

# FINAL BILL REPORT

## 2SSB 5387

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### PARTIAL VETO

C 375 L 95

Synopsis as Enacted

**Brief Description:** Providing tax incentives for multiple-unit housing in urban centers.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Wojahn, Winsley, Franklin, Haugen, Rasmussen, McCaslin and West).

**Senate Committee on Financial Institutions & Insurance**

**Senate Committee on Ways & Means**

**House Committee on Trade & Economic Development**

**House Committee on Finance**

**Background:** Property taxes are based on the assessed value of real property, including the land itself, and all buildings, structures, or improvements or other fixtures sitting upon such land.

The Growth Management Act established numerous provisions which seek to encourage development in urban areas where adequate public facilities and services exist or can be provided in an efficient manner, thus reducing urban sprawl.

Cities required to plan under the Growth Management Act contend they lack the authority to utilize certain incentives that would encourage the development of urban areas, particularly development that results in additional multifamily housing units in these areas.

**Summary:** A property tax exemption program for new, rehabilitated or converted multiple-unit housing in urban areas is established. The exemption is good for ten years from the issuance of a tax exemption certificate. The exemption does not apply to the value of land or nonhousing-related improvements or to increases in assessed valuation made on nonqualifying portions of the building or the value of the land. The exemption program is limited to cities with a population of at least 150,000.

The new, converted or rehabilitated housing must meet certain criteria to be eligible for the tax exemption: It is located in a residential targeted area in a city planning under the Growth Management Act; it meets guidelines established by the local governing authority; at least half of the project space is utilized for permanent housing; and the owner of the property must abide by the terms and conditions of the planned development, set out in a contract with the city.

The local governing authority must designate a residential targeted area. A designated area must meet specific criteria: It is located within an urban center; it lacks sufficient available, desirable and convenient residential housing to meet public demand; and it achieves one or more of the public purposes outlined in the act.

Local governments are authorized to establish standards and guidelines to be utilized in approving applications for the tax exemption.

The application procedures for the program are outlined.

The owner receiving the tax exemption must file an annual report to the city that includes a statement regarding the occupancy and vacancy of the housing units during the past year, verification that ownership of the property has not changed, and a description of changes or improvements made to the property.

Penalties for conversion of the property to other uses prior to the expiration of the ten-year exemption period are outlined.

**Votes on Final Passage:**

Senate	44	3
House	85	10 (House amended)
Senate	40	2 (Senate concurred)

**Effective:** July 23, 1995

**Partial Veto Summary:** A redundant provision contained elsewhere in the bill is removed.