
HOUSE BILL 2610

State of Washington

69th Legislature

2026 Regular Session

By Representatives Street, Mena, Reed, Cortes, Scott, Ormsby, Obras, and Hill

Read first time 01/21/26. Referred to Committee on Finance.

1 AN ACT Relating to ensuring nonprofit housing providers qualify
2 for a property tax exemption when the property is temporarily used
3 for certain community purposes other than affordable housing;
4 amending RCW 84.36.805, 84.36.805, 84.36.049, 84.36.815, and
5 84.36.815; creating new sections; providing effective dates; and
6 providing expiration dates.

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

8 **Sec. 1.** RCW 84.36.805 and 2023 c 69 s 2 are each amended to read
9 as follows:

10 (1) In order to qualify for an exemption under this chapter, the
11 nonprofit organizations, associations, or corporations must satisfy
12 the conditions in this section.

13 (2) The property must be used exclusively for the actual
14 operation of the activity for which exemption is granted, unless
15 otherwise provided, and does not exceed an amount reasonably
16 necessary for that purpose. Notwithstanding anything to the contrary
17 in this section:

18 (a) The loan or rental of the property does not subject the
19 property to tax if:

20 (i) The rents and donations received for the use of the portion
21 of the property are reasonable and do not exceed the maintenance and

1 operation expenses attributable to the portion of the property loaned
2 or rented;

3 (ii) Except for the exemptions under RCW 84.36.030(4), 84.36.037,
4 84.36.050, and 84.36.060(1) (a) and (b), the property would be exempt
5 from tax if owned by the organization to which it is loaned or
6 rented; and

7 (iii) This subsection (2)(a) does not apply to exemptions granted
8 under RCW 84.36.042;

9 (b) The use of the property for fund-raising events does not
10 subject the property to tax if the fund-raising events are consistent
11 with the purposes for which the exemption is granted or are conducted
12 by a nonprofit organization. If the property is loaned or rented to
13 conduct a fund-raising event, the requirements of (a) of this
14 subsection (2) apply;

15 (c) An inadvertent use of the property in a manner inconsistent
16 with the purpose for which exemption is granted does not subject the
17 property to tax, if the inadvertent use is not part of a pattern of
18 use. A pattern of use is presumed when an inadvertent use is repeated
19 in the same assessment year or in two or more successive assessment
20 years.

21 (3) The facilities and services must be available to all
22 regardless of race, color, national origin or ancestry.

23 (4) The organization, association, or corporation must be duly
24 licensed or certified where such licensing or certification is
25 required by law or regulation.

26 (5) Property sold to organizations, associations, or corporations
27 with an option to be repurchased by the seller does not qualify for
28 exempt status. This subsection does not apply to:

29 (a) Limited equity cooperatives as defined in RCW 84.36.675; or

30 (b) Property sold to a nonprofit entity, as defined in RCW
31 84.36.560, by:

32 (i) A nonprofit as defined in RCW 84.36.800 that is exempt from
33 income tax under 26 U.S.C. Sec. 501(c) of the federal internal
34 revenue code;

35 (ii) A governmental entity established under RCW 35.21.660,
36 35.21.670, or 35.21.730;

37 (iii) A housing authority created under RCW 35.82.030;

38 (iv) A housing authority meeting the definition in RCW
39 35.82.210(2)(a); or

40 (v) A housing authority established under RCW 35.82.300.

1 (6) The department must have access to its books in order to
2 determine whether the nonprofit organization, association, or
3 corporation is exempt from taxes under this chapter.

4 (7) This section does not apply to exemptions granted under RCW
5 84.36.020, 84.36.032, 84.36.250, (~~84.36.049~~) and 84.36.480(2).

6 (8)(a) The use of property exempt under this chapter, other than
7 as specifically authorized by this chapter, nullifies the exemption
8 otherwise available for the property for the assessment year.
9 However, the exemption is not nullified by the use of the property by
10 any individual, group, or entity, where such use is not otherwise
11 authorized by this chapter, for not more than 50 days in each
12 calendar year, and the property is not used for pecuniary gain or to
13 promote business activities for more than 15 of the 50 days in each
14 calendar year. The 50 and 15-day limitations provided in this
15 subsection (8)(a) do not include days during which setup and takedown
16 activities take place immediately preceding or following a meeting or
17 other event by an individual, group, or entity using the property as
18 provided in this subsection (8)(a).

