
SUBSTITUTE SENATE BILL 6201

State of Washington

69th Legislature

2026 Regular Session

By Senate Housing (originally sponsored by Senators Slatter, Nobles, Saldaña, Valdez, and C. Wilson)

READ FIRST TIME 02/04/26.

1 AN ACT Relating to establishing tax exemptions for property used
2 as affordable housing owned or operated by a social housing agency;
3 amending RCW 82.45.010, 82.45.010, 84.36.805, 84.36.805, 84.36.815,
4 and 84.36.815; adding a new section to chapter 84.36 RCW; creating
5 new sections; providing effective dates; and providing expiration
6 dates.

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

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

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

1 also includes the grant, assignment, quitclaim, sale, or transfer of
2 improvements constructed upon leased land.

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

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

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

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

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

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

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

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

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

38 (d) A cancellation or forfeiture of a vendee's interest in a
39 contract for the sale of real property, whether or not such contract

1 contains a forfeiture clause, or deed in lieu of foreclosure of a
2 mortgage.

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

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

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

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

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

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

22 (k) A conveyance to the federal housing administration or
23 veterans administration by an authorized mortgagee made pursuant to a
24 contract of insurance or guaranty with the federal housing
25 administration or veterans administration.

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

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

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

33 (o) A sale to a regional transit authority or public corporation
34 under RCW 81.112.320 under a sale/leaseback agreement under RCW
35 81.112.300.

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

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

21 (q) (i) A transfer that for federal income tax purposes does not
22 involve the recognition of gain or loss for entity formation,
23 liquidation or dissolution, and reorganization, including but not
24 limited to nonrecognition of gain or loss because of application of
25 26 U.S.C. Sec. 332, 337, 351, 368(a)(1), 721, or 731 of the internal
26 revenue code of 1986, as amended.

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

1 for that person or persons' interest in the entity. The real estate
2 excise tax under this subsection (3)(q)(ii) is imposed upon the
3 person or persons who previously held a controlling interest in the
4 entity.

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

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

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

21 (iii) This subsection (3)(s) does not apply to transfers of a
22 qualified low-income housing development or controlling interest in a
23 qualified low-income housing development occurring on or after July
24 1, 2035.

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

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

1 (A) The adult child with developmental disabilities of the
2 transferor of the residential property must be allowed to reside in
3 the residence or successor property so long as the placement is safe
4 and appropriate as determined by the department of social and health
5 services;

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

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

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

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

32 (iii) A "qualified entity" is:

33 (A) A nonprofit organization under Title 26 U.S.C. Sec. 501(c)(3)
34 of the federal internal revenue code of 1986, as amended, as of June
35 7, 2018, or a subsidiary under the same taxpayer identification
36 number that provides residential supported living for persons with
37 developmental disabilities; or

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

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

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

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

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

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

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

23 (v)(i) A sale or transfer of real property to a qualifying
24 grantee that uses the property for housing for low-income persons and
25 receives or otherwise qualifies the property for an exemption from
26 real and personal property taxes under RCW 84.36.560, 84.36.049,
27 35.82.210, 35.21.755, section 3 of this act, or 84.36.010. (~~For~~
28 ~~purposes of this subsection (3)(v), "qualifying grantee" means a~~
29 ~~nonprofit entity as defined in RCW 84.36.560, a nonprofit entity or~~
30 ~~qualified cooperative association as defined in RCW 84.36.049, a~~
31 ~~housing authority created under RCW 35.82.030 or 35.82.300, a public~~
32 ~~corporation established under RCW 35.21.660 or 35.21.730, or a county~~
33 ~~or municipal corporation.)) A qualifying grantee that is a county or
34 municipal corporation must record a covenant at the time of transfer
35 that prohibits using the property for any purpose other than for low-
36 income housing for a period of at least 10 years. A qualifying
37 grantee that is a social housing agency must record a covenant at the
38 time of transfer that the property will primarily be used for low-
39 income housing for a period of at least 15 years. At a minimum, the
40 covenant must address price restrictions and household income limits~~

1 for the low-income housing. A qualifying grantee must comply with the
2 requirements described in (v)(i)(A), (B), or (C) of this subsection
3 and must also certify, by affidavit at the time of sale or transfer,
4 that it intends to comply with those requirements.

