

**SB 104 STAFF MEASURE SUMMARY**

**Senate Committee On Finance and Revenue**

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**Prepared By:** Beau Olen, Economist

**Meeting Dates:** 2/5

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**WHAT THE MEASURE DOES:**

Extends the property tax exemption for nonprofit low-income rental housing by moving the sunset date six years, from June 30, 2027, to June 30, 2033.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

Cities or counties may adopt an ordinance or resolution granting an indefinite-term, property tax exemption for low-income rental housing owned, being purchased, or leased by nonprofit corporations. Housing units must be occupied by low-income tenants or held for the purpose of developing low-income housing. Qualifying nonprofit corporations must be exempt from federal income tax under Internal Revenue Code section 501(c)(3) or (4).

For the first exemption year, the income of each unit must be at or below 60 percent of area median income (AMI). For property awarded a federal Low-Income Housing Tax Credit, units can have income at or below 80 percent of AMI if the average for all units is at or below 60 percent of AMI. After the first exemption year, cities or counties can elect an alternative definition for low-income, allowing the income for each unit to be at or below 80 percent of AMI.

The exemption applies only to property taxes of the city or county which adopted an ordinance. However, if local taxing districts representing at least 51 percent of the total combined tax rate pass ordinances supporting the exemption, it applies to the taxes of all districts. Currently, all nonprofit low-income rental housing programs exempt the taxes of all taxing districts.