

STAFF MEASURE SUMMARY

Senate Committee On Human Services and Early Childhood

Fiscal: No Fiscal Impact

Revenue: Has minimal revenue impact

Action Date: 05/05/15

Action: Do Pass.

Meeting Dates: 05/05

Vote:

Yeas: 5 - Dembrow, Gelser, Kruse, Monnes Anderson, Olsen

Prepared By: Cheyenne Ross, Committee Administrator

WHAT THE MEASURE DOES:

Provides alternate definition of “low income” for purposes of property tax abatement for nonprofit corporation providing affordable housing. Directs governing bodies to designate use of standard or alternative definition of “low income.” Allows governing bodies to change currently adopted definition of “low income.” Takes effect 91st day after *sine die*. Sunsets June 30, 2027.

ISSUES DISCUSSED:

- Importance of stable housing
- Strict cut-off at 60 percent AMI versus income range of 60-80 percent AMI, to maintain eligibility for tax abatement
- Efforts by nonprofits’ to absorb property tax assessments, so as not to pass-on rent increases to low-income residents
- Permitting low-income persons to transition into market-rate housing and home ownership as their incomes improve

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

Currently, nonprofit corporations receive property tax abatement for housing they own that is rented to individuals or families with incomes at or below a 60 percent of Area Median Income (AMI). If the renter’s income exceeds 60 percent AMI, property taxes will be assessed against the nonprofit corporation for that property.

House Bill 3082 provides an expanded allowable definition of “low income” that local jurisdictions may adopt for the purpose of ongoing qualification for tax abatement for nonprofits that offer housing to low-income individuals and families. The new definition would allow for existing renters’ incomes to exceed 60 percent AMI, up to 80 percent AMI, before disqualifying the nonprofit from property tax abatement, thereby enabling the existing renter to transition into other housing at market rates, or into home ownership. Local jurisdictions may also elect to stay with the current definition. For initial eligibility for tax abatement, individuals and families must have income at or below 60 percent AMI.