) The tax under this section is assessed on the selling price  
23 in the case of a sales tax, or value of the article used, in the case  
24 of a use tax.

25 (c) The rate of the tax under this section for an individual  
26 participating city and an individual participating county may not  
27 exceed:

28 (i) Beginning on July 28, 2019, until (~~twelve~~) 12 months after  
29 July 28, 2019:

30 (A) 0.0073 percent for a:

31 (I) Participating city, unless the participating city levies a  
32 qualifying local tax; and

33 (II) Participating county, within the limits of nonparticipating  
34 cities within the county and within participating cities that do not  
35 currently levy a qualifying tax;

36 (B) 0.0146 percent for a:

37 (I) Participating city that currently levies a qualifying local  
38 tax;

39 (II) Participating city if the county in which it is located  
40 declares they will not levy the sales and use tax authorized under

1 this section or does not adopt a resolution in accordance with this  
2 section; and

3 (III) Participating county within the unincorporated areas of the  
4 county and any city that declares they will not levy the sales and  
5 use tax authorized under this section or does not adopt a resolution  
6 in accordance with this section;

7 (ii) Beginning (~~twelve~~) 12 months after July 28, 2019:

8 (A) 0.0073 percent for a:

9 (I) Participating city that is located within a participating  
10 county if the participating city is not levying a qualifying local  
11 tax; and

12 (II) Participating county, within the limits of a participating  
13 city if the participating city is not levying a qualifying local tax;

14 (B) 0.0146 percent within the limits of a:

15 (I) Participating city that is levying a qualifying local tax;

16 and

17 (II) Participating county within the unincorporated area of the  
18 county and within the limits of any nonparticipating city that is  
19 located within the county.

20 (d) A county may not levy the tax authorized under this section  
21 within the limits of a participating city that levies a qualifying  
22 local tax.

23 (e) (i) In order for a county or city legislative authority to  
24 impose the tax under this section, the authority must adopt:

25 (A) A resolution of intent to adopt legislation to authorize the  
26 maximum capacity of the tax in this section within six months of July  
27 28, 2019; and

28 (B) Legislation to authorize the maximum capacity of the tax in  
29 this section within one year of July 28, 2019.

30 (ii) Adoption of the resolution of intent and legislation  
31 requires simple majority approval of the enacting legislative  
32 authority.

33 (iii) If a county or city has not adopted a resolution of intent  
34 in accordance with the terms of this section, the county or city may  
35 not authorize, fix, and impose the tax.

36 (3) The tax imposed under this section must be deducted from the  
37 amount of tax otherwise required to be collected or paid to the  
38 department of revenue under chapter 82.08 or 82.12 RCW. The  
39 department must perform the collection of such taxes on behalf of the  
40 county or city at no cost to the county or city.

1 (4) By December 31, 2019, or within (~~thirty~~) 30 days of a  
2 county or city authorizing the tax under this section, whichever is  
3 later, the department must calculate the maximum amount of tax  
4 distributions for each county and city authorizing the tax under this  
5 section as follows:

6 (a) The maximum amount for a participating county equals the  
7 taxable retail sales within the county in state fiscal year 2019  
8 multiplied by the tax rate imposed under this section. If a county  
9 imposes a tax authorized under this section after a city located in  
10 that county has imposed the tax, the taxable retail sales within the  
11 city in state fiscal year 2019 must be subtracted from the taxable  
12 retail sales within the county for the calculation of the maximum  
13 amount; and

14 (b) The maximum amount for a city equals the taxable retail sales  
15 within the city in state fiscal year 2019 multiplied by the tax rate  
16 imposed under subsection (1) of this section.

17 (5) The tax must cease to be distributed to a county or city for  
18 the remainder of any fiscal year in which the amount of tax exceeds  
19 the maximum amount in subsection (4) of this section. The department  
20 must remit any annual tax revenues above the maximum to the state  
21 treasurer for deposit in the general fund. Distributions to a county  
22 or city meeting the maximum amount must resume at the beginning of  
23 the next fiscal year.

24 (6) (a) The moneys collected or bonds issued under this section  
25 may only be used for the following purposes:

26 (i) Acquiring, rehabilitating, or constructing affordable  
27 housing, which may include new units of affordable housing within an  
28 existing structure or facilities providing supportive housing  
29 services under RCW 71.24.385;

30 (ii) Funding the operations and maintenance costs of new and  
31 existing units of affordable or supportive housing; or

32 (iii) For providing rental assistance to tenants.

33 (b) Administrative costs of the county or city associated with  
34 administering this section may not exceed 10 percent of the annual  
35 tax distributed to the jurisdiction under this section.

36 (7) The housing and services provided pursuant to subsection (6)  
37 of this section may only be provided to persons whose income is at or  
38 below 60 percent of the median income of the county or city imposing  
39 the tax, or at or below 80 percent of the median income of the county  
40 or city imposing the tax if it is supporting the development of

1 affordable housing intended for owner occupancy, as defined in RCW  
2 84.14.010.