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

7 (I) The qualifying grantee must receive or qualify the property
8 for a tax exemption under RCW 84.36.560, 84.36.049,
9 35.82.210, 35.21.755, section 3 of this act, or 84.36.010; and

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

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

13 (I) The qualifying grantee must receive or qualify the property
14 for a tax exemption under RCW 84.36.560, 84.36.049,
15 35.82.210, 35.21.755, section 3 of this act, or 84.36.010; and

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

17 (C) If the qualifying grantee intends to substantially
18 rehabilitate the premises as defined in RCW 59.18.200, within three
19 years:

20 (I) The qualifying grantee must receive or qualify the property
21 for a tax exemption under RCW 84.36.560, 84.36.049,
22 35.82.210, 35.21.755, section 3 of this act, or 84.36.010; and

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

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

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

1 (v)(ii) of this subsection. There is no limit on the number of
2 transfers between qualifying grantees within the original timelines.

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

9 (v) For the purposes of this subsection (3)(v), (~~"low"~~) the
10 following definitions apply:

11 (A) "Low-income" has the same meaning as in (u) of this
12 subsection;

13 (B) "Moderate-income household" means a single person, family, or
14 unrelated persons living together whose adjusted income is more than
15 80 percent but at or below 115 percent of the median household income
16 adjusted for household size, for the county where the household is
17 located, as reported by the United States department of housing and
18 urban development;

19 (C) "Qualifying grantee" means a nonprofit entity as defined in
20 RCW 84.36.560, a nonprofit entity or qualified cooperative
21 association as defined in RCW 84.36.049, a housing authority created
22 under RCW 35.82.030 or 35.82.300, a public corporation established
23 under RCW 35.21.660 or 35.21.730, a county or municipal corporation,
24 or a social housing agency;

25 (D) "Social housing" means mixed-income housing that is made
26 available by a social housing agency for a period of at least 99
27 years to primarily serve low-income or moderate-income households;
28 and

29 (E) "Social housing agency" means any public corporation created
30 under RCW 35.21.730(5) for the purpose of developing, maintaining,
31 and operating social housing.

32 (w)(i) Beginning January 1, 2026, the sale of qualified space in
33 a development that qualifies for a property tax exemption under RCW
34 84.36.560, 84.36.049, 35.82.210, 35.21.755, or 84.36.010 to a
35 nonprofit organization, a housing authority, or public corporation
36 for use for an exempt community purpose.

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

39 (A) "Affordable housing development" means a development with
40 housing provided to households with a household income that does not

1 exceed 80 percent of median household income at initial occupancy,
2 adjusted for household size, for the county in which the dwelling is
3 located.

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

8 (C) "Nonprofit organization" means an organization exempt from
9 taxation under section 501(c)(3) of the internal revenue code of 1986
10 (26 U.S.C. Sec. 501(c)(3)), as amended.

11 (D) "Qualified space" means any portion of an affordable housing
12 development that is accessible to tenants or the public that
13 constitutes a separate legal parcel of property under chapter 64.32,
14 64.34, or 64.90 RCW.

15 **Sec. 2.** RCW 82.45.010 and 2025 c 159 s 2 are each amended to
16 read as follows:

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

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

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

1 this chapter, the date upon which the option is exercised is the date
2 of the transfer or acquisition of the controlling interest.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (o) A sale to a regional transit authority or public corporation
22 under RCW 81.112.320 under a sale/leaseback agreement under RCW
23 81.112.300.

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

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

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

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

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

36 (s) (i) A transfer of a qualified low-income housing development
37 or controlling interest in a qualified low-income housing
38 development, unless, due to noncompliance with federal statutory
39 requirements, the seller is subject to recapture, in whole or in

1 part, of its allocated federal low-income housing tax credits within
2 the four years prior to the date of transfer.