19 (b) If uses of the exempt property exceed the 50 and 15-day
20 limitations provided in (a) of this subsection (8) during an
21 assessment year, the exemption is removed for the affected portion of
22 the property for that assessment year.

23 (c) The 15-day and 50-day limitations provided in (a) of this
24 subsection (8) do not apply to property exempt under RCW 84.36.037 if
25 the property is used for activities related to a qualifying farmers
26 market, as defined in RCW 66.24.170, and all income received from
27 rental or use of the exempt property is used for capital improvements
28 to the exempt property, maintenance and operation of the exempt
29 property, or exempt purposes. Exempt property under RCW 84.36.037 may
30 be used for up to 53 days for the purposes of a qualifying farmers
31 market.

32 **Sec. 2.** RCW 84.36.805 and 2023 c 69 s 3 are each amended to read
33 as follows:

34 (1) In order to qualify for an exemption under this chapter, the
35 nonprofit organizations, associations, or corporations must satisfy
36 the conditions in this section.

37 (2) The property must be used exclusively for the actual
38 operation of the activity for which exemption is granted, unless
39 otherwise provided, and does not exceed an amount reasonably

1 necessary for that purpose. Notwithstanding anything to the contrary
2 in this section:

3 (a) The loan or rental of the property does not subject the
4 property to tax if:

5 (i) The rents and donations received for the use of the portion
6 of the property are reasonable and do not exceed the maintenance and
7 operation expenses attributable to the portion of the property loaned
8 or rented;

9 (ii) Except for the exemptions under RCW 84.36.030(4), 84.36.037,
10 84.36.050, and 84.36.060(1) (a) and (b), the property would be exempt
11 from tax if owned by the organization to which it is loaned or
12 rented; and

13 (iii) This subsection (2)(a) does not apply to exemptions granted
14 under RCW 84.36.042;

15 (b) The use of the property for fund-raising events does not
16 subject the property to tax if the fund-raising events are consistent
17 with the purposes for which the exemption is granted or are conducted
18 by a nonprofit organization. If the property is loaned or rented to
19 conduct a fund-raising event, the requirements of (a) of this
20 subsection (2) apply;

21 (c) An inadvertent use of the property in a manner inconsistent
22 with the purpose for which exemption is granted does not subject the
23 property to tax, if the inadvertent use is not part of a pattern of
24 use. A pattern of use is presumed when an inadvertent use is repeated
25 in the same assessment year or in two or more successive assessment
26 years.

27 (3) The facilities and services must be available to all
28 regardless of race, color, national origin or ancestry.

29 (4) The organization, association, or corporation must be duly
30 licensed or certified where such licensing or certification is
31 required by law or regulation.

32 (5) Property sold to organizations, associations, or corporations
33 with an option to be repurchased by the seller does not qualify for
34 exempt status. This subsection does not apply to property sold to a
35 nonprofit entity, as defined in RCW 84.36.560(7), by:

36 (a) A nonprofit as defined in RCW 84.36.800 that is exempt from
37 income tax under 26 U.S.C. Sec. 501(c) of the federal internal
38 revenue code;

39 (b) A governmental entity established under RCW 35.21.660,
40 35.21.670, or 35.21.730;

1 (c) A housing authority created under RCW 35.82.030;

2 (d) A housing authority meeting the definition in RCW
3 35.82.210(2)(a); or

4 (e) A housing authority established under RCW 35.82.300.

5 (6) The department must have access to its books in order to
6 determine whether the nonprofit organization, association, or
7 corporation is exempt from taxes under this chapter.

8 (7) This section does not apply to exemptions granted under RCW
9 84.36.020, 84.36.032, 84.36.250, (~~84.36.049~~) and 84.36.480(2).

10 (8)(a) The use of property exempt under this chapter, other than
11 as specifically authorized by this chapter, nullifies the exemption
12 otherwise available for the property for the assessment year.
13 However, the exemption is not nullified by the use of the property by
14 any individual, group, or entity, where such use is not otherwise
15 authorized by this chapter, for not more than fifty days in each
16 calendar year, and the property is not used for pecuniary gain or to
17 promote business activities for more than fifteen of the fifty days
18 in each calendar year. The fifty and fifteen-day limitations provided
19 in this subsection (8)(a) do not include days during which setup and
20 takedown activities take place immediately preceding or following a
21 meeting or other event by an individual, group, or entity using the
22 property as provided in this subsection (8)(a).