3 (8) In determining the use of funds under subsection (6) of this  
4 section, a county or city must consider the income of the individuals  
5 and families to be served, the leveraging of the resources made  
6 available under this section, and the housing needs within the  
7 jurisdiction of the taxing authority.

8 (9) To carry out the purposes of this section including, but not  
9 limited to, financing loans or grants to nonprofit organizations or  
10 public housing authorities, the legislative authority of the county  
11 or city imposing the tax has the authority to issue general  
12 obligation or revenue bonds within the limitations now or hereafter  
13 prescribed by the laws of this state, and may use, and is authorized  
14 to pledge, the moneys collected under this section for repayment of  
15 such bonds.

16 (10) A county or city may enter into an interlocal agreement with  
17 one or more counties, cities, or public housing authorities in  
18 accordance with chapter 39.34 RCW. The agreement may include, but is  
19 not limited to, pooling the tax receipts received under this section,  
20 pledging those taxes to bonds issued by one or more parties to the  
21 agreement, and allocating the proceeds of the taxes levied or the  
22 bonds issued in accordance with such interlocal agreement and this  
23 section.

24 (11) Counties and cities imposing the tax under this section must  
25 report annually to the department of commerce on the collection and  
26 use of the revenue. The department of commerce must adopt rules  
27 prescribing content of such reports. By December 1, 2019, and  
28 annually thereafter, and in compliance with RCW 43.01.036, the  
29 department of commerce must submit a report annually to the  
30 appropriate legislative committees with regard to such uses.

31 (12) The tax imposed by a county or city under this section  
32 expires (~~(twenty)~~) 20 years after the date on which the tax is first  
33 imposed.

34 **Sec. 3.** RCW 36.22.250 and 2025 c 408 s 3, 2025 c 100 s 2, and  
35 2025 c 74 s 1 are each reenacted and amended to read as follows:

36 (1) A surcharge of \$183 per instrument shall be charged by the  
37 county auditor for each document recorded, which will be in addition  
38 to any other charge authorized by law. The following are exempt from  
39 this surcharge:

- 1 (a) Documents recording a birth, marriage, divorce, or death;  
2 (b) Any recorded documents otherwise exempted from a recording  
3 fee or additional surcharges under state law;  
4 (c) Marriage licenses issued by the county auditor; and  
5 (d) Documents recording a federal, state, county, city, or water-  
6 sewer district, or wage lien or satisfaction of lien.

7 (2) Funds collected pursuant to this section must be distributed  
8 and used as follows:

9 (a) One percent of the total funds collected shall be retained by  
10 the county auditor for its fee collection activities;

11 (b) 30 percent of the total funds collected shall be retained by  
12 the county and used by the county as provided in subsection (3) of  
13 this section;

14 (c) 54.1 percent of the total funds collected shall be  
15 transmitted to the state treasurer to be deposited in the home  
16 security fund account created in RCW 43.185C.060 and shall be used by  
17 the department of commerce as provided in subsection (4) of this  
18 section;

19 (d) 13.1 percent of the total funds collected shall be  
20 transmitted to the state treasurer to be deposited in the affordable  
21 housing for all account created in RCW 43.185C.190 and shall be used  
22 by the department of commerce as provided in subsection (5) of this  
23 section;

24 (e) 1.8 percent of the total funds collected shall be transmitted  
25 to the state treasurer to be deposited in the landlord mitigation  
26 program account created in RCW 43.31.615 and shall be used by the  
27 department of commerce as provided in subsection (6) of this section.

28 (3) The county shall use their portion of the collected funds as  
29 follows:

30 (a) Except as provided in (b) of this subsection, up to 10  
31 percent for the county's administration and local distribution of the  
32 funds collected from the surcharge in this section, and  
33 administrative costs related to the county's homeless housing plan;

34 (b) (i) At least 75 percent will be retained and used by the  
35 county to accomplish the purposes of its local homeless housing plan  
36 pursuant to chapter 484, Laws of 2005, unless a city in the county  
37 elects, as authorized in RCW 43.185C.080, to operate its own local  
38 homeless housing program.

39 (ii) If a city in the county elects, as authorized in RCW  
40 43.185C.080, to operate its own local homeless housing program, the

1 10 percent for administrative costs retained under (a) of this  
2 subsection and the 75 percent for local homeless housing plans  
3 retained under (b) of this subsection must be combined and  
4 distributed as follows: For each city in the county that elects as  
5 authorized in RCW 43.185C.080 to operate its own local homeless  
6 housing program, a percentage of the surcharge assessed under this  
7 subsection equal to the percentage of the city's local portion of the  
8 real estate excise tax collected by the county shall be transmitted  
9 at least quarterly to the city treasurer, without any deduction for  
10 county administrative costs, for use by the city for program costs  
11 which directly contribute to the goals of the city's local homeless  
12 housing plan. Each county or city receiving funds under this  
13 subsection (3) may use up to 10 percent of their share of the total  
14 funding retained or received under this subsection (3) after the  
15 completion of the required city distributions for costs related to:

16 (A) The county's administration and local distribution of the  
17 funds collected from the surcharge in this section;