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

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

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

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

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

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

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

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

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

22 (iii) A "qualified entity" is:

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

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

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

34 (u)(i) A sale or transfer of real property to a qualifying
35 grantee that uses the property for housing for low-income persons and
36 receives or otherwise qualifies the property for an exemption from
37 real and personal property taxes under RCW 84.36.560, 84.36.049,
38 35.82.210, 35.21.755, section 3 of this act, or 84.36.010. (~~For~~
39 ~~purposes of this subsection (3)(u), "qualifying grantee" means a~~
40 ~~nonprofit entity as defined in RCW 84.36.560, a nonprofit entity or~~

1 ~~qualified cooperative association as defined in RCW 84.36.049, a~~
2 ~~housing authority created under RCW 35.82.030 or 35.82.300, a public~~
3 ~~corporation established under RCW 35.21.660 or 35.21.730, or a county~~
4 ~~or municipal corporation.)~~) A qualifying grantee that is a county or
5 municipal corporation must record a covenant at the time of transfer
6 that prohibits using the property for any purpose other than for low-
7 income housing for a period of at least 10 years. A qualifying
8 grantee that is a social housing agency must record a covenant at the
9 time of transfer that the property will primarily be used for low-
10 income housing for a period of at least 15 years. At a minimum, the
11 covenant must address price restrictions and household income limits
12 for the low-income housing. A qualifying grantee must comply with the
13 requirements described in (u) (i) (A), (B), or (C) of this subsection
14 and must also certify, by affidavit at the time of sale or transfer,
15 that it intends to comply with those requirements.

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

18 (I) The qualifying grantee must receive or qualify the property
19 for a tax exemption under RCW 84.36.560, 84.36.049,
20 35.82.210, 35.21.755, section 3 of this act, or 84.36.010; and

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

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

24 (I) The qualifying grantee must receive or qualify the property
25 for a tax exemption under RCW 84.36.560, 84.36.049,
26 35.82.210, 35.21.755, section 3 of this act, or 84.36.010; and

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

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

31 (I) The qualifying grantee must receive or qualify the property
32 for a tax exemption under RCW 84.36.560, 84.36.049,
33 35.82.210, 35.21.755, section 3 of this act, or 84.36.010; and

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

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

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

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

19 (v) For the purposes of this subsection (3)(u), "~~(low)~~ the
20 following definitions apply:

21 (A) "Low-income" means household income as defined by the
22 department, provided that the definition may not exceed 80 percent of
23 median household income, adjusted for household size, for the county
24 in which the dwelling is located;

25 (B) "Moderate-income household" means a single person, family, or
26 unrelated persons living together whose adjusted income is more than
27 80 percent but at or below 115 percent of the median household income
28 adjusted for household size, for the county where the household is
29 located, as reported by the United States department of housing and
30 urban development;

31 (C) "Qualifying grantee" means a nonprofit entity as defined in
32 RCW 84.36.560, a nonprofit entity or qualified cooperative
33 association as defined in RCW 84.36.049, a housing authority created
34 under RCW 35.82.030 or 35.82.300, a public corporation established
35 under RCW 35.21.660 or 35.21.730, a county or municipal corporation,
36 or a social housing agency;

37 (D) "Social housing" means mixed-income housing that is made
38 available by a social housing agency for a period of at least 99
39 years to primarily serve low-income or moderate-income households;
40 and

1 (E) "Social housing agency" means any public corporation created
2 under RCW 35.21.730(5) for the purpose of developing, maintaining,
3 and operating social housing.

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

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

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

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

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

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

27 NEW SECTION. Sec. 3. A new section is added to chapter 84.36
28 RCW to read as follows:

29 (1) The real and personal property owned or used by a social
30 housing agency in providing rental housing for qualifying households
31 is exempt from taxation if:

32 (a) At least 50 percent of the occupied dwelling units in the
33 rental housing are occupied by a qualifying household; and

34 (b) The rental housing was insured, financed, or assisted in
35 whole or in part through one or more of the following sources:

36 (i) A federal or state housing program administered by the
37 department of commerce;

38 (ii) A federal housing program administered by a city or county
39 government;

1 (iii) An affordable housing levy authorized under RCW 84.52.105
2 or 84.55.050;

3 (iv) The Washington state housing finance commission;

4 (v) The surcharges authorized by RCW 36.22.250 and any of the
5 surcharges authorized in chapter 43.185C RCW; or

6 (vi) City or county funds designated for affordable or social
7 housing.

