
SENATE BILL 6277

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By Senators Conway, Becker, Kastama, Schoesler, Kilmer, Kohl-Welles,
and Regala

Read first time 01/16/12. Referred to Committee on Financial
Institutions, Housing & Insurance.

1 AN ACT Relating to creating authority for counties to exempt from
2 property taxation new and rehabilitated multiple-unit dwellings in
3 certain unincorporated urban centers; and adding a new chapter to Title
4 84 RCW.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** FINDINGS. The legislature finds:

7 (1) That in many of Washington's urban centers including those in
8 heavily populated unincorporated areas, there is insufficient
9 availability of desirable and convenient residential units, including
10 affordable housing units, to meet the needs of a growing number of the
11 public who would live in these urban centers if these desirable,
12 convenient, attractive, affordable, and livable places to live were
13 available;

14 (2) That the development of additional and desirable residential
15 units, including affordable housing units, in these urban centers
16 including those in heavily populated unincorporated areas that will
17 attract and maintain a significant increase in the number of permanent
18 residents in these areas will help to alleviate the detrimental
19 conditions and social liability that tend to exist in the absence of a

1 viable mixed income residential population and will help to achieve the
2 planning goals mandated by the growth management act under RCW
3 36.70A.020; and

4 (3) That planning solutions to solve the problems of urban sprawl
5 often lack incentive and implementation techniques needed to encourage
6 residential redevelopment in those urban centers lacking a sufficient
7 variety of residential opportunities, and it is in the public interest
8 and will benefit, provide, and promote the public health, safety, and
9 welfare to stimulate new or enhanced residential opportunities,
10 including affordable housing opportunities, within urban centers
11 through a tax incentive as provided by this chapter.

12 NEW SECTION. **Sec. 2.** PURPOSE. It is the purpose of this chapter
13 to encourage increased residential opportunities, including affordable
14 housing opportunities, for counties with heavily populated
15 unincorporated urban growth areas that are required to plan or choose
16 to plan under the growth management act within urban centers where the
17 governing authority of the affected county has found there is
18 insufficient housing opportunities, including affordable housing
19 opportunities. It is further the purpose of this chapter to stimulate
20 the construction of new multifamily housing and the rehabilitation of
21 existing vacant and underutilized buildings for multifamily housing in
22 urban centers having insufficient housing opportunities that will
23 increase and improve residential opportunities, including affordable
24 housing opportunities, within these urban centers. To achieve these
25 purposes, this chapter provides for special valuations in residentially
26 deficient urban centers for eligible improvements associated with
27 multiunit housing, which includes affordable housing.

28 NEW SECTION. **Sec. 3.** DEFINITIONS. Unless the context clearly
29 requires otherwise, the definitions in this section apply throughout
30 this chapter.

31 (1) "Affordable housing" means residential housing that is rented
32 by a person or household whose monthly housing costs, including
33 utilities other than telephone, do not exceed thirty percent of the
34 household's monthly income. For the purposes of housing intended for
35 owner occupancy, "affordable housing" means residential housing that is
36 within the means of low or moderate-income households.

1 (2) "City" means either:
2 (a) A city or town with a population of at least fifteen thousand;
3 (b) The largest city or town, if there is no city or town with a
4 population of at least fifteen thousand, located in a county planning
5 under the growth management act; or
6 (c) A city or town with a population of at least five thousand
7 located in a county subject to the provisions of RCW 36.70A.215.
8 (3) "County" means a county with an unincorporated population of at
9 least three hundred fifty thousand.
10 (4) "Governing authority" means the local legislative authority of
11 a county having jurisdiction over the property for which an exemption
12 may be applied for under this chapter.
13 (5) "Growth management act" means chapter 36.70A RCW.
14 (6) "High cost area" means a county where the third quarter median
15 house price for the previous year as reported by the Washington center
16 for real estate research at Washington State University is equal to or
17 greater than one hundred thirty percent of the statewide median house
18 price published during the same time period.
19 (7) "Household" means a single person, family, or unrelated persons
20 living together.
21 (8) "Low-income household" means a single person, family, or
22 unrelated persons living together whose adjusted income is at or below
23 eighty percent of the median family income adjusted for family size,
24 for the county where the project is located, as reported by the United
25 States department of housing and urban development. For counties
26 located in high-cost areas, "low-income household" means a household
27 that has an income at or below one hundred percent of the median family
28 income adjusted for family size, for the county where the project is
29 located.
30 (9) "Moderate-income household" means a single person, family, or
31 unrelated persons living together whose adjusted income is more than
32 eighty percent but is at or below one hundred fifteen percent of the
33 median family income adjusted for family size, for the county where the
34 project is located, as reported by the United States department of
35 housing and urban development. For counties located in high-cost
36 areas, "moderate-income household" means a household that has an income
37 that is more than one hundred percent, but at or below one hundred