23 (b) If uses of the exempt property exceed the fifty and fifteen-
24 day limitations provided in (a) of this subsection (8) during an
25 assessment year, the exemption is removed for the affected portion of
26 the property for that assessment year.

27 (c) The 15-day and 50-day limitations provided in (a) of this
28 subsection (8) do not apply to property exempt under RCW 84.36.037 if
29 the property is used for activities related to a qualifying farmers
30 market, as defined in RCW 66.24.170, and all income received from
31 rental or use of the exempt property is used for capital improvements
32 to the exempt property, maintenance and operation of the exempt
33 property, or exempt purposes. Exempt property under RCW 84.36.037 may
34 be used for up to 53 days for the purposes of a qualifying farmers
35 market.

36 **Sec. 3.** RCW 84.36.049 and 2024 c 273 s 1 are each amended to
37 read as follows:

38 (1) All real property is exempt from state and local property
39 taxes if owned by:

1 (a) A nonprofit entity, or a qualified cooperative association,
2 for the purpose of developing or redeveloping on the real property
3 one or more residences to be sold to low-income households including
4 land to be leased as provided in subsection (~~(+9+)~~) (10)(f)(ii) of
5 this section; or

6 (b) A nonprofit entity for the purpose of selling the real
7 property to a low-income household who enters into an agreement with
8 the nonprofit to build, or have built, through a qualified mutual
9 self-help housing program a residence on the real property.

10 (2) The exemption provided in this section expires on or at the
11 earlier of:

12 (a)(i) For purposes of the exemption provided in subsection
13 (1)(a) of this section, the date on which the nonprofit entity
14 transfers title to the single-family dwelling unit or the date on
15 which the qualified cooperative association first conveys, directly
16 or indirectly through the transfer of an ownership interest in the
17 association, any single-family dwelling unit on the property or any
18 part of the property; or

19 (ii) For purposes of the exemption provided in subsection (1)(b)
20 of this section, the date on which the nonprofit entity transfers
21 title to the real property to the low-income household;

22 (b) The date on which the nonprofit entity or qualified
23 cooperative association executes a lease of land described in
24 subsection (~~(+9+)~~) (10)(f)(ii) of this section;

25 (c) The end of the seventh consecutive property tax year for
26 which the property is granted an exemption under this section or, if
27 the nonprofit entity or qualified cooperative association has claimed
28 an extension under subsection (4) of this section, the end of the
29 tenth consecutive property tax year for which the property is granted
30 an exemption under this section; or

31 (d) The property is no longer held for the purpose for which the
32 exemption was granted.

33 (3) The exemption under this section does not expire as a
34 consequence of the real property being transferred by one nonprofit
35 entity to another nonprofit entity or to a qualified cooperative
36 association so long as the transferee timely applies to the
37 department and is approved for a continuation of the exemption.

38 (4) If the nonprofit entity believes that title to the single-
39 family dwelling unit, or title of the real property exempt under
40 subsection (1)(b) of this section, will not be transferred by the end

1 of the sixth consecutive property tax year or if a qualified
2 cooperative association believes that neither a single-family
3 dwelling unit nor any other part of the property will be transferred
4 by the end of the sixth consecutive property tax year, the nonprofit
5 entity or qualified cooperative association may claim a three-year
6 extension of the exemption period by:

7 (a) Filing a notice of extension with the department on or before
8 March 31st of the sixth consecutive property tax year; and

9 (b) Providing a filing fee equal to the greater of \$200 or 0.1
10 percent of the real market value of the property as of the most
11 recent assessment date with the notice of extension. The filing fee
12 must be deposited into the state general fund.