8 (2) If less than 50 percent of the occupied dwelling units within
9 the rental housing are occupied by qualifying households, the rental
10 housing is eligible for a partial exemption on the real property and
11 a total exemption of the housing's personal property as follows:

12 (a) A partial exemption is allowed for each dwelling unit in the
13 rental housing occupied by a qualifying household.

14 (b) The amount of exemption must be calculated by multiplying the
15 assessed value of the property reasonably necessary to provide the
16 rental housing by a fraction. The numerator of the fraction is the
17 number of dwelling units occupied by qualifying households as of
18 December 31st of the first assessment year in which the rental
19 housing becomes operational or on January 1st of each subsequent
20 assessment year for which the exemption is claimed. The denominator
21 of the fraction is the total number of dwelling units occupied as of
22 December 31st of the first assessment year the rental housing becomes
23 operational and January 1st of each subsequent assessment year for
24 which the exemption is claimed.

25 (3) If a currently exempt rental housing unit was occupied by a
26 qualifying household at the time the exemption was granted and the
27 income of the household subsequently rises above the threshold set in
28 subsection (7)(f) of this section but remains at or below 115 percent
29 of the median income, the exemption will continue as long as the
30 housing continues to meet the certification requirements listed in
31 subsection (1) of this section. For purposes of this section, median
32 income, as most recently determined by the federal department of
33 housing and urban development for the county in which the rental
34 housing or mobile home park is located, must be adjusted for family
35 size. However, if a dwelling unit or a lot becomes vacant and is
36 subsequently rerented, the income of the new household must be at or
37 below the threshold set in subsection (7)(f) of this section to
38 remain exempt from property tax.

39 (4) If at the time of initial application the property is
40 unoccupied, or subsequent to the initial application the property is

1 unoccupied because of renovations, and the property is not currently
2 being used for the exempt purpose authorized by this section but will
3 be used for the exempt purpose within three assessment years, the
4 property is eligible for a property tax exemption for the assessment
5 year in which the claim for exemption is submitted under the
6 following conditions:

7 (a) A commitment for financing to acquire, construct, renovate,
8 or otherwise convert the property to provide housing for qualifying
9 households has been obtained, in whole or in part, by the social
10 housing agency claiming the exemption from one or more of the sources
11 listed in subsection (1)(b) of this section;

12 (b) The social housing agency has manifested its intent in
13 writing to construct, remodel, or otherwise convert the property to
14 housing for qualifying households; and

15 (c) Only the portion of property that will be used to provide
16 housing or lots for qualifying households is exempt under this
17 section.

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

21 (6) The social housing agency qualifying for a property tax
22 exemption under this section may agree to make payments to the city,
23 county, or other political subdivision for improvements, services,
24 and facilities furnished by the city, county, or political
25 subdivision for the benefit of the rental housing. However, these
26 payments may not exceed the amount last levied as the annual tax of
27 the city, county, or political subdivision upon the property prior to
28 exemption.

29 (7) The definitions in this subsection apply throughout this
30 section unless the context clearly requires otherwise:

31 (a) "Group home" means a single-family dwelling financed, in
32 whole or in part, by one or more of the sources listed in subsection
33 (1)(b) of this section. The residents of a group home do not jointly
34 constitute a household, but each resident must be considered to be a
35 separate household occupying a separate dwelling unit. The individual
36 incomes of the residents may not be aggregated for purposes of the
37 exemption in this section;

38 (b) "Low-income" means household income as defined by the
39 department, provided that the definition may not exceed 80 percent of

1 median household income, adjusted for household size, for the county
2 in which the dwelling is located;

3 (c) "Moderate-income household" means a single person, family, or
4 unrelated persons living together whose adjusted income is more than
5 80 percent but at or below 115 percent of the median household income
6 adjusted for household size, for the county where the household is
7 located, as reported by the United States department of housing and
8 urban development and in effect as of January 1st of the year the
9 application for exemption is submitted;

10 (d) "Occupied dwelling unit" means a living unit that is occupied
11 by an individual or household as of December 31st of the first
12 assessment year the rental housing becomes operational or is occupied
13 by an individual or household on January 1st of each subsequent
14 assessment year in which the claim for exemption is submitted. If the
15 housing facility is comprised of three or fewer dwelling units and
16 there are any unoccupied units on January 1st, the department shall
17 base the amount of the exemption upon the number of occupied dwelling
18 units as of December 31st of the first assessment year the rental
19 housing becomes operational and on May 1st of each subsequent
20 assessment year in which the claim for exemption is submitted;