1 fifty percent, of the median family income adjusted for family size,
2 for the county where the project is located.

3 (10) "Multiple-unit housing" means a building having four or more
4 dwelling units not designed or used as transient accommodations and not
5 including hotels and motels. Multifamily units may result from new
6 construction or rehabilitated or conversion of vacant, underutilized,
7 or substandard buildings to multifamily housing.

8 (11) "Owner" means the property owner of record.

9 (12) "Permanent residential occupancy" means multiunit housing that
10 provides either rental or owner occupancy on a nontransient basis.
11 This includes owner-occupied or rental accommodation that is leased for
12 a period of at least one month. This excludes hotels and motels that
13 predominately offer rental accommodation on a daily or weekly basis.

14 (13) "Rehabilitation improvements" means modifications to existing
15 structures, that are vacant for twelve months or longer, that are made
16 to achieve a condition of substantial compliance with existing building
17 codes or modification to existing occupied structures which increase
18 the number of multifamily housing units.

19 (14) "Residential targeted area" means an area within an urban
20 center that has been designated by the governing authority as a
21 residential targeted area in accordance with this chapter.

22 (15) "Substantial compliance" means compliance with local building
23 or housing code requirements that are typically required for
24 rehabilitation as opposed to new construction.

25 (16) "Urban center" means a compact identifiable district within
26 the unincorporated portion of an urban growth area under RCW 36.70A.110
27 where urban residents may obtain a variety of products and services and
28 where:

29 (a) A campus of an institution of higher education as defined in
30 RCW 28B.92.030 where at least one thousand two hundred students live on
31 campus during the academic year;

32 (b) Adequate public facilities including streets, sidewalks,
33 lighting, transit, domestic water, and sanitary sewer systems; and

34 (c) A mixture of uses and activities that may include housing,
35 recreation, and cultural activities in association with either
36 commercial or office, or both, use.

1 NEW SECTION. **Sec. 4.** EXEMPTION--DURATION--VALUATION. (1) The
2 value of new housing construction, conversion, and rehabilitation
3 improvements qualifying under this chapter is exempt from ad valorem
4 property taxation, as follows:

5 (a) For properties for which applications for certificates of tax
6 exemption eligibility are submitted under this chapter on or after the
7 effective date of this section, the value is exempt:

8 (i) For eight successive years beginning January 1st of the year
9 immediately following the calendar year of issuance of the certificate;
10 or

11 (ii) For twelve successive years beginning January 1st of the year
12 immediately following the calendar year of issuance of the certificate,
13 if the property otherwise qualifies for the exemption under this
14 chapter and meets the conditions in (a)(ii) of this subsection. For
15 the property to qualify for the twelve-year exemption under this
16 subsection, the applicant must commit to renting or selling at least
17 twenty percent of the multifamily housing units as affordable housing
18 units to low and moderate-income households, and the property must
19 satisfy that commitment and any additional affordability and income
20 eligibility conditions adopted by the local government under this
21 chapter. In the case of projects intended exclusively for owner
22 occupancy, the minimum requirement of (a)(ii) of this subsection may be
23 satisfied solely through housing affordable to moderate-income
24 households.

