

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE HOUSE BILL 2003

68th Legislature
2024 Regular Session

Passed by the House February 12, 2024
Yeas 95 Nays 2

**Speaker of the House of
Representatives**

Passed by the Senate February 29,
2024
Yeas 46 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 2003** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE HOUSE BILL 2003

Passed Legislature - 2024 Regular Session

State of Washington

68th Legislature

2024 Regular Session

By House Finance (originally sponsored by Representatives Connors, Leavitt, Klicker, Couture, Schmidt, Chapman, Graham, Peterson, Sandlin, Reeves, and Shavers; by request of Department of Natural Resources)

READ FIRST TIME 01/31/24.

1 AN ACT Relating to an exemption to the leasehold excise tax for
2 leases on public lands; adding a new section to chapter 82.29A RCW;
3 and creating new sections.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.29A
6 RCW to read as follows:

7 (1) All leasehold interests in public lands are exempt from tax
8 under this chapter, for the duration of the lease, when used for the
9 placement of affordable housing under the following conditions:

10 (a) A lessee must commit to renting or selling 100 percent of the
11 units as permanently affordable for low-income and moderate-income
12 households; and

13 (b) The term of the lease is at least 20 years.

14 (2) The department of natural resources may adopt rules, pursuant
15 to chapter 34.05 RCW, as are necessary to properly administer this
16 section.

17 (3) Affordable housing for low-income households must be
18 prioritized by the department of natural resources and the lessee
19 when receiving the exemption under this section.

20 (4) For purposes of this section:

1 (a) "Affordable housing" has the same meaning as in RCW
2 84.14.010.

3 (b) "Low-income household" has the same meaning as in RCW
4 84.14.010.

5 (c) "Moderate-income household" has the same meaning as in RCW
6 84.14.010.

7 (d) "Public lands" has the same meaning as in RCW 79.02.010.

8 NEW SECTION. **Sec. 2.** (1) This section is the tax preference
9 performance statement for the tax preference contained in section 1,
10 chapter . . ., Laws of 2024 (section 1 of this act). This performance
11 statement is only intended to be used for subsequent evaluation of
12 the tax preference. It is not intended to create a private right of
13 action by any party or be used to determine eligibility for
14 preferential tax treatment.

15 (2) The legislature categorizes these tax preferences as ones
16 intended to induce certain designated behavior by taxpayers, as
17 indicated in RCW 82.32.808(2) (a).

18 (3) It is the legislature's specific public policy objective to
19 incentivize the placement of affordable housing on public lands.

20 (4) If a review by the joint legislative audit and review
21 committee finds that the number of affordable housing units placed on
22 public lands increased following the enactment of this tax
23 preference, the legislature intends to extend the expiration date of
24 the tax preference.

25 (5) In order to obtain the data necessary to perform the review
26 in subsection (4) of this section, the joint legislative audit and
27 review committee may refer to the number of new leasehold agreements
28 on public lands for the purposes of affordable housing.

29 NEW SECTION. **Sec. 3.** RCW 82.32.805 does not apply to this act.

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