21 (e) "Rental housing" means a residential housing facility or
22 group home that is occupied but not owned by qualifying households;

23 (f) "Qualifying household" means a single person, family, or
24 unrelated persons living together whose income is at or below 80
25 percent of the median income, at the time of move-in, adjusted for
26 family size as most recently determined by the federal department of
27 housing and urban development for the county in which the rental
28 housing or mobile home park is located and in effect as of January
29 1st of the year the application for exemption is submitted; and

30 (g) "Social housing" means mixed-income housing that is made
31 available by a social housing agency for a period of at least 99
32 years to primarily serve low-income or moderate-income households.

33 (h) "Social housing agency" means any public corporation created
34 under RCW 35.21.730(5) for the purpose of developing, maintaining,
35 and operating social housing.

36 **Sec. 4.** RCW 84.36.805 and 2023 c 69 s 2 are each amended to read
37 as follows:

1 (1) In order to qualify for an exemption under this chapter, the
2 nonprofit organizations, associations, social housing agencies, or
3 corporations must satisfy the conditions in this section.

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

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

11 (i) The rents and donations received for the use of the portion
12 of the property are reasonable and do not exceed the maintenance and
13 operation expenses attributable to the portion of the property loaned
14 or rented;

15 (ii) Except for the exemptions under RCW 84.36.030(4), 84.36.037,
16 84.36.050, and 84.36.060(1) (a) and (b), the property would be exempt
17 from tax if owned by the organization to which it is loaned or
18 rented; and

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

21 (b) The use of the property for fund-raising events does not
22 subject the property to tax if the fund-raising events are consistent
23 with the purposes for which the exemption is granted or are conducted
24 by a nonprofit organization. If the property is loaned or rented to
25 conduct a fund-raising event, the requirements of (a) of this
26 subsection (2) apply;

27 (c) An inadvertent use of the property in a manner inconsistent
28 with the purpose for which exemption is granted does not subject the
29 property to tax, if the inadvertent use is not part of a pattern of
30 use. A pattern of use is presumed when an inadvertent use is repeated
31 in the same assessment year or in two or more successive assessment
32 years.

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

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

38 (5) Property sold to organizations, associations, social housing
39 agencies, or corporations with an option to be repurchased by the

1 seller does not qualify for exempt status. This subsection does not
2 apply to:

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

4 (b) Property sold to a nonprofit entity, as defined in RCW
5 84.36.560, or a social housing agency as defined in section 3 of this
6 act, by:

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

10 (ii) A governmental entity established under RCW 35.21.660,
11 35.21.670, or 35.21.730;

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

13 (iv) A housing authority meeting the definition in RCW
14 35.82.210(2)(a); or

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

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

19 (7) This section does not apply to exemptions granted under RCW
20 84.36.020, 84.36.032, 84.36.250, 84.36.049, and 84.36.480(2).

21 (8)(a) The use of property exempt under this chapter, other than
22 as specifically authorized by this chapter, nullifies the exemption
23 otherwise available for the property for the assessment year.
24 However, the exemption is not nullified by the use of the property by
25 any individual, group, or entity, where such use is not otherwise
26 authorized by this chapter, for not more than 50 days in each
27 calendar year, and the property is not used for pecuniary gain or to
28 promote business activities for more than 15 of the 50 days in each
29 calendar year. The 50 and 15-day limitations provided in this
30 subsection (8)(a) do not include days during which setup and takedown
31 activities take place immediately preceding or following a meeting or
32 other event by an individual, group, or entity using the property as
33 provided in this subsection (8)(a).

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

38 (c) The 15-day and 50-day limitations provided in (a) of this
39 subsection (8) do not apply to property exempt under RCW 84.36.037 if
40 the property is used for activities related to a qualifying farmers

1 market, as defined in RCW 66.24.170, and all income received from
2 rental or use of the exempt property is used for capital improvements
3 to the exempt property, maintenance and operation of the exempt
4 property, or exempt purposes. Exempt property under RCW 84.36.037 may
5 be used for up to 53 days for the purposes of a qualifying farmers
6 market.