18 (B) Administrative costs related to the county's homeless housing  
19 plan; and

20 (C) Administrative costs related to the city's homeless housing  
21 program;

22 (c) At least 15 percent will be retained and used by the county  
23 for eligible housing activities, as described in this subsection,  
24 that serve extremely low and very low-income households in the county  
25 and the cities within a county according to an interlocal agreement  
26 between the county and the cities within the county consistent with  
27 countywide and local housing needs and policies. A priority must be  
28 given to eligible housing activities that serve extremely low-income  
29 households with incomes at or below 30 percent of the area median  
30 income. Eligible housing activities to be funded are limited to:

31 (i) Acquisition, construction, or rehabilitation of housing  
32 projects or units within housing projects that are affordable to very  
33 low-income households with incomes at or below 50 percent of the area  
34 median income, including units for homeownership, rental units,  
35 seasonal and permanent farmworker housing units, units reserved for  
36 victims of human trafficking and their families, and single room  
37 occupancy units;

38 (ii) Supporting building operation and maintenance costs of  
39 housing projects or units within housing projects eligible to receive  
40 housing trust funds, that are affordable to very low-income

1 households with incomes at or below 50 percent of the area median  
2 income, and that require a supplement to rent income to cover ongoing  
3 operating expenses;

4 (iii) Rental assistance vouchers for housing units that are  
5 affordable to very low-income households with incomes at or below 50  
6 percent of the area median income, including rental housing vouchers  
7 for victims of human trafficking and their families, to be  
8 administered by a local public housing authority or other local  
9 organization that has an existing rental assistance voucher program,  
10 consistent with or similar to the United States department of housing  
11 and urban development's section 8 rental assistance voucher program  
12 standards; and

13 (iv) Operating costs for emergency shelters and licensed  
14 overnight youth shelters.

15 (4) The department of commerce shall use the funds from the  
16 document recording fee or other fund sources deposited in the home  
17 security fund account as follows, except that the department of  
18 commerce shall provide counties with the right of first refusal to  
19 receive grant funds distributed under (b) of this subsection (4). If  
20 a county refuses the funds or does not respond within a time frame  
21 established by the department, the department shall make good faith  
22 efforts to identify one or more suitable alternative grantees  
23 operating within that county. The alternative grantee shall  
24 distribute the funds in a manner that is in compliance with this  
25 chapter. Funding provided through the office of homeless youth  
26 prevention and protection programs created in RCW 43.330.705 is  
27 exempt from the county first refusal requirement.

28 (a) Up to 10 percent for administration of the programs  
29 established in chapter 43.185C RCW and in conformance with this  
30 subsection (4), including the costs of creating and implementing  
31 strategic plans, collecting and evaluating data, measuring and  
32 reporting performance, providing technical assistance to local  
33 governments, providing training to entities delivering services, and  
34 developing and maintaining stakeholder relationships;

35 (b) At least 90 percent for homelessness assistance grant  
36 programs administered by the department, including but not limited  
37 to: Temporary rental assistance; eviction prevention rental  
38 assistance per RCW 43.185C.185; emergency shelter and transitional  
39 housing operations and maintenance; outreach; diversion; HOPE and  
40 crisis residential centers; young adult housing; homeless services

1 and case management for adult, family, youth, and young adult  
2 homeless populations and those at risk of homelessness; project-based  
3 vouchers for nonprofit housing providers or public housing  
4 authorities; tenant-based rent assistance; housing services; direct  
5 cash assistance as provided for in RCW 43.185C.220(5)(a); rapid  
6 rehousing; emergency housing; acquisition; operations; maintenance;  
7 and service costs for permanent supportive housing as defined in RCW  
8 36.70A.030 for individuals with disabilities. Grantees may also use  
9 these funds in partnership with permanent supportive housing programs  
10 administered by the office of apple health and homes created in RCW  
11 43.330.181. Priority for use must be given to purposes intended to  
12 house persons who are chronically homeless or to maintain housing for  
13 individuals with disabilities and prior experiences of homelessness,  
14 including families with children.

15 (5) The department of commerce shall use the funds from the  
16 document recording fee or other fund sources deposited in the  
17 affordable housing for all account as follows:

18 (a) Up to 10 percent for program administration and technical  
19 assistance necessary for the delivery programs and activities under  
20 this subsection (5);

21 (b) At least 90 percent for the following:

22 (i) Grants for building operation and maintenance costs of  
23 housing projects, or units within housing projects, that are in the  
24 state's housing trust fund portfolio(~~(7)~~) and are affordable to  
25 extremely low-income households with incomes at or below 30 percent  
26 of the area median income(~~(7, and require a supplement to rent income~~  
27 ~~to cover ongoing operating expenses)~~) at the time of move-in;