25 (b) The exemptions provided in (a) of this subsection do not
26 include the value of land or nonhousing-related improvements not
27 qualifying under this chapter.

28 (2) When a local government adopts guidelines pursuant to section
29 5(2) of this act and includes conditions that must be satisfied with
30 respect to individual dwelling units, rather than with respect to the
31 multiple-unit housing as a whole or some minimum portion thereof, the
32 exemption may, at the local government's discretion, be limited to the
33 value of the qualifying improvements allocable to those dwelling units
34 that meet the local guidelines.

35 (3) In the case of rehabilitation of existing buildings, the
36 exemption does not include the value of improvements constructed prior
37 to the submission of the application required under this chapter. The

1 incentive provided by this chapter is in addition to any other
2 incentives, tax credits, grants, or other incentives provided by law.

3 (4) This chapter does not apply to increases in assessed valuation
4 made by the assessor on nonqualifying portions of building and value of
5 land nor to increases made by lawful order of a county board of
6 equalization, the department of revenue, or a county, to a class of
7 property throughout the county or specific area of the county to
8 achieve the uniformity of assessment or appraisal required by law.

9 (5) At the conclusion of the exemption period, the new or
10 rehabilitated housing cost are considered as new construction for the
11 purposes of chapter 84.55 RCW.

12 NEW SECTION. **Sec. 5.** APPLICATION--REQUIREMENTS. An owner of
13 property making application under this chapter must meet the following
14 requirements:

15 (1) The new or rehabilitated multiple-unit housing must be located
16 in a residential targeted area as designated by the county;

17 (2) The multiple-unit housing must meet guidelines as adopted by
18 the governing authority that may include height, density, public
19 benefit features, number and size of proposed development, parking,
20 income limits for occupancy, limits on rents or sale prices, and other
21 adopted requirements indicated necessary by the county. The required
22 amenities should be relative to the size of the project and tax benefit
23 to be obtained;

24 (3) The new, converted, or rehabilitated multiple-unit housing must
25 provide for a minimum of fifty percent of the space for permanent
26 residential occupancy. In the case of existing occupied multifamily
27 development, the multifamily housing must also provide for a minimum of
28 four additional multifamily units. Existing multifamily vacant housing
29 that has been vacant for twelve months or more does not have to provide
30 additional multifamily units;

31 (4) New construction multifamily housing and rehabilitation
32 improvements must be completed within three years from the date of
33 approval of the application;

34 (5) Property proposed to be rehabilitated must fail to comply with
35 one or more standards of the applicable state or local building or
36 housing codes on or after the effective date of this section. If the

1 property proposed to be rehabilitated is not vacant, an applicant must
2 provide each existing tenant housing of comparable size, quality, and
3 price and a reasonable opportunity to relocate; and

4 (6) The applicant must enter into a contract with the county
5 approved by the governing authority, or an administrative official or
6 commission authorized by the governing authority, under which the
7 applicant has agreed to the implementation of the development on terms
8 and conditions satisfactory to the governing authority.

9

10 NEW SECTION. **Sec. 6.** DESIGNATION OF RESIDENTIAL TARGETED AREA--
11 CRITERIA--LOCAL DESIGNATION--HEARING--STANDARDS, GUIDELINES. (1) The
12 following criteria must be met before an area may be designated as a
13 residential targeted area:

14 (a) The area must be within an urban center, as determined by the
15 governing authority;

16 (b) The area must lack, as determined by the governing authority,
17 sufficient available, desirable, and convenient residential housing,
18 including affordable housing, to meet the needs of the public who would
19 be likely to live in the urban center, if the affordable, desirable,
20 attractive, and livable places to live were available; and

21 (c) The providing of additional housing opportunity, including
22 affordable housing, in the area, as determined by the governing
23 authority, will assist in achieving one or more of the stated purposes
24 of this chapter.