7 **Sec. 5.** RCW 84.36.805 and 2023 c 69 s 3 are each amended to read
8 as follows:

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

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

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

19 (i) The rents and donations received for the use of the portion
20 of the property are reasonable and do not exceed the maintenance and
21 operation expenses attributable to the portion of the property loaned
22 or rented;

23 (ii) Except for the exemptions under RCW 84.36.030(4), 84.36.037,
24 84.36.050, and 84.36.060(1) (a) and (b), the property would be exempt
25 from tax if owned by the organization to which it is loaned or
26 rented; and

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

29 (b) The use of the property for fund-raising events does not
30 subject the property to tax if the fund-raising events are consistent
31 with the purposes for which the exemption is granted or are conducted
32 by a nonprofit organization. If the property is loaned or rented to
33 conduct a fund-raising event, the requirements of (a) of this
34 subsection (2) apply;

35 (c) An inadvertent use of the property in a manner inconsistent
36 with the purpose for which exemption is granted does not subject the
37 property to tax, if the inadvertent use is not part of a pattern of
38 use. A pattern of use is presumed when an inadvertent use is repeated

1 in the same assessment year or in two or more successive assessment
2 years.

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

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

8 (5) Property sold to organizations, associations, social housing
9 agencies, or corporations with an option to be repurchased by the
10 seller does not qualify for exempt status. This subsection does not
11 apply to property sold to a nonprofit entity, as defined in RCW
12 84.36.560(7), or a social housing agency as defined in section 3 of
13 this act, by:

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

17 (b) A governmental entity established under RCW 35.21.660,
18 35.21.670, or 35.21.730;

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

20 (d) A housing authority meeting the definition in RCW
21 35.82.210(2)(a); or

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

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

26 (7) This section does not apply to exemptions granted under RCW
27 84.36.020, 84.36.032, 84.36.250, 84.36.049, and 84.36.480(2).

28 (8)(a) The use of property exempt under this chapter, other than
29 as specifically authorized by this chapter, nullifies the exemption
30 otherwise available for the property for the assessment year.
31 However, the exemption is not nullified by the use of the property by
32 any individual, group, or entity, where such use is not otherwise
33 authorized by this chapter, for not more than fifty days in each
34 calendar year, and the property is not used for pecuniary gain or to
35 promote business activities for more than fifteen of the fifty days
36 in each calendar year. The fifty and fifteen-day limitations provided
37 in this subsection (8)(a) do not include days during which setup and
38 takedown activities take place immediately preceding or following a
39 meeting or other event by an individual, group, or entity using the
40 property as provided in this subsection (8)(a).

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

5 (c) The 15-day and 50-day limitations provided in (a) of this
6 subsection (8) do not apply to property exempt under RCW 84.36.037 if
7 the property is used for activities related to a qualifying farmers
8 market, as defined in RCW 66.24.170, and all income received from
9 rental or use of the exempt property is used for capital improvements
10 to the exempt property, maintenance and operation of the exempt
11 property, or exempt purposes. Exempt property under RCW 84.36.037 may
12 be used for up to 53 days for the purposes of a qualifying farmers
13 market.

14 **Sec. 6.** RCW 84.36.815 and 2022 c 93 s 6 are each amended to read
15 as follows:

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

29 (2)(a) In order to requalify for exempt status, all applicants
30 except nonprofit cemeteries and nonprofits receiving the exemption
31 under RCW 84.36.049 and nonprofits receiving the exemptions under RCW
32 84.36.560 or 84.36.675 must file an annual renewal declaration on or
33 before March 31st each year. The renewal declaration must be on forms
34 prescribed by the department of revenue and must contain a statement
35 certifying the exempt status of the real or personal property owned
36 by the exempt organization. This renewal declaration may be submitted
37 electronically in a format provided or approved by the department.
38 Information may also be required with the renewal declaration to

1 assist the department in determining whether the property tax
2 exemption should continue.

3 (b) In order to requalify for exempt status, nonprofits receiving
4 the exemptions under RCW 84.36.560 or 84.36.675, or social housing
5 agencies receiving the exemption under section 3 of this act, must
6 file a renewal declaration on or before March 31st of every third
7 year following initial qualification for the exemption. Except for
8 the annual renewal requirement, all other requirements of (a) of this
9 subsection apply.

