

# SENATE BILL REPORT

## SB 6626

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As of January 30, 2006

**Title:** An act relating to tax incentives for certain multiple-unit dwellings in urban centers.

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

**Sponsors:** Senator Prentice.

**Brief History:**

**Committee Activity:** Ways & Means: 1/24/06, 1/30/06.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Terry Wilson (786-7433)

**Background:** New, rehabilitated, or converted multifamily housing projects in targeted residential areas are eligible for a 10-year property tax exemption program. The exemption applies to the value of new construction and the improvements due to rehabilitation made after the application for the tax exemption. The exemption does not apply to the land or the non-housing related improvements. If the property is removed from multifamily housing use before 10 years, then back taxes are recovered based on the difference between the taxes paid and taxes that would have been paid had the property not been put to multifamily use.

The property tax exemption program is limited to cities with a population of at least 30,000 and to the largest city or town within a county planning under the Growth Management Act (GMA) if there is no city or town of this size within the county. A targeted residential area must be located within an urban center and lack sufficient available, desirable, and convenient residential housing to meet public demand. The city is authorized to establish standards and guidelines for approving tax exemption applications by developers.

**Summary of Bill:** The population threshold for cities for eligibility for the property tax exemption program for multifamily housing projects in targeted residential areas is reduced from 30,000 to 17,000.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Testimony For:** Washington has a housing shortage. This recognizes that affordable housing is not just a problem for large cities. This is another tool for cities to use to encourage urban development. It is a ten-year exemption for just the housing improvements. Back taxes are

charged if the use is changed. This helps revitalize downtown areas. Counties should also have this option.

**Testimony Against:** None.

**Who Testified:** PRO: Jim Justin, AWC; Martin Durkan, JR, Tukwila; Stan Bowman, American Institute of Architects, WA Council; Bryan Wahl, Realtors; Mike Ryherd, City of Kirkland; Julie Sexton, Assn. of WA Counties.