

SENATE BILL REPORT

SB 6588

As Reported By Senate Committee On:
Financial Institutions, Housing & Consumer Protection, January 31, 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 Eide.

Brief History:

Committee Activity: Financial Institutions, Housing & Consumer Protection: 1/24/06, 1/31/06 [DP-WM, w/oRec].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Benton, Ranking Minority Member; Benson, Finkbeiner, Franklin, Keiser, Schmidt and Spanel.

Minority Report: That it be referred without recommendation.

Signed by Senator Brandland.

Staff: Jennifer Arnold (786-7471)

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 the taxes that would have been paid had the property not been put to multifamily use.

Cities or towns, located within a county planning under the Growth Management Act (GMA), are eligible to establish this property tax exemption program if the city or town: (1) has a population of at least 30,000 persons or if there is no city or town with a population of at least 30,000, and (2) is the largest city or town located within that 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 or town is authorized to establish standards and guidelines for approving tax exemption applications by developers. Cities or towns may limit the tax exemption to individual dwelling units that meet the local guidelines for the program when these parcels are separate for property tax purposes.

Summary of Bill: The population threshold for a city or town, located in a county planning under the GMA, to be eligible to establish a property tax exemption program for multi-unit housing is lowered from 30,000 to 5,000 persons.

Appropriation: None.

Fiscal Note: Requested on January 16, 2006.

Committee/Commission/Task Force Created: No.

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

Testimony For: This program is an excellent opportunity for cities to focus on high density in their urban areas. It has already been implemented by some cities, such as Tacoma, and proven to be very successful. Smaller cities could also benefit from being eligible; there are a number of cities with populations less than 5,000 persons that would like to use this program. Consideration should be made to removing the population threshold entirely.

Testimony Against: None.

Who Testified: PRO: Bryan Wahl, Washington Realtors; Dave Williams, Association of Washington Cities; Stan Bowman, American Institute of Architects Washington Council; Arthur Sullivan, A Regional Coalition for Housing.