13 (5) (a) (~~(F)~~) Except as provided in subsection (6) of this
14 section, if the nonprofit entity has not transferred title to the
15 single-family dwelling unit to a low-income household or title to the
16 real property exempt under subsection (1)(b) of this section to a
17 low-income household, or if a qualified cooperative association has
18 not transferred either a single-family dwelling unit or any other
19 property, within the applicable period described in subsection (2)(c)
20 of this section, or if the nonprofit entity or qualified cooperative
21 association has converted the property to a purpose other than the
22 purpose for which the exemption was granted, the property is
23 disqualified from the exemption.

24 (b) Upon disqualification, the county treasurer must collect an
25 additional tax equal to all taxes that would have been paid on the
26 property but for the existence of the exemption, plus interest at the
27 same rate and computed in the same way as that upon delinquent
28 property taxes.

29 (c) The additional tax must be distributed by the county
30 treasurer in the same manner in which current property taxes
31 applicable to the subject property are distributed. The additional
32 taxes and interest are due in full 30 days following the date on
33 which the treasurer's statement of additional tax due is issued.

34 (d) The additional tax and interest is a lien on the property.
35 The lien for additional tax and interest has priority to and must be
36 fully paid and satisfied before any recognizance, mortgage, judgment,
37 debt, obligation, or responsibility to or with which the property may
38 become charged or liable. If a nonprofit entity or qualified
39 cooperative association sells or transfers real property subject to a
40 lien for additional taxes under this subsection, such unpaid

1 additional taxes must be paid by the nonprofit entity or qualified
2 cooperative association at the time of sale or transfer. The county
3 auditor may not accept an instrument of conveyance unless the
4 additional tax has been paid. The nonprofit entity, qualified
5 cooperative association, or the new owner may appeal the assessed
6 values upon which the additional tax is based to the county board of
7 equalization in accordance with the provisions of RCW 84.40.038.

8 (6) The exemption under this section does not expire as a
9 consequence of the real property being transferred to another
10 nonprofit organization, association, or corporation for a use that
11 also qualifies for and is granted an exemption under this chapter.

12 (7)(a) Nonprofit entities receiving an exemption under subsection
13 (1)(a) of this section must immediately notify the department when
14 the exempt real property becomes occupied. The notice of occupancy
15 made to the department must include a certification by the nonprofit
16 entity that the occupants are a low-income household and a date when
17 the title to the single-family dwelling unit was or is anticipated to
18 be transferred.

19 (b) Qualified cooperative associations receiving an exemption
20 under this section must immediately notify the department when any
21 portion of the exempt real property becomes occupied as well as when
22 all of the exempt real property becomes occupied. The notice provided
23 when all the exempt real property becomes occupied must be filed
24 within one year of all exempt real property becoming occupied and
25 demonstrate that the qualified cooperative association does, in fact,
26 meet the requirements for being a qualified cooperative association.

27 (c) Nonprofit entities receiving an exemption under subsection
28 (1)(b) of this section must immediately notify the department when
29 the exempt real property is sold to the low-income household. The
30 notice must include a date when the title to the real property was or
31 is anticipated to be transferred and a certification by the nonprofit
32 entity that the purchaser is a low-income household.

33 (d) The department of revenue must make the notices of occupancy
34 and real property transfers under (c) of this subsection available to
35 the joint legislative audit and review committee, upon request by the
36 committee, in order for the committee to complete its review of the
37 tax preference in this section.

38 ~~((7))~~ (8) Upon cessation of the exemption, the value of new
39 construction and improvements to the property, not previously
40 considered as new construction, must be considered as new

1 construction for purposes of calculating levies under chapter 84.55
2 RCW. The assessed value of the property as it was valued prior to the
3 beginning of the exemption may not be considered as new construction
4 upon cessation of the exemption.

5 ~~((8))~~ (9) Nonprofit entities and qualified cooperative
6 associations receiving an exemption under this section must provide
7 annual financial statements to the joint legislative audit and review
8 committee, upon request by the committee, for the years that the
9 exemption has been claimed. The nonprofit entity or qualified
10 cooperative associations must identify the line or lines on the
11 financial statements that comprise the percentage of revenues
12 dedicated to the development of affordable housing.

13 ~~((9))~~ (10) The definitions in this subsection apply throughout
14 this section unless the context clearly requires otherwise.

15 (a) "Financial statements" means an audited annual financial
16 statement and a completed United States treasury internal revenue
17 service return form 990 for organizations exempt from income tax.

