
SENATE BILL 6030

State of Washington

68th Legislature

2024 Regular Session

By Senator Braun

Prefiled 01/05/24.

1 AN ACT Relating to amending the county population threshold for
2 counties that may exempt from taxation the value of accessory
3 dwelling units to incentivize rental to low-income households;
4 amending RCW 84.36.400; amending 2023 c 335 s 2 (uncodified);
5 creating a new section; and providing an expiration date.

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

7 **Sec. 1.** RCW 84.36.400 and 2023 c 335 s 1 are each amended to
8 read as follows:

9 (1) Any physical improvement to single-family dwellings upon real
10 property, including constructing an accessory dwelling unit, whether
11 attached to or within the single-family dwelling or as a detached
12 unit on the same real property, shall be exempt from taxation for the
13 three assessment years subsequent to the completion of the
14 improvement to the extent that the improvement represents 30 percent
15 or less of the value of the original structure. A taxpayer desiring
16 to obtain the exemption granted by this section must file notice of
17 his or her intention to construct the improvement prior to the
18 improvement being made on forms prescribed by the department of
19 revenue and furnished to the taxpayer by the county assessor. The
20 exemption in this subsection cannot be claimed more than once in a
21 five-year period.

1 The department of revenue shall promulgate such rules and
2 regulations as are necessary and convenient to properly administer
3 the provisions of this subsection (1).

4 (2)(a) A county legislative authority (~~for a county with a~~
5 ~~population of 1,500,000 or more~~) may exempt from taxation the value
6 of an accessory dwelling unit if the following conditions are met:

7 (i) The improvement represents 30 percent or less of the value of
8 the original structure;

9 (ii) The taxpayer demonstrates that the unit is maintained as a
10 rental property for low-income households. For the purposes of this
11 subsection, "low-income household" means a single person, family, or
12 unrelated persons living together whose adjusted income is at or
13 below 60 percent of the median household income adjusted for
14 household size, for the county where the household is located, as
15 reported by the United States department of housing and urban
16 development;

17 (iii) The taxpayer files notice of the taxpayer's intention to
18 participate in the exemption program on forms prescribed by and
19 furnished to the taxpayer by the county assessor;

20 (iv) Rent charged to a tenant does not exceed more than 30
21 percent of the tenant's monthly income; and

22 (v) The accessory dwelling unit is not occupied by an immediate
23 family member of the taxpayer. For purposes of this subsection
24 (2)(a), "immediate family" means any person under age sixty that is a
25 state registered domestic partner, spouse, parents, grandparents,
26 children, including foster children, siblings, and in-laws.

27 (b) An exemption granted under this subsection (2) may continue
28 for as long as the exempted accessory dwelling unit is leased to a
29 low-income household.

30 (c) A county legislative authority that has opted to exempt
31 accessory dwelling units under this subsection (2) may:

32 (i) Allow the exemption for dwelling units that are attached to
33 or within a single-family dwelling or are detached units on the same
34 real property, or both;

35 (ii) Collect a fee from the taxpayer to cover the costs of
36 administering this subsection (2);

37 (iii) Designate administrative officials or agents that will
38 verify that both the low-income household and the taxpayer are in
39 compliance with the requirements of this subsection (2). The
40 designated official or agent may not be the county assessor but may

1 include housing authorities or other qualified organizations as
2 determined by the county legislative authority; and

3 (iv) Determine what property tax and penalties will be due, if
4 any, in the case of a finding of noncompliance by a taxpayer.

5 (d) A county legislative authority that has opted to exempt
6 accessory dwelling units under this subsection (2) shall establish
7 policies to assist and support tenants upon expiration of an
8 exemption granted under this subsection.

9 **Sec. 2.** 2023 c 335 s 2 (uncodified) is amended to read as
10 follows:

11 (1) This section is the tax preference performance statement for
12 the tax preferences contained in section 1, chapter 335, Laws of 2023
13 and section 1, chapter . . . , Laws of 2024 (section 1 of this act).
14 This performance statement is only intended to be used for subsequent
15 evaluation of the tax preferences. It is not intended to create a
16 private right of action by any party or to be used to determine
17 eligibility for preferential tax treatment.

18 (2) The legislature categorizes (~~this~~) these tax preferences
19 as:

20 (a) Ones intended to induce certain designated behavior by
21 taxpayers as indicated in RCW 82.32.808(2) (a); and

22 (b) (~~A~~) For a general purpose not identified in RCW
23 82.32.808(2) (a) through (e) as indicated in RCW 82.32.808(2) (f) and
24 further described in subsection (3) of this section.

25 (3) It is the legislature's specific public policy objective to
26 encourage homeowners to rent accessory dwelling units to low-income
27 households and increase the overall availability of affordable
28 housing.

29 (4) (a) The joint legislative audit and review committee must
30 review the tax preferences under section 1, chapter 335, Laws of
31 2023, and section 1, chapter . . . , Laws of 2024 (section 1 of this
32 act) as (~~it applies~~) they apply specifically to the property tax
33 exemption for accessory dwelling units and complete a final report by
34 December 1, 2029. The review must include, at a minimum, the
35 following components:

36 (i) Costs and benefits associated with exempting from taxation
37 the value of an accessory dwelling unit. This component of the
38 analysis must, at a minimum, assess the costs and benefits of changes
39 in the following metrics since the start of the program:

1 (A) The number of taxpayers filing notice to participate in the
2 exemption program;

3 (B) The number of units exempt from property tax under the
4 program, including the extent to which those units are attached or
5 within a single-family dwelling or are detached units; and

6 (C) A summary of any fees or costs to administer the program;

7 (ii) An evaluation of the information calculated and provided by
8 the department under RCW 36.70A.070(2)(a);

9 (iii) A summary of the estimated total statewide costs and
10 benefits attributable to exempting from taxation the value of an
11 accessory dwelling unit, including administrative costs and costs to
12 monitor compliance; and

13 (iv) An evaluation of the impacts of the program on low-income
14 households.

15 (b) If the review finds that a county (~~with a population greater~~
16 ~~than 1,500,000~~) offers this exemption and the exemption increases
17 the amount of accessory dwelling units rented to low-income
18 households, then the legislature intends to extend the expiration
19 date of (~~this~~) these tax preferences.

20 (5) In order to obtain the data necessary to perform the review
21 in subsection (4) of this section, the joint legislative audit and
22 review committee may refer to any data collected by the state.

23 NEW SECTION. **Sec. 3.** This act expires January 1, 2034.

24 NEW SECTION. **Sec. 4.** Section 1 of this act applies to taxes
25 levied for collection in 2025 and thereafter.

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