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

17 (4) When organizations acquire real property qualified for
18 exemption or convert real property to an exempt use, the property,
19 upon approval of the application for exemption, is entitled to a
20 property tax exemption for property taxes due and payable the
21 following year. If the owner has paid taxes for the year following
22 the year the property qualified for exemption, the owner is entitled
23 to a refund of the amount paid on the property so acquired or
24 converted.

25 (5) The department must share approved initial applications for
26 the tax preferences provided in RCW 84.36.049 and 84.36.675 with the
27 joint legislative audit and review committee, upon request by the
28 committee, in order for the committee to complete its review of the
29 tax preferences provided in RCW 84.36.049 and 84.36.675.

30 **Sec. 7.** RCW 84.36.815 and 2020 c 273 s 2 are each amended to
31 read as follows:

32 (1) In order to qualify for exempt status for any real or
33 personal property under this chapter except personal property under
34 RCW 84.36.600, all foreign national governments; cemeteries;
35 nongovernmental nonprofit corporations, organizations, and
36 associations; hospitals owned and operated by a public hospital
37 district for purposes of exemption under RCW 84.36.040(2); and soil
38 and water conservation districts must file an initial application on
39 or before March 31st with the state department of revenue. However,

1 the initial application deadline for the exemption provided in RCW
2 84.36.049 is July 1st for 2016 and March 31st for 2017 and
3 thereafter. All applications must be filed on forms prescribed by the
4 department and must be signed by an authorized agent of the
5 applicant.

6 (2)(a) In order to requalify for exempt status, all applicants
7 except nonprofit cemeteries and nonprofits receiving the exemption
8 under RCW 84.36.049 and nonprofits receiving the exemption under RCW
9 84.36.560 must file an annual renewal declaration on or before March
10 31st each year. The renewal declaration must be on forms prescribed
11 by the department of revenue and must contain a statement certifying
12 the exempt status of the real or personal property owned by the
13 exempt organization. This renewal declaration may be submitted
14 electronically in a format provided or approved by the department.
15 Information may also be required with the renewal declaration to
16 assist the department in determining whether the property tax
17 exemption should continue.

18 (b) In order to requalify for exempt status, nonprofits receiving
19 the exemption under RCW 84.36.560, or social housing agencies
20 receiving the exemption under section 3 of this act, must file a
21 renewal declaration on or before March 31st of every third year
22 following initial qualification for the exemption. Except for the
23 annual renewal requirement, all other requirements of (a) of this
24 subsection apply.

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

32 (4) When organizations acquire real property qualified for
33 exemption or convert real property to an exempt use, the property,
34 upon approval of the application for exemption, is entitled to a
35 property tax exemption for property taxes due and payable the
36 following year. If the owner has paid taxes for the year following
37 the year the property qualified for exemption, the owner is entitled
38 to a refund of the amount paid on the property so acquired or
39 converted.

1 (5) The department must share approved initial applications for
2 the tax preference provided in RCW 84.36.049 with the joint
3 legislative audit and review committee, upon request by the
4 committee, in order for the committee to complete its review of the
5 tax preference provided in RCW 84.36.049.

6 NEW SECTION. **Sec. 8.** Sections 3 through 5 of this act apply to
7 taxes levied for collection in 2027 and thereafter.

8 NEW SECTION. **Sec. 9.** Section 1 of this act takes effect January
9 1, 2027.

10 NEW SECTION. **Sec. 10.** RCW 82.32.805 and 82.32.808 do not apply
11 to this act.

12 NEW SECTION. **Sec. 11.** Section 1 of this act expires January 1,
13 2030.

14 NEW SECTION. **Sec. 12.** Section 2 of this act takes effect
15 January 1, 2030.

16 NEW SECTION. **Sec. 13.** Section 4 of this act expires January 1,
17 2033.

18 NEW SECTION. **Sec. 14.** Section 5 of this act takes effect
19 January 1, 2033.

20 NEW SECTION. **Sec. 15.** Section 6 of this act expires January 1,
21 2033.

22 NEW SECTION. **Sec. 16.** Section 7 of this act takes effect
23 January 1, 2033.

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