

Multiple Agency Fiscal Note Summary

Bill Number: 6065 SB	Title: Housing/property 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	.1	31,200	31,200	31,200	.1	21,800	21,800	21,800	.1	21,800	21,800	21,800
Total \$	0.1	31,200	31,200	31,200	0.1	21,800	21,800	21,800	0.1	21,800	21,800	21,800

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 1/28/2024
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Department of Revenue Fiscal Note

Bill Number: 6065 SB	Title: Housing/property tax ex.	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		0.3	0.1	0.1	0.1
Account					
GF-STATE-State 001-1		31,200	31,200	21,800	21,800
Total \$		31,200	31,200	21,800	21,800

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: Samantha Doyle	Phone: 60-786-7335	Date: 01/09/2024
Agency Preparation: Frank Wilson	Phone: 60-534-1527	Date: 01/27/2024
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 01/27/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/28/2024

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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, 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 and qualifying households occupy at least 75% of the dwelling units. If qualifying households occupy less than 75% of the dwelling units, the residential housing or mobile home park is eligible for a 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.
 - A voter-approved affordable housing levy.
 - Surcharges charged by the county auditor for each recorded document.
 - Financing by the Washington State Housing Finance Commission

A qualifying household means a person, family, or unrelated persons living together with incomes at or below 60% of the median income, adjusted for household size, for the county where the property is located.

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.

- City or county funds intended to assist in developing or preserving affordable housing for qualifying households.
- A voter-approved property tax levy lid lift for affordable housing.

EFFECTIVE DATE:

The bill takes effect 90 days after the 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 nonprofits providing rental housing or mobile home park space is limited.
- Currently, minimal properties qualify for this exemption.
- The bill does not contain a tax preference performance statement or exception, but the expansion to this exemption will automatically expire in ten years.

REVENUE ESTIMATES

The Economic and Revenue Forecast Council predicts the state property tax levy remains below the \$3.60 limit throughout the 2027-29 biennium. This bill results in a shift to other taxpayers and no loss to the state levy.

PROPERTY TAX SHIFTS:

The impact of additional funding sources on nonprofits applying for this expanded exemption is unknown. The state levy

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shift is indeterminate but assumed minimal.

Local districts will also experience an indeterminate shift of taxes to other taxpayers. The local shift may result in a local revenue loss due to levy limits.

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 COST:

The department will not incur any costs in fiscal year 2024.

SECOND YEAR COSTS:

The department will incur total costs of \$31,200 in fiscal year 2025. These costs include:

- Labor Costs – Time and effort equate to 0.26 FTE.
- Amend two rules.
- Process property tax exemption applications and renewals.

ONGOING COSTS:

Ongoing costs for the 2025-27 biennium equal \$21,800 and include similar activities described in the second-year costs. Time and effort equate to 0.1 FTE per year.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.3	0.1	0.1	0.1
A-Salaries and Wages		19,400	19,400	14,200	14,200
B-Employee Benefits		6,400	6,400	4,600	4,600
E-Goods and Other Services		3,400	3,400	1,800	1,800
G-Travel		300	300	600	600
J-Capital Outlays		1,700	1,700	600	600
Total \$		\$31,200	\$31,200	\$21,800	\$21,800

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		
EMS BAND 5	153,836		0.0	0.0		
MGMT ANALYST4	76,188		0.0	0.0		
PROPERTY AND ACQUISITION SI	70,800		0.1	0.1	0.1	0.1
TAX POLICY SP 2	78,120		0.0	0.0		
TAX POLICY SP 3	88,416		0.1	0.0		
TAX POLICY SP 4	95,184		0.0	0.0		
WMS BAND 3	111,992		0.0	0.0		
Total FTEs			0.3	0.2	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 amend WAC 458-16-150, titled: "Cessation of use - Taxes collectible for prior years."
- The standard process to amend WAC 458-16-560, titled: "Housing for very low-income households."

Persons affected by this rulemaking would include nonprofit entities receiving the exemption.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 6065 SB

Title: Housing/property tax ex.

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

Legislation Impacts:

- Cities: indeterminate and minor revenue loss and shift
- Counties: indeterminate and minor revenue loss and shift
- Special Districts: indeterminate and minor 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: 01/23/2024
Leg. Committee Contact: Samantha Doyle	Phone: 360-786-7335	Date: 01/09/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/23/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/23/2024

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 [Nonprofit organizations that provide rental housing or used space to qualifying households] to 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 will not impact local government 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