

SENATE BILL REPORT

SB 6157

As Passed Senate, February 12, 2000

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: Senators Patterson, Gardner, Eide and Haugen.

Brief History:

Committee Activity: State & Local Government: 1/17/2000, 1/24/2000 [DP-WM].

Ways & Means: 2/7/2000, 2/8/2000 [DP].

Passed Senate, 2/12/2000, 41-0.

SENATE COMMITTEE ON STATE & LOCAL GOVERNMENT

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

Signed by Senators Patterson, Chair; Gardner, Vice Chair; Haugen and Horn.

Staff: Roger Brodniak (786-7445)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Loveland, Chair; Bauer, Vice Chair; Brown, Vice Chair; Fairley, Fraser, Honeyford, Kline, Kohl-Welles, Long, B. Sheldon, Spanel and Winsley.

Staff: Terry Wilson (786-7433)

Background: In 1995, the Legislature created an incentive for developers to provide multi-unit housing in targeted residential areas of eligible cities or towns within counties planning under the Growth Management Act. Some of the purposes of the act include: (1) encouraging residential development in urban districts lacking housing availability, and (2) revitalizing downtown districts with convenient, affordable residential opportunities. A 10-year property tax exemption program exists for new, rehabilitated, or converted multiple-unit housing in these areas. The exemption applies only to improvements in the value of the building made after a tax exemption certificate is issued. The 10-year property tax exemption program is limited to the largest cities or towns in a county, and cities with a population of at least 100,000.

To create the tax exemption program, an eligible city must first designate a targeted residential area after conducting a public hearing specifying where the area will be located. The area must meet the following criteria: (1) It is located within an urban center, (2) it

lacks sufficient available, desirable, and convenient residential housing to meet public demand, and (3) it achieves one or more of the public purposes outlined in the act. The local governments are authorized to establish standards and guidelines to be utilized in approving applications for the tax exemption. Developers must apply for the tax exemption to the local governing authority.

Summary of Bill: Other than the largest city or town in the county, 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.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For (State & Local Government): A development program that is based on sound policy can reach more cities. Development of multi-unit housing in areas that need it is encouraged.

Testimony Against (State & Local Government): None.

Testified (State & Local Government): PRO: Doug Levy, City of Kent; Mike Ryherd, City of Federal Way; Stan Finkelstein, AWC; Trent Matson, BIAW (concerns).

Testimony For (Ways & Means): This is an incentive program for developers to provide housing in targeted residential areas that need housing. This helps cities meet required growth projections under the GMA. There is a small impact on local government. The construction in Kent will result in \$2.5 million to taxing districts in the long run which balances the small initial impact.

Testimony Against (Ways & Means): None.

Testified (Ways & Means): PRO: Senator Patterson, prime sponsor; Doug Levy, City of Kent.