

SHB 2620 - H AMD 1682

By Representative Macri

1 Strike everything after the enacting clause and insert the
2 following:

3
4 "NEW SECTION. Sec. 1. (1) This section is the tax preference
5 performance statement for the tax preferences contained in section
6 2, chapter . . ., Laws of 2020 (section 2 of this act). This
7 performance statement is only intended to be used for subsequent
8 evaluation of the tax preferences. It is not intended to create a
9 private right of action by any party or be used to determine
10 eligibility for preferential tax treatment.

11 (2) The legislature categorizes these tax preferences as ones
12 intended to induce certain designated behavior by taxpayers, as
13 indicated in RCW 82.32.808(2)(a).

14 (3) It is the legislature's specific public policy objective to
15 incentivize local governments and multifamily housing owners to
16 maintain or expand existing income-restricted unit stock that have
17 been incentivized through the tax exemption provided under chapter
18 84.14 RCW.

19 (4) It is the legislature's intent to provide the value of new
20 housing construction, conversion, and rehabilitation improvements
21 qualifying under chapter 84.14 RCW an exemption from ad valorem
22 property taxation for eight to twelve years or more, as provided for
23 in RCW 84.14.020, in order to provide incentives to developers to
24 construct or rehabilitate multifamily housing thereby increasing the
25 number of affordable housing units, or preserving the state's stock
26 of income-restricted units, for low-income to moderate-income
27 residents in certain urban growth areas.

1 (5) The legislature intends to extend the tax preferences in
2 section 2, chapter . . ., Laws of 2020 (section 2 of this act), if a
3 review finds that the stock of income-restricted units in the state
4 is preserved as a result of the extensions provided in RCW
5 84.14.020(1)(c).

6 (6) In order to obtain the data necessary to perform the review in
7 subsection (5) of this section, the joint legislative audit and review
8 committee must refer to the annual reports compiled by the department
9 of commerce under RCW 84.14.100 and may refer to data provided by
10 counties or cities in which persons are utilizing the preferences, the
11 office of financial management, the department of commerce, the United
12 States department of housing and urban development, and any other data
13 sources, as needed by the joint legislative audit and review
14 committee.

15

16 **Sec. 2.** RCW 84.14.020 and 2007 c 430 s 4 are each amended to
17 read as follows:

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

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

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

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

32 (B) For twelve successive years beginning January 1st of the
33 year immediately following the calendar year of issuance of the
34 certificate, if the property otherwise qualifies for the exemption

1 under this chapter (~~(84.14 RCW)~~) and meets the conditions in this
2 subsection (1)(a)(ii)(B). For the property to qualify for the
3 twelve-year exemption under this subsection, the applicant must
4 commit to renting or selling at least twenty percent of the
5 multifamily housing units as affordable housing units to low and
6 moderate income households, and the property must satisfy that
7 commitment and any additional affordability and income eligibility
8 conditions adopted by the local government under this chapter. In
9 the case of projects intended exclusively for owner occupancy, the
10 minimum requirement of this subsection (1)(a)(ii)(B) may be
11 satisfied solely through housing affordable to moderate income
12 households.

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

16 (c) For properties receiving an exemption as provided in (a)(ii)
17 (B) of this subsection where the certificate of tax exemption is set
18 to expire after the effective date of this bill but before January
19 1, 2022, the exemption is extended for an additional twelve
20 successive years following the expiration of the initial exemption
21 provided that any eligibility criteria or limitations provided in
22 this chapter as a condition to the existing exemption for a given
23 property continue to be met. For all properties eligible to receive
24 an extension pursuant to this subsection (1)(c), the city or county
25 that issued the initial certificate of tax exemption, as required in
26 RCW 84.14.090, must notify the county assessor and the applicant of
27 the extension of the certificate of tax exemption.

28 (2) When a local government adopts guidelines pursuant to RCW
29 84.14.030(2) and includes conditions that must be satisfied with
30 respect to individual dwelling units, rather than with respect to
31 the multiple-unit housing as a whole or some minimum portion
32 thereof, the exemption may, at the local government's discretion, be
33 limited to the value of the qualifying improvements allocable to
34 those dwelling units that meet the local guidelines.

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

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

14 (5) At the conclusion of the exemption period, the new or
15 rehabilitated housing cost shall be considered as new construction
16 for the purposes of chapter 84.55 RCW."

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18 Correct the title.

19

EFFECT: Provides twelve year extensions to all properties currently receiving a twelve year exemption under the program where the exemption expires after the effective date of the bill, but before January 1, 2022. Modifies the tax preference performance statement. Restores all other changes made in the underlying bill to current law.

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