28 (ii) Grants to support the building operations, maintenance, and  
29 supportive service costs for permanent supportive housing projects,  
30 or units within housing projects, that have received or will receive  
31 funding from the housing trust fund or other public capital funding  
32 programs. The supported projects or units must be dedicated as  
33 permanent supportive housing as defined in RCW 36.70A.030(~~(7)~~) and be  
34 occupied by extremely low-income households with incomes at or below  
35 30 percent of the area median income(~~(7, and require a supplement to~~  
36 ~~rent income to cover ongoing property operations, maintenance, and~~  
37 ~~supportive services expenses)~~) at the time of move-in. Eligible uses  
38 of grant funds under this subsection (5)(b)(ii) include, but are not  
39 limited to:

1 (A) Resident services, such as programming, community events, and  
2 building activities, including meals and supplies;

3 (B) Essential ancillary services necessary to assist program  
4 participants who are not covered or are partially covered by medicaid  
5 or other health insurance obtain and maintain housing. These services  
6 may include, but are not limited to, annual assessments of services,  
7 case management, education services, employment assistance and job  
8 training, counseling, life skills training, mental health services,  
9 outpatient health services, outreach, substance use treatment,  
10 transportation, and other support services;

11 (C) Resident needs for basic living and well-being, such as  
12 hygiene products, housewares, and food; essential household goods;  
13 and transportation support for health care, treatment, and case  
14 management;

15 (D) Essential maintenance and upkeep, including repair and  
16 replacement of fixtures needed for basic building functionality and  
17 occupational safety, such as lighting, security systems, locks and  
18 key systems, and window and door hardware; and required operational  
19 replacement reserves; and

20 (E) Essential case management and other resources with  
21 demonstrable connection to resident well-being and housing stability,  
22 such as communal information technology hardware and software for  
23 resource navigation and telehealth appointments, 24/7 security and  
24 safety staff, and on-call resident emergency response.

25 (6) The department of commerce shall use the funds from the  
26 document recording fee or other fund sources deposited in the  
27 landlord mitigation program account to administer the landlord  
28 mitigation program as established in RCW 43.31.605. The department of  
29 commerce may use up to 10 percent of these funds for program  
30 administration and the development and maintenance of a database  
31 necessary to administer the program.

32 (7) When awarding grants under subsection (5)(b)(i) and (ii) of  
33 this section, the department of commerce:

34 (a) May not impose a cap on administrative or overhead costs for  
35 grantees of less than 15 percent of the grant award; and

36 (b) Shall seek to promote continuity of operations and stability  
37 for existing projects including by maintaining renewal grant amounts  
38 at levels sufficient to support ongoing operations.

1       (8) The department of commerce shall require grantees to maintain  
2 comprehensive records for all expenses above \$50 and require  
3 submission of documentation, upon request, for auditing purposes.

4       **Sec. 4.** RCW 82.45.010 and 2025 c 159 s 1 are each amended to  
5 read as follows:

6       (1) As used in this chapter, the term "sale" has its ordinary  
7 meaning and includes any conveyance, grant, assignment, quitclaim, or  
8 transfer of the ownership of or title to real property, including  
9 standing timber, or any estate or interest therein for a valuable  
10 consideration, and any contract for such conveyance, grant,  
11 assignment, quitclaim, or transfer, and any lease with an option to  
12 purchase real property, including standing timber, or any estate or  
13 interest therein or other contract under which possession of the  
14 property is given to the purchaser, or any other person at the  
15 purchaser's direction, and title to the property is retained by the  
16 vendor as security for the payment of the purchase price. The term  
17 also includes the grant, assignment, quitclaim, sale, or transfer of  
18 improvements constructed upon leased land.

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

23       (b) For the sole purpose of determining whether, pursuant to the  
24 exercise of an option, a controlling interest was transferred or  
25 acquired within a 36 month period, the date that the option agreement  
26 was executed is the date on which the transfer or acquisition of the  
27 controlling interest is deemed to occur. For all other purposes under  
28 this chapter, the date upon which the option is exercised is the date  
29 of the transfer or acquisition of the controlling interest.

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

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

1 (ii) When persons are not commonly owned or controlled, they must  
2 be treated as acting in concert only when the unity with which the  
3 purchasers have negotiated and will consummate the transfer of  
4 ownership interests supports a finding that they are acting as a  
5 single entity. If the acquisitions are completely independent, with  
6 each purchaser buying without regard to the identity of the other  
7 purchasers, then the acquisitions are considered separate  
8 acquisitions.

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

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

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

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

16 (d) A cancellation or forfeiture of a vendee's interest in a  
17 contract for the sale of real property, whether or not such contract  
18 contains a forfeiture clause, or deed in lieu of foreclosure of a  
19 mortgage.

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

22 (f) The assignment of property or interest in property from one  
23 spouse or one domestic partner to the other spouse or other domestic  
24 partner in accordance with the terms of a decree of dissolution of  
25 marriage or state registered domestic partnership or in fulfillment  
26 of a property settlement agreement.

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

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

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

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

39 (k) A conveyance to the federal housing administration or  
40 veterans administration by an authorized mortgagee made pursuant to a

1 contract of insurance or guaranty with the federal housing  
2 administration or veterans administration.

