

HB 2879 -1 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 4/12

WHAT THE MEASURE DOES:

Exempts from personal and corporate income taxation amounts received from the sale of real property to a nonprofit corporation or housing authority. Applies to tax years beginning on or after January 1, 2018 and before January 1, 2021.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Replaces measure. Similar to the introductory version but adds language that adds a disregarded entity of a nonprofit corporation to the list of qualifying buyers. Requires that purchaser participate in an affordable rental housing public investment or subsidy program to qualify. Directs the Housing and Community Services Department to establish by rule procedures for certifying the sale of rental housing to certain entities. Requires that the housing be offered as affordable rental housing for a period at least 10 years from the date of purchase.

BACKGROUND:

Currently, taxpayers may exclude up to \$250,000 for single taxpayers or \$500,000 for joint taxpayers of capital gain from home sales for their principal residence. The exclusion is not allowed for portions of the property used in business activities such as rental. The measure would exclude from taxation the capital gain from sales of business properties if the properties are sold to certain entities.