

Multiple Agency Fiscal Note Summary

| | |
|-----------------------------|---|
| Bill Number: 2012 HB | Title: Rental housing/nonprofits |
|-----------------------------|---|

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 | 3,800 | 3,800 | 3,800 | .0 | 0 | 0 | 0 | .0 | 0 | 0 | 0 |
| Total \$ | 0.0 | 3,800 | 3,800 | 3,800 | 0.0 | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 |

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 |
| Total \$ | 0.0 | 0 | 0 | 0.0 | 0 | 0 | 0.0 | 0 | 0 |

Estimated Capital Budget Breakout

| | | |
|---------------------------------------|---------------------------------|---|
| Prepared by: Amy Hatfield, OFM | Phone: (360) 280-7584 | Date Published: Final 1/17/2024 |
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Department of Revenue Fiscal Note

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|-----------------------------|---|--|
| Bill Number: 2012 HB | Title: Rental housing/nonprofits | Agency: 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 | | |
| Account | | | | | |
| GF-STATE-State 001-1 | | 3,800 | 3,800 | | |
| Total \$ | | 3,800 | 3,800 | | |

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: Rachelle Harris | Phone: 60-786-7137 | Date: 01/07/2024 |
| Agency Preparation: Kari Kenall | Phone: 60-534-1508 | Date: 01/12/2024 |
| Agency Approval: Marianne McIntosh | Phone: 60-534-1505 | Date: 01/12/2024 |
| OFM Review: Amy Hatfield | Phone: (360) 280-7584 | Date: 01/17/2024 |

Request # 2012-1-1

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:

Nonprofits can qualify for a property tax exemption if they provide rental housing for qualifying households or space for the placement of a mobile home in a mobile home park.

One requirement to receive the exemption is the rental housing or lots in a mobile home park must be or have been insured, financed, or assisted in whole or in part through 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.
- A voter-approved affordable housing levy.
- Surcharges charged by the county auditor for each recorded document..
- The Washington State Housing Finance Commission.

PROPOSAL:

This bill expands the property tax exemption for nonprofits that provide affordable rental housing to qualifying households by including two additional sources of insurance, financing, or assistance.

- Any city or county funds intended to assist in the development or preservation of affordable housing for qualifying households.
- A voter-approved levy lid lift for the specific purpose.

EFFECTIVE DATE:

This bill applies to property taxes due in calendar year 2025.

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 nonprofits providing rental housing or mobile home park space is limited.
- Minimal properties qualify for this exemption.

REVENUE ESTIMATES

This 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.

ASSUMPTIONS:

This bill affects people who own private property.

FIRST YEAR COSTS:

The Department of Revenue (department) will not incur costs in fiscal year 2024.

SECOND YEAR COSTS:

The department will incur total costs of \$3,800 in fiscal year 2025. These costs include:

Labor Costs – Time and effort equate to 0.07 FTE.

- Amend one expedited rule.

- Create special notices, update forms, publications, and training materials, and provide consultations to counties and nonprofits.

ONGOING COSTS:

The department will not incur any 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 | | 2,500 | 2,500 | | |
| B-Employee Benefits | | 800 | 800 | | |
| E-Goods and Other Services | | 300 | 300 | | |
| J-Capital Outlays | | 200 | 200 | | |
| Total \$ | | \$3,800 | \$3,800 | | |

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 | 131,684 | | 0.0 | 0.0 | | |
| MGMT ANALYST4 | 76,188 | | 0.0 | 0.0 | | |
| TAX POLICY SP 2 | 78,120 | | 0.0 | 0.0 | | |
| TAX POLICY SP 3 | 88,416 | | 0.0 | 0.0 | | |
| TAX POLICY SP 4 | 95,184 | | 0.0 | 0.0 | | |
| WMS BAND 3 | 111,992 | | 0.0 | 0.0 | | |
| Total FTEs | | | 0.1 | 0.1 | | |

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 adopt WAC 458-16-560-Rule, titled: "Housing for qualifying households." Persons affected by this rulemaking would include certain nonprofit organizations that provide affordable rental housing.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 2012 HB

Title: Rental housing/nonprofits

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

Legislation Impacts:

- Cities: minimal property tax revenue loss and shift
- Counties: minimal property tax revenue loss and shift
- Special Districts: minimal property tax revenue loss and shift
- 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:

Estimated revenue impacts to:

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

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

| | | |
|--|-----------------------|------------------|
| Fiscal Note Analyst: Angie Hong | Phone: 360-725-5041 | Date: 01/15/2024 |
| Leg. Committee Contact: Rachele Harris | Phone: 360-786-7137 | Date: 01/07/2024 |
| Agency Approval: Allan Johnson | Phone: 360-725-5033 | Date: 01/15/2024 |
| OFM Review: Amy Hatfield | Phone: (360) 280-7584 | Date: 01/17/2024 |

Part IV: Analysis

A. SUMMARY OF BILL

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

This bill amends RCW 84.36.560 [Property tax exemptions for nonprofit organizations that provide rental housing or used space to qualifying households] to the expand eligibility for the property tax exemption by adding the following eligibility criterion: “is exempt from taxation if the rental housing or lots in a mobile home park were insured, financed, or assisted in whole or in part through any city or county funds intended to assist in the development or preservation of affordable housing for qualifying households.”

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 is not expected to impact either County Assessor or County Treasurer expenditures.

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.

It is unknown what financing sources are used by nonprofits providing rental housing or mobile home park space. It is assumed by the Dept. of Revenue that few properties in the state will become property tax exempt eligible due to this legislation.

Due to an indeterminate and slight increase in properties eligible for property tax exemption, this bill slightly decreases local property tax revenue and creates a minimal shift to non-exempt taxpayers, according to the Dept. of Revenue.

SOURCES

Washington Association of County Officials

Washington Dept. of Revenue Fiscal Note Draft