

HOUSE BILL REPORT

SSB 5746

As Passed House:

April 9, 1999

Title: An act relating to the exemption for new and rehabilitated multiple-unit dwellings in urban centers.

Brief Description: Modifying certain exemption language for new and rehabilitated multiple-unit dwellings in urban centers.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Wojahn and Rasmussen).

Brief History:

Committee Activity:

Finance: 3/25/99, 4/5/99 [DP].

Floor Activity:

Passed House: 4/9/99, 92-0.

Brief Summary of Substitute Bill

- Exempts multiple-unit housing in urban centers from property tax in the year following approval of the exemption application rather than two years after approval.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 12 members: Representatives Dunshee, Democratic Co-Chair; Thomas, Republican Co-Chair; Carrell, Republican Vice Chair; Reardon, Democratic Vice Chair; Cairnes; Conway; Cox; Dickerson; Pennington; Santos; Van Luven and Veloria.

Staff: Rick Peterson (786-7150).

Background:

In cities with a population of at least 100,000, or the largest city or town in a county planning under the Growth Management Act if there are no cities of that size, the

value of new housing construction, conversion, and rehabilitation improvements for multiple-unit housing in targeted urban areas is exempt from property taxation for 10 years under certain conditions.

The project must be in an urban area that is designated by the city as lacking sufficient desirable and convenient residential housing. At least 50 percent of the project space must be used for permanent housing.

Application must be made by April 1 prior to construction. Construction must be completed within three years of application. Upon completion of construction, a certificate of tax exemption is filed with the county assessor.

The tax exemption begins on January 1 of the year immediately following the calendar year after issuance of the certificate of tax exemption. In other words, the property is subject to tax in the year following issuance of the certificate of tax exemption and exempt from taxes payable in the year after that.

Summary of Bill:

The exemption begins on January 1 of the year immediately following the year of issuance of the certificate of tax exemption. Application can be made at any time.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: It is a local decision to use the exemption. The original intent was that the exemption would go into effect in the year following the completion of the project. But the language has been interpreted as requiring a two-year wait. This bill is a technical fix.

Testimony Against: None.

Testified: Senator Wojahn, prime sponsor; and Randy Lewis, city of Tacoma.