

HB 2466 A STAFF MEASURE SUMMARY

Joint Committee On Tax Expenditures

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Meeting Dates: 4/7

WHAT THE MEASURE DOES:

Expands 20-year property tax exemption for newly constructed, low-income, rental housing to such property occupied by low-income persons holding proprietary lease in limited equity cooperative. Defines “limited equity cooperative” and “rent”. Applies to tax years beginning on or after July 1, 2024. Takes effect 91st day after sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Currently, limited equity cooperatives are not eligible for the low-income rental housing property tax exemption because they do not use a traditional landlord-tenant agreement. In a limited equity cooperative, the co-op member signs a proprietary lease, and the co-op owns the property and manages improvements on the land.

This exemption is permissive in that it requires cities or counties to adopt the provisions of the exemption. Additionally, the final action that a city or county takes on a property’s application for exemption is an ordinance or resolution that determines approval or denial of the application.

If the provisions of the exemption are adopted by the city or county and an individual application is approved, the exemption only applies to the tax of the city or county that adopted the provisions. However, the exemption applies to the tax of all taxing districts of the property, if the total combined tax rate for the city or county and other taxing districts whose governing boards agree to the exemption equals 51 percent or more of the total combined tax rate on the property granted exemption.

Property that is granted the exemption before July 1, 2030, shall continue to receive the exemption on the same terms, including the 20-year duration, on which the exemption was granted.