
SUBSTITUTE SENATE BILL 6027

State of Washington

69th Legislature

2026 Regular Session

By Senate Housing (originally sponsored by Senators Alvarado, Robinson, Bateman, Conway, Frame, and Nobles)

READ FIRST TIME 01/22/26.

1 AN ACT Relating to modifying certain funding and exemptions
2 related to providing and maintaining affordable housing and related
3 services; amending RCW 82.14.530, 82.14.540, 82.45.010, 82.45.010,
4 and 84.36.043; reenacting and amending RCW 36.22.250; providing an
5 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.

39 (8) The department of commerce shall require grantees to maintain
40 supporting documentation for all expenses over \$50. The department

1 may not require submission of supporting documentation before
2 approving reimbursement requests except for cause or auditing
3 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 **Sec. 6.** RCW 84.36.043 and 2023 sp.s. c 1 s 18 are each amended
2 to read as follows:

3 (1) The real and personal property used by a nonprofit
4 organization in providing emergency or transitional housing for low-
5 income homeless persons as defined in RCW 35.21.685 or 36.32.415 or
6 victims of domestic violence who are homeless for personal safety
7 reasons is exempt from taxation if:

8 (a) The charge, if any, for the housing does not exceed the
9 actual cost of operating and maintaining the housing; and

10 (b) (i) The property is owned by the nonprofit organization; or

11 (ii) The property is rented or leased by the nonprofit
12 organization and the benefit of the exemption inures to the nonprofit
13 organization.

14 (2) The real and personal property used by a nonprofit
15 organization in maintaining an approved recovery residence registered
16 under RCW 41.05.760 is exempt from taxation if:

17 (a) The charge for the housing does not exceed the actual cost of
18 operating and maintaining the housing; and

19 (b) (i) The property is owned by the nonprofit organization; or

20 (ii) The property is rented or leased by the nonprofit
21 organization and the benefit of the exemption inures to the nonprofit
22 organization.

23 (3) As used in this section:

24 (a) "Homeless" means persons, including families, who, on one
25 particular day or night, do not have decent and safe shelter nor
26 sufficient funds to purchase or rent a place to stay.

27 (b) "Emergency housing" (~~means a project that provides housing~~
28 ~~and supportive services to homeless persons or families for up to~~
29 ~~sixty days~~) has the same meaning as in RCW 36.70A.030.

30 (c) "Transitional housing" means a project that provides housing
31 and supportive services to homeless persons or families for up to two
32 years and that has as its purpose facilitating the movement of
33 homeless persons and families into independent living.

34 (d) "Recovery residence" has the same meaning as under RCW
35 41.05.760.

36 (4) The exemption in subsection (2) of this section applies to
37 taxes levied for collection in calendar years 2024 through 2033.

38 (5) This exemption is subject to the administrative provisions
39 contained in RCW 84.36.800 through 84.36.865.

1 NEW SECTION. **Sec. 7.** Section 4 of this act expires January 1,
2 2030.

3 NEW SECTION. **Sec. 8.** Section 5 of this act takes effect January
4 1, 2030.

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