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**SENATE BILL 5363**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** Senators Palumbo, Wagoner, Hunt, Mullet, and Liias

AN ACT Relating to extending the property tax exemption for new and rehabilitated multiple-unit dwellings in urban centers; amending RCW 84.14.020; creating a new section; and declaring an emergency.

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

**Sec.**  RCW 84.14.020 and 2007 c 430 s 4 are each amended to read as follows:

(1)(a) The value of new housing construction, conversion, and rehabilitation improvements qualifying under this chapter is exempt from ad valorem property taxation, as follows:

(i) For properties for which applications for certificates of tax exemption eligibility are submitted under this chapter ((~~84.14 RCW~~)) before July 22, 2007, the value is exempt for ten successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate; and

(ii) For properties for which applications for certificates of tax exemption eligibility are submitted under this chapter ((~~84.14 RCW~~)) on or after July 22, 2007, the value is exempt:

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

(B) For twelve successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate, if the property otherwise qualifies for the exemption under this chapter ((~~84.14 RCW~~)) and meets the conditions in this subsection (1)(a)(ii)(B). For the property to qualify for the twelve-year exemption under this subsection, the applicant must commit to renting or selling at least twenty percent of the multifamily housing units as affordable housing units to low and moderate‑income households, and the property must satisfy that commitment and any additional affordability and income eligibility conditions adopted by the local government under this chapter. Nothing in this section prohibits a local government from adopting or implementing more stringent income eligibility, rent, or sale price limits than the minimum conditions required under this section. If a local government adopts additional requirements under this section, an applicant must meet such requirements in addition to any other requirements under this section to be eligible for the exemption under this section. In the case of projects intended exclusively for owner occupancy, the minimum requirement of this subsection (1)(a)(ii)(B) may be satisfied solely through housing affordable to moderate‑income households.

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

(2) When a local government adopts guidelines pursuant to RCW 84.14.030(2) and includes conditions that must be satisfied with respect to individual dwelling units, rather than with respect to the multiple-unit housing as a whole or some minimum portion thereof, the exemption may, at the local government's discretion, be limited to the value of the qualifying improvements allocable to those dwelling units that meet the local guidelines.

(3) In the case of rehabilitation of existing buildings, the exemption does not include the value of improvements constructed prior to the submission of the application required under this chapter. The incentive provided by this chapter is in addition to any other incentives, tax credits, grants, or other incentives provided by law.

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

(5) At the conclusion of the exemption period, the new or rehabilitated housing cost ((~~shall~~)) must be considered as new construction for the purposes of chapter 84.55 RCW unless it qualifies for an extension as provided under subsection (6) of this section.

(6) For properties that qualified for the exemption under subsection (1)(a)(ii)(B) of this section, the exemption period may be extended for an additional twelve years, provided that the local government adopts qualifying guidelines for such an extension. The local government may adopt and implement more stringent income eligibility, rent, or sale price limits, including limits that apply to a higher percentage of units than the minimum conditions required for the exemption as provided under subsection (1)(a)(ii)(B) of this section in order to qualify for this twelve-year extension. For the property to qualify for the twelve-year extension under this subsection (6), the applicant must at minimum meet the requirements for the property to qualify for the exemption under subsection (1)(a)(ii)(B) of this section.

NEW SECTION. **Sec.**  The provisions of RCW 82.32.805 and 82.32.808 do not apply to this act.

NEW SECTION. **Sec.**  This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

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