HB 3232 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Prepared By: Beau Olen, Economist
Meeting Dates: 5/5, 5/12

WHAT THE MEASURE DOES:

Removes the requirement for the low-income rental housing property tax exemption that limited equity cooperative property be constructed or converted after the city or county adopts the exemption program. Applies to property tax years 2026-27 and after.

ISSUES DISCUSSED:

- Limited equity cooperative
- Maintenance and repair

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Cities or counties may adopt an ordinance or resolution granting a 20-year, property tax exemption for certain real property owned, being purchased, or leased, including property of nonprofit public benefit corporations or religious corporations, nonprofit partnerships, and limited equity cooperatives (LEC). LECs are cooperative corporations in which members hold a proprietary lease and are only allowed to sell their ownership interests to low-income persons at restricted prices. The property must be newly constructed or converted low-income rental housing, except nonprofits do not need to meet this requirement. The exemption sunsets on July 1, 2030 (application deadline).

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.