

# HOUSE BILL REPORT

## HB 2505

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### As Passed Legislature

**Title:** An act relating to the definition of "city" for the multiple-unit dwellings property tax exemption.

**Brief Description:** Modifying the definition of "city" for the multiple-unit dwellings property tax exemption.

**Sponsors:** Representatives Cairnes, Veloria, O'Brien, Morris, Radcliff, Scott, Barlean, Esser, Kagi, Keiser, Fortunato, Schual-Berke, Edwards and Miloscia.

### Brief History:

#### Committee Activity:

Finance: 1/25/00, 2/1/00 [DP].

#### Floor Activity:

Passed House: 2/11/00, 88-8.

Passed Senate: 3/3/00, 46-2.

Passed Legislature.

### Brief Summary of Bill

- Expands the areas included in the 10-year property tax exemption for multiple-unit housing projects by lowering the eligible city population threshold from 100,000 to 50,000.

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** Do pass. Signed by 8 members: Representatives Dunshee, Democratic Co-Chair; Thomas, Republican Co-Chair; Cairnes, Republican Vice Chair; Conway; Dickerson; Pennington; Santos and Veloria.

**Minority Report:** Do not pass. Signed by 4 members: Representatives Reardon, Democratic Vice Chair; Carrell; Cox and Van Luven.

**Staff:** Rick Peterson (786-7150).

**Background:**

New, rehabilitated, or converted multiple-unit housing projects in targeted residential areas are eligible for a 10-year property tax exemption program. The property tax exemption applies to the increased value of the building made after the application for the tax exemption. The exemption does not apply to the land or the nonhousing related improvements.

The property tax exemption program is limited to cities with a population of at least 100,000, and the largest city or town within a county planning under the Growth Management Act. A targeted residential area must be located within an urban center, lack sufficient available, desirable, and convenient residential housing to meet public demand, and increase permanent residents in the area or achieve the planning goals of the Growth Management Act. The city is authorized to establish standards and guidelines for approving tax exemption applications by developers.

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**Summary of Bill:**

The population threshold for cities that are eligible for the 10-year property tax exemption program for new, rehabilitated, or converted multiple-unit housing is lowered from 100,000 to 50,000.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** This program is working in the cities allowed to use the 10-year property tax exemption. This program creates opportunities to develop multi-family housing in areas where development is not occurring. This program will help cities accommodate the increased densities called for by the Growth Management Act.

**Testimony Against:** None.

**Testified:** Representative Jack Cairnes, prime sponsor; Doug Levy and Tim Clark, city of Kent; and Trent Matson, Building Industry Association of Washington.