25 (2) For the purpose of designating a residential targeted area or
26 areas, the governing authority may adopt a resolution of intention to
27 so designate an area as generally described in the resolution. The
28 resolution must state the time and place of a hearing to be held by the
29 governing authority to consider the designation of the area and may
30 include such other information pertaining to the designation of the
31 area as the governing authority determines to be appropriate to apprise
32 the public of the action intended.

33 (3) The governing authority must give notice of a hearing held
34 under this chapter by publication of the notice once each week for two
35 consecutive weeks, not less than seven days, nor more than thirty days
36 before the date of the hearing in a paper having a general circulation

1 in the county where the proposed residential targeted area is located.
2 The notice must state the time, date, place, and purpose of the hearing
3 and generally identify the area proposed to be designated as a
4 residential targeted area.

5 (4) Following the hearing, or a continuance of the hearing, the
6 governing authority may designate all or a portion of the area
7 described in the resolution of intent as a residential targeted area if
8 it finds, in its sole discretion, that the criteria in subsections (1)
9 through (3) of this section have been met.

10 (5) After designation of a residential targeted area, the governing
11 authority must adopt and implement standards and guidelines to be
12 utilized in considering applications and making the determinations
13 required under section 8 of this act. The standards and guidelines
14 must establish basic requirements for both new construction and
15 rehabilitation, which must include:

- 16 (a) Application process and procedures;
- 17 (b) Requirements that address demolition of existing structures and
18 site utilization; and
- 19 (c) Building requirements that may include elements addressing
20 parking, height, density, environmental impact, and compatibility with
21 the existing surrounding property and such other amenities as will
22 attract and keep permanent residents and that will properly enhance the
23 livability of the residential targeted area in which they are to be
24 located.

25 (6) The governing authority may adopt and implement, either as
26 conditions to eight-year exemptions or as conditions to an extended
27 exemption period under section (4)(a)(ii) of this act, or both, more
28 stringent income eligibility, rent, or sale price limits, including
29 limits that apply to a higher percentage of units, than the minimum
30 conditions for an extended exemption period under section (4)(a)(ii) of
31 this act.

32 NEW SECTION. **Sec. 7.** APPLICATION--PROCEDURES. An owner of
33 property seeking tax incentives under this chapter must complete the
34 following procedures:

35 (1) In the case of rehabilitation or where demolition or new
36 construction is required, the owner must secure from the governing

1 authority or duly authorized representative, before commencement of
2 rehabilitation improvements or new construction, verification of
3 property noncompliance with applicable building and housing codes;

4 (2) In the case of new and rehabilitated multifamily housing, the
5 owner must apply to the county on forms adopted by the governing
6 authority. The application must contain the following:

7 (a) Information setting forth the grounds supporting the requested
8 exemption including information indicated on the application form or in
9 the guidelines;

10 (b) A description of the project and site plan, including the floor
11 plan of units and other information requested;

12 (c) A statement that the applicant is aware of the potential tax
13 liability involved when the property ceases to be eligible for the
14 incentive provided under this chapter;

15 (3) The applicant must verify the application by oath or
16 affirmation; and

17 (4) The application must be accompanied by the application fee, if
18 any, required under section 10 of this act. The governing authority
19 may permit the applicant to revise an application before final action
20 by the governing authority.

21 NEW SECTION. **Sec. 8.** APPROVAL--REQUIRED FINDINGS. The duly
22 authorized administrative official or committee of the county may
23 approve the application if it finds that:

24 (1) A minimum of four new units are being constructed or in the
25 case of occupied rehabilitation or conversion a minimum of four
26 additional multifamily units are being developed;

27 (2) If applicable, the proposed multiunit housing project meets the
28 affordable housing requirements as described in section 4 of this act;

29 (3) The proposed project is or will be, at the time of completion,
30 in conformance with all local plans and regulations that apply at the
31 time the application is approved;

32 (4) The owner has complied with all standards and guidelines
33 adopted by the county under this chapter; and

34 (5) The site is located in a residential targeted area of an urban
35 center that has been designated by the governing authority in
36 accordance with procedures and guidelines indicated in section 6 of
37 this act.

