

SENATE BILL REPORT

SB 6030

As of January 10, 2024

Title: An act relating to amending the county population threshold for counties that may exempt from taxation the value of accessory dwelling units to incentivize rental to low-income households.

Brief Description: Amending the county population threshold for counties that may exempt from taxation the value of accessory dwelling units to incentivize rental to low-income households.

Sponsors: Senators Braun, Kuderer, Lias, Mullet, Wellman and Wilson, J..

Brief History:

Committee Activity: Housing: 1/12/24.

Brief Summary of Bill

- Allows all counties to provide a property tax exemption for an accessory dwelling unit if certain conditions are met.

SENATE COMMITTEE ON HOUSING

Staff: Melissa Van Gorkom (786-7491)

Background: All real and personal property in the state is subject to property tax each year based on its value, unless a specific exemption is provided by law.

In 2023, the Legislature authorized a county legislative authority for a county with a population of 1.5 million or more to exempt an accessory dwelling unit (ADU) from property tax if all the following conditions are met:

- the ADU is maintained as a rental property for low-income households whose adjusted income is at or below 60 percent of the median household income for the county;

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- rent charged to a tenant does not exceed 30 percent of the tenant's monthly income;
- the ADU is not occupied by a person under the age of 60 who is an immediate family member of the taxpayer;
- the taxpayer files notice of intent to participate in the exemption program using forms prescribed by the county assessor; and
- improvement represents 30 percent or less of the value of the original structure.

A Tax Preference Performance Statement specifies the exemption is intended to encourage homeowners to rent ADUs to low-income households and increase the overall availability of affordable housing. The Joint Legislative Audit and Review Committee must review the tax preference and complete a final report by December 1, 2029 that includes:

- the costs and benefits associated with exempting from taxation the value of an ADU;
- an evaluation of the inventory analysis of existing and projected housing needs completed by the Department of Commerce;
- a summary of the estimated total statewide costs and benefits attributed to exempting from taxation the value of an ADU; and
- an evaluation of the impacts of the program on low-income households.

The exemption can continue for as long as the ADU is leased to a low-income household and applies to taxes levied for collection in 2024 and thereafter. The exemption expires January 1, 2034.

Summary of Bill: The restriction for the ADU property tax exemption to apply to a county with a population of 1.5 million or more is removed, allowing any county legislative authority to choose to exempt an ADU from property tax if the ADU meets the necessary conditions.

The Tax Preference Performance Statement and Joint Legislative Audit and Review Committee review are updated to include this legislation. If the review finds a county offers this exemption and the exemption increases the amount of ADUs rented to low-income households, then the Legislature intends to extend the expiration. The exemption applies to taxes levied for collection in 2025 and thereafter, and expires January 1, 2034.

Appropriation: None.

Fiscal Note: Requested on January 8, 2024.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.