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

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

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

10 (o) A sale to a regional transit authority or public corporation  
11 under RCW 81.112.320 under a sale/leaseback agreement under RCW  
12 81.112.300.

13 (p) A transfer of real property, however effected, if it consists  
14 of a mere change in identity or form of ownership of an entity where  
15 there is no change in the beneficial ownership. These include  
16 transfers to a corporation or partnership which is wholly owned by  
17 the transferor and/or the transferor's spouse or domestic partner or  
18 children of the transferor or the transferor's spouse or domestic  
19 partner. However, if thereafter such transferee corporation or  
20 partnership voluntarily transfers such real property, or such  
21 transferor, spouse or domestic partner, or children of the transferor  
22 or the transferor's spouse or domestic partner voluntarily transfer  
23 stock in the transferee corporation or interest in the transferee  
24 partnership capital, as the case may be, to other than (i) the  
25 transferor and/or the transferor's spouse or domestic partner or  
26 children of the transferor or the transferor's spouse or domestic  
27 partner, (ii) a trust having the transferor and/or the transferor's  
28 spouse or domestic partner or children of the transferor or the  
29 transferor's spouse or domestic partner as the only beneficiaries at  
30 the time of the transfer to the trust, or (iii) a corporation or  
31 partnership wholly owned by the original transferor and/or the  
32 transferor's spouse or domestic partner or children of the transferor  
33 or the transferor's spouse or domestic partner, within three years of  
34 the original transfer to which this exemption applies, and the tax on  
35 the subsequent transfer has not been paid within 60 days of becoming  
36 due, excise taxes become due and payable on the original transfer as  
37 otherwise provided by law.

38 (q) (i) A transfer that for federal income tax purposes does not  
39 involve the recognition of gain or loss for entity formation,  
40 liquidation or dissolution, and reorganization, including but not

1 limited to nonrecognition of gain or loss because of application of  
2 26 U.S.C. Sec. 332, 337, 351, 368(a)(1), 721, or 731 of the internal  
3 revenue code of 1986, as amended.

4 (ii) However, the transfer described in (q)(i) of this subsection  
5 cannot be preceded or followed within a 36 month period by another  
6 transfer or series of transfers, that, when combined with the  
7 otherwise exempt transfer or transfers described in (q)(i) of this  
8 subsection, results in the transfer of a controlling interest in the  
9 entity for valuable consideration, and in which one or more persons  
10 previously holding a controlling interest in the entity receive cash  
11 or property in exchange for any interest the person or persons acting  
12 in concert hold in the entity. This subsection (3)(q)(ii) does not  
13 apply to that part of the transfer involving property received that  
14 is the real property interest that the person or persons originally  
15 contributed to the entity or when one or more persons who did not  
16 contribute real property or belong to the entity at a time when real  
17 property was purchased receive cash or personal property in exchange  
18 for that person or persons' interest in the entity. The real estate  
19 excise tax under this subsection (3)(q)(ii) is imposed upon the  
20 person or persons who previously held a controlling interest in the  
21 entity.

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

24 (s)(i) A transfer of a qualified low-income housing development  
25 or controlling interest in a qualified low-income housing  
26 development, unless, due to noncompliance with federal statutory  
27 requirements, the seller is subject to recapture, in whole or in  
28 part, of its allocated federal low-income housing tax credits within  
29 the four years prior to the date of transfer.

30 (ii) For purposes of this subsection (3)(s), "qualified low-  
31 income housing development" means real property and improvements in  
32 respect to which the seller or, in the case of a transfer of a  
33 controlling interest, the owner or beneficial owner, was allocated  
34 federal low-income housing tax credits authorized under 26 U.S.C.  
35 Sec. 42 or successor statute, by the Washington state housing finance  
36 commission or successor state-authorized tax credit allocating  
37 agency.

38 (iii) This subsection (3)(s) does not apply to transfers of a  
39 qualified low-income housing development or controlling interest in a

1 qualified low-income housing development occurring on or after July  
2 1, 2035.

3 (iv) The Washington state housing finance commission, in  
4 consultation with the department, must gather data on: (A) The fiscal  
5 savings, if any, accruing to transferees as a result of the exemption  
6 provided in this subsection (3)(s); (B) the extent to which  
7 transferors of qualified low-income housing developments receive  
8 consideration, including any assumption of debt, as part of a  
9 transfer subject to the exemption provided in this subsection (3)(s);  
10 and (C) the continued use of the property for low-income housing. The  
11 Washington state housing finance commission must provide this  
12 information to the joint legislative audit and review committee. The  
13 committee must conduct a review of the tax preference created under  
14 this subsection (3)(s) in calendar year 2033, as required under  
15 chapter 43.136 RCW.