1 NEW SECTION. **Sec. 9.** PROCESSING--APPROVAL--DENIAL--APPEAL. (1)

2 The governing authority or an administrative official or commission
3 authorized by the governing authority must approve or deny an
4 application filed under this chapter within ninety days after receipt
5 of the application.

6 (2) If the application is approved, the county must issue the owner
7 of the property a conditional certificate of acceptance of tax
8 exemption. The certificate must contain a statement by a duly
9 authorized administrative official of the governing authority that the
10 property has complied with the required findings indicated in section
11 8 of this act.

12 (3) If the application is denied by the authorized administrative
13 official or commission authorized by the governing authority, the
14 deciding administrative official or commission must state in writing
15 the reasons for denial and send the notice to the applicant at the
16 applicant's last known address within ten days of the denial.

17 (4) Upon denial by a duly authorized administrative official or
18 commission, an applicant may appeal the denial to the governing
19 authority within thirty days after receipt of the denial. The appeal
20 before the governing authority will be based upon the record made
21 before the administrative official with the burden of proof on the
22 applicant to show that there was no substantial evidence to support the
23 administrative official's decision. The decision of the governing body
24 in denying or approving the application is final.

25 NEW SECTION. **Sec. 10.** FEES. The governing authority may

26 establish an application fee. This fee may not exceed an amount
27 determined to be required to cover the cost to be incurred by the
28 governing authority and the assessor in administering this chapter.
29 The application fee must be paid at the time the application for
30 limited exemption is filed. If the application is approved, the
31 governing authority must pay the application fee to the county assessor
32 for deposit in the county current expense fund, after first deducting
33 that portion of the fee attributable to its own administrative costs in
34 processing the application. If the application is denied, the
35 governing authority may retain that portion of the application fee
36 attributable to its own administrative costs and refund the balance to
37 the applicant.

1 NEW SECTION. **Sec. 11.** FILING REQUIREMENTS UPON COMPLETION--OWNER,
2 COUNTY--DETERMINATION BY COUNTY--NOTICE OF INTENTION OF COUNTY NOT TO
3 FILE--EXTENSION OF DEADLINE--APPEAL. (1) Upon completion of
4 rehabilitation or new construction for which an application for a
5 limited tax exemption under this chapter has been approved and after
6 issuance of the certificate of occupancy, the owner must file with the
7 county the following:

8 (a) A statement of the amount of rehabilitation or construction
9 expenditures made with respect to each housing unit and the composite
10 expenditures made in the rehabilitation or construction of the entire
11 property;

12 (b) A description of the work that has been completed and a
13 statement that the rehabilitation improvements or new construction on
14 the owner's property qualify the property for limited exemption under
15 this chapter;

16 (c) If applicable, a statement that the project meets the
17 affordable housing requirements as described in section 4 of this act;
18 and

19 (d) A statement that the work has been completed within three years
20 of the issuance of the conditional certificate of tax exemption.

21 (2) Within thirty days after receipt of the statements required
22 under subsection (1) of this section, the authorized representative of
23 the county must determine whether the work completed, and the
24 affordability of the units, is consistent with the application and the
25 contract approved by the county and is qualified for a limited tax
26 exemption under this chapter. The county must also determine which
27 specific improvements completed meet the requirements and required
28 findings.

29 (3) If the rehabilitation, conversion, or construction is completed
30 within three years of the date the application for a limited tax
31 exemption is filed under this chapter, or within an authorized
32 extension of this time limit, and the authorized representative of the
33 county determines that improvements were constructed consistent with
34 the application and other applicable requirements, including if
35 applicable, affordable housing requirements, and the owner's property
36 is qualified for a limited tax exemption under this chapter, the county
37 must file the certificate of tax exemption with the county assessor

1 within ten days of the expiration of the thirty-day period provided
2 under subsection (2) of this section.

