

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1052 HB	<b>Title:</b> Nonprofit housing/tax ex.
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## Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Revenue	.0	3,700	3,700	3,700	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>3,700</b>	<b>3,700</b>	<b>3,700</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Cheri Keller, OFM	<b>Phone:</b> (360) 584-2207	<b>Date Published:</b> Final
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# Department of Revenue Fiscal Note

<b>Bill Number:</b> 1052 HB	<b>Title:</b> Nonprofit housing/tax ex.	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Expenditures from:**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1		0.0		
<b>Account</b>					
GF-STATE-State 001-1	3,700		3,700		
<b>Total \$</b>	3,700		3,700		

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Tracey Taylor	Phone: 60-786-7152	Date: 01/03/2023
Agency Preparation: Frank Wilson	Phone: 60-534-1527	Date: 01/16/2023
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 01/16/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/17/2023

Request # 1052-1-1

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

#### CURRENT LAW:

A property tax exemption exists for real or personal property owned or used by a “nonprofit entity” to provide rental housing for qualifying households, or mobile home spaces rented to qualifying households within a mobile home park, or mobile home park cooperative.

The exemption’s benefit must inure to the nonprofit entity, where:

- At least 75% of the dwelling units must be occupied by households with incomes at or below 60% of the median income, adjusted for household size, for the county where the property is located.
- If the dwelling units are occupied by less than 75% of qualifying households, the residential housing, or mobile home park is eligible for partial exemption.
- The rental housing must be insured, financed, or assisted in whole, or in part, by one or more of the following sources:
  - A federal or state housing program administered by the Department of Commerce;
  - A federal housing program administered by a city or county government;
  - An affordable housing property tax levy;
  - Certain authorized affordable housing and homeless housing and assistance surcharges; or
  - Financing by the Washington State Housing Finance Commission

#### PROPOSAL:

The bill revises criteria for the property tax exemption for nonprofit entities providing rental housing or mobile home park space by adding county affordable housing real estate excise tax revenues to the list of financing sources for nonprofit entities to qualify.

#### EFFECTIVE DATE:

The bill takes effect 90 days after final adjournment of the session.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

#### ASSUMPTIONS:

- Information on financing sources used by non-profits providing rental housing or mobile home park space is limited.
- Only San Juan County will provide real estate excise tax revenues to non-profits.

#### REVENUE ESTIMATES:

Minimal new properties qualify for this exemption. The bill creates a minimal shift to non-exempt taxpayers for the state property tax levy.

Local property taxes would also shift to non-exempt taxpayers and potentially local jurisdictions could lose revenues. These local losses are indeterminate because it is unknown what properties will qualify.

**II. C - Expenditures**

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

**FIRST YEAR COSTS:**

The department will incur total costs of \$3,700 in fiscal year 2024. These costs include:

- Labor Costs - Time and effort equate to 0.03 FTEs.
- Amend one administrative rule.

**ONGOING COSTS:**

There are no ongoing costs.

**Part III: Expenditure Detail**

**III. A - Expenditures by Object Or Purpose**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1		0.0		
A-Salaries and Wages	2,400		2,400		
B-Employee Benefits	800		800		
E-Goods and Other Services	300		300		
J-Capital Outlays	200		200		
<b>Total \$</b>	<b>\$3,700</b>		<b>\$3,700</b>		

**III. B - Detail:** FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
EMS BAND 4	126,619	0.0		0.0		
MGMT ANALYST4	73,260	0.0		0.0		
TAX POLICY SP 2	75,120	0.0		0.0		
TAX POLICY SP 3	85,020	0.0		0.0		
TAX POLICY SP 4	91,524	0.0		0.0		
WMS BAND 3	107,685	0.0		0.0		
<b>Total FTEs</b>		<b>0.1</b>		<b>0.1</b>		

**III. C - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

## **Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

Should this legislation become law, the department will use the expedited process to amend WAC 458-16-560, titled: "Housing for qualifying households." Persons affected by this rulemaking would include nonprofit entities providing affordable housing

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

**Bill Number:** 1052 HB

**Title:** Nonprofit housing/tax ex.

## Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

- Cities: Indeterminate but minor property tax revenue loss and shift
- Counties: Indeterminate but minor property tax revenue loss and shift, minor county assessor expenditure increase
- Special Districts: Indeterminate but minor property tax revenue loss and shift, potential expenditure decrease for eligible housing authorities
- Specific jurisdictions only:
- Variance occurs due to:

## Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: Which properties will qualify, financing sources used by nonprofits

### Estimated revenue impacts to:

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

### Estimated expenditure impacts to:

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

## Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 01/16/2023
Leg. Committee Contact: Tracey Taylor	Phone: 360-786-7152	Date: 01/03/2023
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 01/16/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/17/2023

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Description of the bill with an emphasis on how it impacts local government.*

This bill would broaden the eligibility for a property tax exemption for certain nonprofits (owning real and personal property to provide rental housing to qualified households or reserving space for rental housing for qualified households).

Current law provides a nonprofit is eligible if one or more of five factors are true. This bill will add a sixth factor to the list: a nonprofit owning or using property will be eligible “if the rental housing or lots in a mobile home park were insured, financed, or assisted in whole or in part, through an affordable housing excise tax authorized under RCW 82.46.075.”

This bill will reduce expenditures for special purpose districts (housing authorities) that become newly qualified for this nonprofit property tax exemption.

### **B. SUMMARY OF EXPENDITURE IMPACTS**

*Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.*

This bill will result in an indeterminate decrease in expenditures for special purpose districts (housing authorities) and other eligible nonprofits that become newly qualified for this property tax exemption. It is unknown what proportion of newly eligible nonprofits will be special purpose districts (housing authorities).

#### **ADMINISTRATIVE COSTS**

This bill does not say that County Assessors will make the determination of which properties are exempt. It is possible that the city or county legislative authorities will make that determination by measuring household income. If cities and counties report to assessors new exemptions, this bill will result in a minor expenditure increase for county assessors.

### **C. SUMMARY OF REVENUE IMPACTS**

*Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.*

According to the Dept. of Revenue, this bill will result in an indeterminate but minor revenue decrease for local governments (cities, counties, and special purpose districts) due to the expansion of a current property tax exemption. The revenue loss is expected to shift from newly eligible nonprofits to the balance of taxpayers.

#### **SOURCES**

Dept. of Revenue Fiscal Note Draft  
Washington Association of County Officials  
Washington State Association of Counties