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

19 (A) The adult child with developmental disabilities of the  
20 transferor of the residential property must be allowed to reside in  
21 the residence or successor property so long as the placement is safe  
22 and appropriate as determined by the department of social and health  
23 services;

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

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

29 (D) The residential property transferred must remain in continued  
30 use for 50 years by the qualified entity as supported living for  
31 persons with developmental disabilities by the qualified entity or  
32 successor entity. If the qualified entity sells or otherwise conveys  
33 ownership of the residential property the proceeds of the sale or  
34 conveyance must be used to acquire similar residential property and  
35 such similar residential property must be considered the successor  
36 for continued use. The property will not be considered in continued  
37 use if the department of social and health services finds that the  
38 property has failed, after a reasonable time to remedy, to meet any  
39 health and safety statutory or regulatory requirements. If the  
40 department of social and health services determines that the property

1 fails to meet the requirements for continued use, the department of  
2 social and health services must notify the department and the real  
3 estate excise tax based on the value of the property at the time of  
4 the transfer into use as residential property for persons with  
5 developmental disabilities becomes immediately due and payable by the  
6 qualified entity. The tax due is not subject to penalties, fees, or  
7 interest under this title.

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

10 (iii) A "qualified entity" is:

11 (A) A nonprofit organization under Title 26 U.S.C. Sec. 501(c)(3)  
12 of the federal internal revenue code of 1986, as amended, as of June  
13 7, 2018, or a subsidiary under the same taxpayer identification  
14 number that provides residential supported living for persons with  
15 developmental disabilities; or

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

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

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

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

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

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

35 (C) "Self-help housing" means dwelling residences provided for  
36 ownership by low-income individuals and families whose ownership  
37 requirement includes labor participation. "Self-help housing" does  
38 not include residential rental housing provided on a commercial basis  
39 to the general public.

1 (v) (i) A sale or transfer of real property to a qualifying  
2 grantee that uses the property for housing for low-income persons and  
3 receives or otherwise qualifies the property for an exemption from  
4 real and personal property taxes under RCW 84.36.560, 84.36.049,  
5 35.82.210, 35.21.755, or 84.36.010. For purposes of this subsection  
6 (3) (v), "qualifying grantee" means a nonprofit entity as defined in  
7 RCW 84.36.560, a nonprofit entity or qualified cooperative  
8 association as defined in RCW 84.36.049, a housing authority created  
9 under RCW 35.82.030 or 35.82.300, a public corporation established  
10 under RCW 35.21.660 or 35.21.730, or a county or municipal  
11 corporation. A qualifying grantee that is a county or municipal  
12 corporation must record a covenant at the time of transfer that  
13 prohibits using the property for any purpose other than for low-  
14 income housing for a period of at least 10 years. At a minimum, the  
15 covenant must address price restrictions and household income limits  
16 for the low-income housing. A qualifying grantee must comply with the  
17 requirements described in (v) (i) (A), (B), or (C) of this subsection  
18 and must also certify, by affidavit at the time of sale or transfer,  
19 that it intends to comply with those requirements.

20 (A) If the qualifying grantee intends to operate existing housing  
21 on the property, within (~~one year~~) 24 months of the sale or  
22 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 (B) If the qualifying grantee intends to develop new housing on  
28 the site, within five years of the sale or transfer:

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

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

33 (C) If the qualifying grantee intends to substantially  
34 rehabilitate the premises as defined in RCW 59.18.200, within three  
35 years:

36 (I) The qualifying grantee must receive or qualify the property  
37 for a tax exemption under RCW 84.36.560, 84.36.049,  
38 35.82.210, 35.21.755, or 84.36.010; and

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

1 (ii) If the qualifying grantee fails to satisfy the requirements  
2 described in (v)(i)(A), (B), or (C) of this subsection, within the  
3 timelines described in (v)(i)(A), (B), or (C) of this subsection, the  
4 qualifying grantee must pay the tax that would have otherwise been  
5 due at the time of initial transfer, plus interest calculated from  
6 the date of initial transfer pursuant to RCW 82.32.050.

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

19 (iv) Each affidavit must be filed with the department upon  
20 completion of the sale or transfer of property, including transfers  
21 from a qualifying grantee to a different qualifying grantee. The  
22 qualifying grantee must provide proof to the department as required  
23 by the department once the requirements as described in (v)(i)(A),  
24 (B), or (C) of this subsection have been satisfied.

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

27 (w)(i) Beginning January 1, 2026, the sale of qualified space in  
28 a development that qualifies for a property tax exemption under RCW  
29 84.36.560, 84.36.049, 35.82.210, 35.21.755, or 84.36.010 to a  
30 nonprofit organization, a housing authority, or public corporation  
31 for use for an exempt community purpose.

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

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

39 (B) "Exempt community purpose" means any use to provide a service  
40 that benefits affordable housing development tenants or the public

1 including, but not limited to, health clinics, senior day care, food  
2 banks, community centers, and early learning facilities.

3 (C) "Nonprofit organization" means an organization exempt from  
4 taxation under section 501(c)(3) of the internal revenue code of 1986  
5 (26 U.S.C. Sec. 501(c)(3)), as amended.

6 (D) "Qualified space" means any portion of an affordable housing  
7 development that is accessible to tenants or the public that  
8 constitutes a separate legal parcel of property under chapter 64.32,  
9 64.34, or 64.90 RCW.

