

**SB 118 STAFF MEASURE SUMMARY**

**Senate Committee On Finance and Revenue**

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**Prepared By:** Beau Olen, Economist

**Sub-Referral To:** Joint Committee On Tax Expenditures

**Meeting Dates:** 2/5

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**WHAT THE MEASURE DOES:**

Extends the property tax exemption for new or rehabilitated multi-unit rental housing by moving the sunset date six years, from January 1, 2027, to January 1, 2033.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

No amendment.

**BACKGROUND:**

Cities or counties may adopt an ordinance or resolution granting a property tax exemption for newly constructed or rehabilitated multi-unit rental housing. The ordinance must publish one of two exemption schedules that specifies the exemption amount (percent) and term (up to 10 years). Under the first schedule, the exemption amount is fixed and the term depends on the share of units rented at affordable rates to households who have income at or below 120 percent of area median income. Under the second schedule, the exemption term is fixed at 10 years and the amount depends on the share of units rented at affordable rates.

The exemption applies to the property taxes of all taxing districts if the taxing districts representing at least 51 percent of the total combined tax rate in the area support the program. A property can only receive the exemption for rehabilitation once.

To qualify, construction or rehabilitation must be completed after the ordinance has been adopted. Additionally, the application must be submitted for the first assessment year the property is rented for residential occupancy after construction or rehabilitation has been completed.