18 (b) "Low-income household" means a single person, family, or
19 unrelated persons living together whose adjusted income is less than
20 80 percent of the median family income, adjusted for family size as
21 most recently determined by the federal department of housing and
22 urban development for the county in which the property is located.

23 (c) "Nonprofit entity" means a nonprofit as defined in RCW
24 84.36.800 that is exempt from federal income taxation under 26 U.S.C.
25 Sec. 501(c)(3) of the federal internal revenue code of 1986, as
26 amended.

27 (d) "Qualified cooperative association" means a cooperative
28 association formed under chapter 23.86 or 24.06 RCW that owns the
29 real property for which an exemption is sought under this section and
30 following the completion of the development or redevelopment of such
31 real property:

32 (i) 60 percent or more of the residences are owned by low-income
33 households; and

34 (ii) 80 percent or more of the square footage of any improvements
35 to the real property are exclusively used or available for use by the
36 owners of the residences.

37 (e) "Qualified mutual self-help housing program" is a program
38 dedicated to supporting the building of residences for low-income
39 households in Washington through a mutual self-help construction
40 method by which multiple low-income households use their own labor to

1 reduce total construction costs of their residences. The program must
2 also be:

- 3 (i) Operated by a nonprofit entity; and
- 4 (ii) Receiving financial support from the United States
5 department of agriculture's mutual self-help housing technical
6 assistance grant program or its successor program.

7 (f) "Residence" means:

8 (i) A single-family dwelling unit whether such unit be separate
9 or part of a multiunit dwelling; and

10 (ii) The land on which a dwelling unit described in (f)(i) of
11 this subsection (~~((9))~~) (10) stands, whether to be sold, or to be
12 leased for life or 99 years, to the low-income household owning such
13 dwelling unit.

14 (~~((10))~~) (11) The department may not accept applications for the
15 initial exemption in this section after December 31, 2027. The
16 exemption in this section may not be approved for and does not apply
17 to taxes due in 2038 and thereafter.

18 (~~((11))~~) (12) To be exempt under this section, the property must
19 be used exclusively for the purposes for which the exemption is
20 granted, except as otherwise provided in this section or RCW
21 84.36.805.

22 (13) This section expires January 1, 2038.

23 **Sec. 4.** RCW 84.36.815 and 2022 c 93 s 6 are each amended to read
24 as follows:

25 (1) In order to qualify for exempt status for any real or
26 personal property under this chapter except personal property under
27 RCW 84.36.600, all foreign national governments; cemeteries;
28 nongovernmental nonprofit corporations, organizations, and
29 associations; hospitals owned and operated by a public hospital
30 district for purposes of exemption under RCW 84.36.040(2); and soil
31 and water conservation districts must file an initial application on
32 or before March 31st with the state department of revenue. However,
33 the initial application deadline for the exemption provided in RCW
34 84.36.049 is July 1st for 2016 and March 31st for 2017 and
35 thereafter. All applications must be filed on forms prescribed by the
36 department and must be signed by an authorized agent of the
37 applicant.

38 (2)(a) In order to requalify for exempt status, all applicants
39 except nonprofit cemeteries (~~(and nonprofits receiving the exemption~~

1 ~~under RCW 84.36.049~~) and nonprofits receiving the exemptions under
2 RCW 84.36.560 or 84.36.675 must file an annual renewal declaration on
3 or before March 31st each year. The renewal declaration must be on
4 forms prescribed by the department of revenue and must contain a
5 statement certifying the exempt status of the real or personal
6 property owned by the exempt organization. This renewal declaration
7 may be submitted electronically in a format provided or approved by
8 the department. Information may also be required with the renewal
9 declaration to assist the department in determining whether the
10 property tax exemption should continue.

11 (b) In order to requalify for exempt status, nonprofits receiving
12 the exemptions under RCW 84.36.560 or 84.36.675 must file a renewal
13 declaration on or before March 31st of every third year following
14 initial qualification for the exemption. Except for the annual
15 renewal requirement, all other requirements of (a) of this subsection
16 apply.

17 (3) When an organization acquires real property qualified for
18 exemption or converts real property to exempt status, the
19 organization must file an initial application for the property within
20 sixty days following the acquisition or conversion in accordance with
21 all applicable provisions of subsection (1) of this section. If the
22 application is filed after the expiration of the 60-day period, a
23 late filing penalty is imposed under RCW 84.36.825.