10 **Sec. 5.** RCW 82.45.010 and 2025 c 159 s 2 are each amended to  
11 read as follows:

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

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

29 (b) For the sole purpose of determining whether, pursuant to the  
30 exercise of an option, a controlling interest was transferred or  
31 acquired within a 36 month period, the date that the option agreement  
32 was executed is the date on which the transfer or acquisition of the  
33 controlling interest is deemed to occur. For all other purposes under  
34 this chapter, the date upon which the option is exercised is the date  
35 of the transfer or acquisition of the controlling interest.

36 (c) For purposes of this subsection, all acquisitions of persons  
37 acting in concert must be aggregated for purposes of determining  
38 whether a transfer or acquisition of a controlling interest has taken  
39 place. The department must adopt standards by rule to determine when

1 persons are acting in concert. In adopting a rule for this purpose,  
2 the department must consider the following:

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

6 (ii) When persons are not commonly owned or controlled, they must  
7 be treated as acting in concert only when the unity with which the  
8 purchasers have negotiated and will consummate the transfer of  
9 ownership interests supports a finding that they are acting as a  
10 single entity. If the acquisitions are completely independent, with  
11 each purchaser buying without regard to the identity of the other  
12 purchasers, then the acquisitions are considered separate  
13 acquisitions.

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

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

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

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

21 (d) A cancellation or forfeiture of a vendee's interest in a  
22 contract for the sale of real property, whether or not such contract  
23 contains a forfeiture clause, or deed in lieu of foreclosure of a  
24 mortgage.

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

27 (f) The assignment of property or interest in property from one  
28 spouse or one domestic partner to the other spouse or other domestic  
29 partner in accordance with the terms of a decree of dissolution of  
30 marriage or state registered domestic partnership or in fulfillment  
31 of a property settlement agreement.

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

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

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

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

5 (k) A conveyance to the federal housing administration or  
6 veterans administration by an authorized mortgagee made pursuant to a  
7 contract of insurance or guaranty with the federal housing  
8 administration or veterans administration.

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

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

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

16 (o) A sale to a regional transit authority or public corporation  
17 under RCW 81.112.320 under a sale/leaseback agreement under RCW  
18 81.112.300.

19 (p) A transfer of real property, however effected, if it consists  
20 of a mere change in identity or form of ownership of an entity where  
21 there is no change in the beneficial ownership. These include  
22 transfers to a corporation or partnership which is wholly owned by  
23 the transferor and/or the transferor's spouse or domestic partner or  
24 children of the transferor or the transferor's spouse or domestic  
25 partner. However, if thereafter such transferee corporation or  
26 partnership voluntarily transfers such real property, or such  
27 transferor, spouse or domestic partner, or children of the transferor  
28 or the transferor's spouse or domestic partner voluntarily transfer  
29 stock in the transferee corporation or interest in the transferee  
30 partnership capital, as the case may be, to other than (i) the  
31 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, (ii) a trust having the transferor and/or the transferor's  
34 spouse or domestic partner or children of the transferor or the  
35 transferor's spouse or domestic partner as the only beneficiaries at  
36 the time of the transfer to the trust, or (iii) a corporation or  
37 partnership wholly owned by the original transferor and/or the  
38 transferor's spouse or domestic partner or children of the transferor  
39 or the transferor's spouse or domestic partner, within three years of  
40 the original transfer to which this exemption applies, and the tax on

1 the subsequent transfer has not been paid within sixty days of  
2 becoming due, excise taxes become due and payable on the original  
3 transfer as otherwise provided by law.

4 (q)(i) A transfer that for federal income tax purposes does not  
5 involve the recognition of gain or loss for entity formation,  
6 liquidation or dissolution, and reorganization, including but not  
7 limited to nonrecognition of gain or loss because of application of  
8 26 U.S.C. Sec. 332, 337, 351, 368(a)(1), 721, or 731 of the internal  
9 revenue code of 1986, as amended.

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

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

31 (s)(i) A transfer of a qualified low-income housing development  
32 or controlling interest in a qualified low-income housing  
33 development, unless, due to noncompliance with federal statutory  
34 requirements, the seller is subject to recapture, in whole or in  
35 part, of its allocated federal low-income housing tax credits within  
36 the four years prior to the date of transfer.

37 (ii) For purposes of this subsection (3)(s), "qualified low-  
38 income housing development" means real property and improvements in  
39 respect to which the seller or, in the case of a transfer of a  
40 controlling interest, the owner or beneficial owner, was allocated

1 federal low-income housing tax credits authorized under 26 U.S.C.  
2 Sec. 42 or successor statute, by the Washington state housing finance  
3 commission or successor state-authorized tax credit allocating  
4 agency.

5 (iii) This subsection (3)(s) does not apply to transfers of a  
6 qualified low-income housing development or controlling interest in a  
7 qualified low-income housing development occurring on or after July  
8 1, 2035.

