

SHB 1841 - H AMD 941

By Representative Walen

ADOPTED 02/12/2022

1 Strike everything after the enacting clause and insert the
2 following:

3 **"Sec. 1.** RCW 84.36.400 and 2020 c 204 s 1 are each amended to
4 read as follows:

5 (1) Any physical improvement to single-family dwellings upon real
6 property, including constructing an accessory dwelling unit, whether
7 attached to or within the single-family dwelling or as a detached
8 unit on the same real property, shall be exempt from taxation for the
9 three assessment years subsequent to the completion of the
10 improvement to the extent that the improvement represents ((thirty))
11 30 percent or less of the value of the original structure. A taxpayer
12 desiring to obtain the exemption granted by this section must file
13 notice of his or her intention to construct the improvement prior to
14 the improvement being made on forms prescribed by the department of
15 revenue and furnished to the taxpayer by the county assessor((+
16 PROVIDED, That this)). The exemption in this subsection cannot be
17 claimed more than once in a five-year period.

18 The department of revenue shall promulgate such rules and
19 regulations as are necessary and convenient to properly administer
20 the provisions of this ((section)) subsection (1).

21 (2)(a) A county legislative authority may exempt from taxation
22 the value of an accessory dwelling unit if the following conditions
23 are met:

24 (i) The improvement represents 30 percent or less of the value of
25 the original structure;

26 (ii) The taxpayer demonstrates that the unit is maintained as a
27 rental property for low-income households. For the purposes of this
28 subsection, "low-income household" means a single person, family, or
29 unrelated persons living together whose adjusted income is at or
30 below 60 percent of the median household income adjusted for
31 household size, for the county where the household is located, as

1 reported by the United States department of housing and urban
2 development;

3 (iii) The taxpayer files notice of the taxpayer's intention to
4 participate in the exemption program on forms prescribed by and
5 furnished to the taxpayer by the county assessor; and

6 (iv) Rent charged to a tenant does not exceed more than 30
7 percent of the tenant's monthly income.

8 (b) An exemption granted under this subsection (2) may continue
9 for as long as the exempted accessory dwelling unit is leased to a
10 low-income household.

11 (c) A county legislative authority that has opted to exempt
12 accessory dwelling units under this subsection (2) may:

13 (i) Allow the exemption for dwelling units that are attached to
14 or within a single-family dwelling or are detached units on the same
15 real property, or both;

16 (ii) Collect a fee from the taxpayer to cover the costs of
17 administering this subsection (2);

18 (iii) Designate administrative officials or agents that will
19 verify that both the low-income household and the taxpayer are in
20 compliance with the requirements of this subsection (2). The
21 designated official or agent may not be the county assessor but may
22 include housing authorities or other qualified organizations as
23 determined by the county legislative authority; and

24 (iv) Determine what property tax and penalties will be due, if
25 any, in the case of a finding of noncompliance by a taxpayer.

26 NEW SECTION. Sec. 2. (1) This section is the tax preference
27 performance statement for the tax preference contained in section 1,
28 chapter . . . , Laws of 2022 (section 1 of this act). This performance
29 statement is only intended to be used for subsequent evaluation of
30 the tax preference. It is not intended to create a private right of
31 action by any party or to be used to determine eligibility for
32 preferential tax treatment.

33 (2) The legislature categorizes this tax preference as:

34 (a) One intended to induce certain designated behavior by
35 taxpayers as indicated in RCW 82.32.808(2) (a); and

36 (b) A general purpose not identified in RCW 82.32.808(2) (a)
37 through (e) as indicated in RCW 82.32.808(2) (f) and further described
38 in subsection (3) of this section.

1 (3) It is the legislature's specific public policy objective to
2 encourage homeowners to rent accessory dwelling units to low-income
3 households in order to increase the use of accessory dwelling units
4 for low-income housing.

5 (4) If a review finds that any county offers this exemption and
6 the exemption is used by any number of homeowners, then the
7 legislature intends to extend the expiration date of this tax
8 preference.

9 (5) In order to obtain the data necessary to perform the review
10 in subsection (4) of this section, the joint legislative audit and
11 review committee may refer to any data collected by the state.

12 NEW SECTION. **Sec. 3.** Section 1 of this act expires January 1,
13 2033.

14 NEW SECTION. **Sec. 4.** This act applies to taxes levied for
15 collection in 2023 and thereafter."

16 Correct the title.

EFFECT: Authorizes a county legislative authority to approve a property tax exemption for accessory dwelling units that are rented to low-income households. Requires that rents charged may be no more than 30 percent of a tenant's monthly income. Provides authority for a county to collect a fee to cover the costs of administering the program. Provides authority for a county to designate compliance verification and establish penalties. Includes a tax preference performance statement and expiration date.

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