

SENATE BILL REPORT

SB 5950

As Reported By Senate Committee On:
State & Local Government, March 5, 2001

Title: An act relating to tax deferrals for multifamily housing within transit corridors.

Brief Description: Providing property tax deferrals for multifamily housing within transit corridors.

Sponsors: Senators Patterson, Roach and Kline.

Brief History:

Committee Activity: State & Local Government: 2/22/01, 3/5/01 [DPS-WM, DNP].

SENATE COMMITTEE ON STATE & LOCAL GOVERNMENT

Majority Report: That Substitute Senate Bill No. 5950 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Patterson, Chair; Fairley, Vice Chair; Gardner, Hale, Haugen, Kline, McCaslin and Swecker.

Minority Report: Do not pass.

Signed by Senator Horn.

Staff: Aaron Jennings (786-7445)

Background: Currently, Washington provides tax breaks for the construction or rehabilitation of multifamily housing in urban areas with populations over 50,000. New units or rehabilitation of four or more units in an urban area may be exempt from ad valorem property taxation for ten years.

Summary of Substitute Bill: Ten-year property tax deferrals for eligible construction, rehabilitation, or improvements to multifamily units in transit corridors is provided. The tax deferral does not include the value of the land, non-qualifying improvements, or improvements made prior to application for the tax deferral.

Requirements: (1) the housing must be in a residential targeted area; (2) the housing must meet all local requirements; (3) existing housing must either add four additional units or have been vacant for a minimum of 12 months and fail to comply with either a state or local housing code; (4) the improvements or new construction must be completed within three years.

Requirements for Target Area: (1) the area must be in a transit corridor; (2) the area must lack sufficient available housing; (3) the area must be within one-quarter mile of a transit or bus stop, or be within one-half a mile of a transit facility; (4) the area must be zoned for a

density of at least 20 dwellings per acre; (5) the area must have pedestrian amenities; (6) public hearings are required before an area may be designated a target area.

Violation of the Requirements: The property tax is immediately imposed upon the value of the non-qualifying improvements in the amount for all the years that the tax was deferred, plus a 20 percent penalty. The tax includes interest on the amount deferred at the same rate as delinquent property taxes. The tax becomes a lien on the land with priority over a recognizance, mortgage, judgment, debt, or obligation. The owner of land that has lost his or her tax deferral may request a hearing by the proper governmental authority and the hearing decision may be appealed to the superior court.

Payment of Deferred Taxes: The deferred taxes are paid starting ten years after the date that the deferral was certified. Payments are made annually on April 30 for the next ten years. Payments are 10 percent of the amount of the tax deferred. The owner of the housing may accelerate the payments. No interest is charged on nondelinquent deferred taxes.

Substitute Bill Compared to Original Bill: The substitute bill makes some minor technical corrections.

Appropriation: None.

Fiscal Note: Requested on February 9, 2001.

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

Testimony For: This will help cities with a population of less than 50,000 to revitalize downtowns and create mix-use areas.

Testimony Against: None.

Testified: PRO: Jack Locke, City of Auburn; Rose Clark, City of Burien; Gary Long, City of Burien; Ron Posthuma, King County.