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

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

25 (A) The adult child with developmental disabilities of the  
26 transferor of the residential property must be allowed to reside in  
27 the residence or successor property so long as the placement is safe  
28 and appropriate as determined by the department of social and health  
29 services;

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

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

35 (D) The residential property transferred must remain in continued  
36 use for 50 years by the qualified entity as supported living for  
37 persons with developmental disabilities by the qualified entity or  
38 successor entity. If the qualified entity sells or otherwise conveys  
39 ownership of the residential property the proceeds of the sale or  
40 conveyance must be used to acquire similar residential property and

1 such similar residential property must be considered the successor  
2 for continued use. The property will not be considered in continued  
3 use if the department of social and health services finds that the  
4 property has failed, after a reasonable time to remedy, to meet any  
5 health and safety statutory or regulatory requirements. If the  
6 department of social and health services determines that the property  
7 fails to meet the requirements for continued use, the department of  
8 social and health services must notify the department and the real  
9 estate excise tax based on the value of the property at the time of  
10 the transfer into use as residential property for persons with  
11 developmental disabilities becomes immediately due and payable by the  
12 qualified entity. The tax due is not subject to penalties, fees, or  
13 interest under this title.

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

16 (iii) A "qualified entity" is:

17 (A) A nonprofit organization under Title 26 U.S.C. Sec. 501(c)(3)  
18 of the federal internal revenue code of 1986, as amended, as of June  
19 7, 2018, or a subsidiary under the same taxpayer identification  
20 number that provides residential supported living for persons with  
21 developmental disabilities; or

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

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

28 (u)(i) A sale or transfer of real property to a qualifying  
29 grantee that uses the property for housing for low-income persons and  
30 receives or otherwise qualifies the property for an exemption from  
31 real and personal property taxes under RCW 84.36.560, 84.36.049,  
32 35.82.210, 35.21.755, or 84.36.010. For purposes of this subsection  
33 (3)(u), "qualifying grantee" means a nonprofit entity as defined in  
34 RCW 84.36.560, a nonprofit entity or qualified cooperative  
35 association as defined in RCW 84.36.049, a housing authority created  
36 under RCW 35.82.030 or 35.82.300, a public corporation established  
37 under RCW 35.21.660 or 35.21.730, or a county or municipal  
38 corporation. A qualifying grantee that is a county or municipal  
39 corporation must record a covenant at the time of transfer that  
40 prohibits using the property for any purpose other than for low-

1 income housing for a period of at least 10 years. At a minimum, the  
2 covenant must address price restrictions and household income limits  
3 for the low-income housing. A qualifying grantee must comply with the  
4 requirements described in (u)(i)(A), (B), or (C) of this subsection  
5 and must also certify, by affidavit at the time of sale or transfer,  
6 that it intends to comply with those requirements.

7 (A) If the qualifying grantee intends to operate existing housing  
8 on the property, within (~~one year~~) 24 months of the sale or  
9 transfer:

10 (I) The qualifying grantee must receive or qualify the property  
11 for a tax exemption under RCW 84.36.560, 84.36.049,  
12 35.82.210, 35.21.755, or 84.36.010; and

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

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

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

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

20 (C) If the qualifying grantee intends to substantially  
21 rehabilitate the premises as defined in RCW 59.18.200, within three  
22 years:

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

33 (iii) If a qualifying grantee transfers the property to a  
34 different qualifying grantee within the original timelines described  
35 in (u)(i)(A), (B), or (C) of this subsection, neither the original  
36 qualifying grantee nor the new qualifying grantee is required to pay  
37 the tax, so long as the new qualifying grantee satisfies the  
38 requirements as described in (u)(i)(A), (B), or (C) of this  
39 subsection within the exemption period of the initial transfer. If  
40 the new qualifying grantee fails to satisfy the requirements

1 described in (u)(i)(A), (B), or (C) of this subsection, only the new  
2 qualifying grantee is liable for the payment of taxes required by  
3 (u)(ii) of this subsection. There is no limit on the number of  
4 transfers between qualifying grantees within the original timelines.

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

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

16 (v)(i) The sale of qualified space in a development that  
17 qualifies for a property tax exemption under RCW 84.36.560,  
18 84.36.049, 35.82.210, 35.21.755, or 84.36.010 to a nonprofit  
19 organization, a housing authority, or public corporation for use for  
20 an exempt community purpose.

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

23 (A) "Affordable housing development" means a development with  
24 housing provided to households with a household income that does not  
25 exceed 80 percent of median household income at initial occupancy,  
26 adjusted for household size, for the county in which the dwelling is  
27 located.

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

32 (C) "Nonprofit organization" means an organization exempt from  
33 taxation under section 501(c)(3) of the internal revenue code of 1986  
34 (26 U.S.C. Sec. 501(c)(3)), as amended.

35 (D) "Qualified space" means any portion of an affordable housing  
36 development that is accessible to tenants or the public that  
37 constitutes a separate legal parcel of property under chapter 64.32,  
38 64.34, or 64.90 RCW.

1        NEW SECTION.    **Sec. 6.**    Section 4 of this act expires January 1,  
2    2030.

3        NEW SECTION.    **Sec. 7.**    Section 5 of this act takes effect January  
4    1, 2030.

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