24 (4) When organizations acquire real property qualified for
25 exemption or convert real property to an exempt use, the property,
26 upon approval of the application for exemption, is entitled to a
27 property tax exemption for property taxes due and payable the
28 following year. If the owner has paid taxes for the year following
29 the year the property qualified for exemption, the owner is entitled
30 to a refund of the amount paid on the property so acquired or
31 converted.

32 (5) The department must share approved initial applications for
33 the tax preferences provided in RCW 84.36.049 and 84.36.675 with the
34 joint legislative audit and review committee, upon request by the
35 committee, in order for the committee to complete its review of the
36 tax preferences provided in RCW 84.36.049 and 84.36.675.

37 **Sec. 5.** RCW 84.36.815 and 2020 c 273 s 2 are each amended to
38 read as follows:

1 (1) In order to qualify for exempt status for any real or
2 personal property under this chapter except personal property under
3 RCW 84.36.600, all foreign national governments; cemeteries;
4 nongovernmental nonprofit corporations, organizations, and
5 associations; hospitals owned and operated by a public hospital
6 district for purposes of exemption under RCW 84.36.040(2); and soil
7 and water conservation districts must file an initial application on
8 or before March 31st with the state department of revenue. However,
9 the initial application deadline for the exemption provided in RCW
10 84.36.049 is July 1st for 2016 and March 31st for 2017 and
11 thereafter. All applications must be filed on forms prescribed by the
12 department and must be signed by an authorized agent of the
13 applicant.

14 (2)(a) In order to requalify for exempt status, all applicants
15 except nonprofit cemeteries (~~and nonprofits receiving the exemption~~
16 ~~under RCW 84.36.049~~) and nonprofits receiving the exemption under
17 RCW 84.36.560 must file an annual renewal declaration on or before
18 March 31st each year. The renewal declaration must be on forms
19 prescribed by the department of revenue and must contain a statement
20 certifying the exempt status of the real or personal property owned
21 by the exempt organization. This renewal declaration may be submitted
22 electronically in a format provided or approved by the department.
23 Information may also be required with the renewal declaration to
24 assist the department in determining whether the property tax
25 exemption should continue.

26 (b) In order to requalify for exempt status, nonprofits receiving
27 the exemption under RCW 84.36.560 must file a renewal declaration on
28 or before March 31st of every third year following initial
29 qualification for the exemption. Except for the annual renewal
30 requirement, all other requirements of (a) of this subsection apply.

31 (3) When an organization acquires real property qualified for
32 exemption or converts real property to exempt status, the
33 organization must file an initial application for the property within
34 sixty days following the acquisition or conversion in accordance with
35 all applicable provisions of subsection (1) of this section. If the
36 application is filed after the expiration of the sixty-day period, a
37 late filing penalty is imposed under RCW 84.36.825.

38 (4) When organizations acquire real property qualified for
39 exemption or convert real property to an exempt use, the property,
40 upon approval of the application for exemption, is entitled to a

1 property tax exemption for property taxes due and payable the
2 following year. If the owner has paid taxes for the year following
3 the year the property qualified for exemption, the owner is entitled
4 to a refund of the amount paid on the property so acquired or
5 converted.

6 (5) The department must share approved initial applications for
7 the tax preference provided in RCW 84.36.049 with the joint
8 legislative audit and review committee, upon request by the
9 committee, in order for the committee to complete its review of the
10 tax preference provided in RCW 84.36.049.

11 NEW SECTION. **Sec. 6.** This act applies to taxes levied for
12 collection in 2027 and thereafter.

13 NEW SECTION. **Sec. 7.** RCW 82.32.805 and 82.32.808 do not apply
14 to this act.

15 NEW SECTION. **Sec. 8.** Section 1 of this act expires January 1,
16 2033.

17 NEW SECTION. **Sec. 9.** Section 2 of this act takes effect January
18 1, 2033.

19 NEW SECTION. **Sec. 10.** Section 4 of this act expires January 1,
20 2033.

21 NEW SECTION. **Sec. 11.** Section 5 of this act takes effect
22 January 1, 2033.

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