3 (4) The authorized representative of the county must notify the
4 applicant that a certificate of tax exemption is not going to be filed
5 if the authorized representative determines that:

6 (a) The rehabilitation or new construction was not completed within
7 three years of the application date, or within any authorized extension
8 of the time limit;

9 (b) The improvements were not constructed consistent with the
10 application or other applicable requirements;

11 (c) If applicable, the affordable housing requirements as described
12 in RCW 84.14.020 were not met; or

13 (d) The owner's property is otherwise not qualified for limited
14 exemption under this chapter.

15 (5) If the authorized representative of the county finds that
16 construction or rehabilitation of multiple-unit housing was not
17 completed within the required time period due to circumstances beyond
18 the control of the owner and that the owner has been acting and could
19 reasonably be expected to act in good faith and with due diligence, the
20 governing authority or the county official authorized by the governing
21 authority may extend the deadline for completion of construction or
22 rehabilitation for a period not to exceed twenty-four consecutive
23 months.

24 (6) The governing authority may provide by ordinance for an appeal
25 of a decision by the deciding officer or authority that an owner is not
26 entitled to a certificate of tax exemption to the governing authority,
27 a hearing examiner, or other county officer authorized by the governing
28 authority to hear the appeal in accordance with such reasonable
29 procedures and time periods as provided by ordinance of the governing
30 authority. The owner may appeal a decision by the deciding officer or
31 authority that is not subject to local appeal or a decision by the
32 local appeal authority that the owner is not entitled to a certificate
33 of tax exemption in superior court under RCW 34.05.510 through
34 34.05.598, if the appeal is filed within thirty days of notification by
35 the county to the owner of the decision being challenged.

36 NEW SECTION. **Sec. 12.** REPORT--FILING. (1) Thirty days after the
37 anniversary of the date of the certificate of tax exemption and each

1 year for the tax exemption period, the owner of the rehabilitated or
2 newly constructed property must file with a designated authorized
3 representative of the county an annual report indicating the following:

4 (a) A statement of occupancy and vacancy of the rehabilitated or
5 newly constructed property during the twelve months ending with the
6 anniversary date;

7 (b) A certification by the owner that the property has not changed
8 use and, if applicable, that the property has been in compliance with
9 the affordable housing requirements as described in section 4 of this
10 act since the date of the certificate approved by the county;

11 (c) A description of changes or improvements constructed after
12 issuance of the certificate of tax exemption; and

13 (d) Any additional information requested by the county in regards
14 to the units receiving a tax exemption.

15 (2) All counties, which issue certificates of tax exemption for
16 multiunit housing that conform to the requirements of this chapter,
17 shall report annually by December 31st of each year, beginning in 2012,
18 to the department of commerce. The report must include the following
19 information:

20 (a) The number of tax exemption certificates granted;

21 (b) The total number and type of units produced or to be produced;

22 (c) The number and type of units produced or to be produced meeting
23 affordable housing requirements;

24 (d) The actual development cost of each unit produced;

25 (e) The total monthly rent or total sale amount of each unit
26 produced;

27 (f) The income of each renter household at the time of initial
28 occupancy and the income of each initial purchaser of owner-occupied
29 units at the time of purchase for each of the units receiving a tax
30 exemption and a summary of these figures for the county; and

31 (g) The value of the tax exemption for each project receiving a tax
32 exemption and the total value of tax exemptions granted.

33 NEW SECTION. **Sec. 13.** CANCELLATION OF EXEMPTION--NOTICE BY OWNER
34 OF CHANGE IN USE--ADDITIONAL TAX--PENALTY--INTEREST--LIEN--NOTICE OF
35 CANCELLATION--APPEAL--CORRECTION OF TAX ROLLS. (1) If improvements
36 have been exempted under this chapter, the improvements continue to be
37 exempted for the applicable period under section 4 of this act, so long

1 as they are not converted to another use and continue to satisfy all
2 applicable conditions. If the owner intends to convert the multifamily
3 development to another use, or if applicable, if the owner intends to
4 discontinue compliance with the affordable housing requirements as
5 described in section 4 of this act or any other condition to exemption,
6 the owner must notify the assessor within sixty days of the change in
7 use or intended discontinuance. If, after a certificate of tax
8 exemption has been filed with the county assessor, the authorized
9 representative of the governing authority discovers that a portion of
10 the property is changed or will be changed to a use that is other than
11 residential or that housing or amenities no longer meet the
12 requirements, including, if applicable, affordable housing
13 requirements, as previously approved or agreed upon by contract between
14 the county and the owner and that the multifamily housing, or a portion
15 of the housing, no longer qualifies for the exemption, the tax
16 exemption must be canceled and the following must occur:

17 (a) Additional real property tax must be imposed upon the value of
18 the nonqualifying improvements in the amount that would normally be
19 imposed, plus a penalty must be imposed amounting to twenty percent.
20 This additional tax is calculated based upon the difference between the
21 property tax paid and the property tax that would have been paid if it
22 had included the value of the nonqualifying improvements dated back to
23 the date that the improvements were converted to a nonmultifamily use;

24 (b) The tax must include interest upon the amounts of the
25 additional tax at the same statutory rate charged on delinquent
26 property taxes from the dates on which the additional tax could have
27 been paid without penalty if the improvements had been assessed at a
28 value without regard to this chapter; and

29 (c) The additional tax owed together with interest and penalty must
30 become a lien on the land and attach at the time the property or
31 portion of the property is removed from multifamily use or the
32 amenities no longer meet applicable requirements, and has priority to
33 and must be fully paid and satisfied before a recognizance, mortgage,
34 judgment, debt, obligation, or responsibility to or with which the land
35 may become charged or liable. The lien may be foreclosed upon
36 expiration of the same period after delinquency and in the same manner
37 provided by law for foreclosure of liens for delinquent real property

1 taxes. An additional tax unpaid on its due date is delinquent. From
2 the date of delinquency until paid, interest must be charged at the
3 same rate applied by law to delinquent ad valorem property taxes.

4 (2) Upon a determination that a tax exemption is to be canceled for
5 a reason stated in this section, the governing authority or authorized
6 representative shall notify the record owner of the property as shown
7 by the tax rolls by mail, return receipt requested, of the
8 determination to cancel the exemption. The owner may appeal the
9 determination to the governing authority or authorized representative,
10 within thirty days by filing a notice of appeal with the clerk of the
11 governing authority, which notice must specify the factual and legal
12 basis on which the determination of cancellation is alleged to be
13 erroneous. The governing authority or a hearing examiner or other
14 official authorized by the governing authority may hear the appeal. At
15 the hearing, all affected parties may be heard and all competent
16 evidence received. After the hearing, the deciding body or officer
17 shall either affirm, modify, or repeal the decision of cancellation of
18 exemption based on the evidence received. An aggrieved party may
19 appeal the decision of the deciding body or officer to the superior
20 court under RCW 34.05.510 through 34.05.598.

21 (3) Upon determination by the governing authority or authorized
22 representative to terminate an exemption, the county officials having
23 possession of the assessment and tax rolls must correct the rolls in
24 the manner provided for omitted property under RCW 84.40.080. The
25 county assessor shall make such a valuation of the property and
26 improvements as is necessary to permit the correction of the rolls.
27 The value of the new housing construction, conversion, and
28 rehabilitation improvements added to the rolls is considered as new
29 construction for the purposes of chapter 84.55 RCW. The owner may
30 appeal the valuation to the county board of equalization under chapter
31 84.48 RCW and according to the provisions of RCW 84.40.038. If there
32 has been a failure to comply with this chapter, the property must be
33 listed as an omitted assessment for assessment years beginning January
34 1 of the calendar year in which the noncompliance first occurred, but
35 the listing as an omitted assessment may not be for a period more than
36 three calendar years preceding the year in which the failure to comply
37 was discovered.

1 NEW SECTION. **Sec. 14.** SEVERABILITY. If any provision of this act
2 or its application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.

5 NEW SECTION. **Sec. 15.** Sections 1 through 13 of this act
6 constitute a new chapter in Title 84 RCW.

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