

SENATE BILL REPORT

ESHB 2164

As Reported By Senate Committee On:
Ways & Means, March 30, 2007

Title: An act relating to property tax exemptions for multiple-unit housing in urban centers within the boundaries of the campus facilities master plan of any state institution of higher education.

Brief Description: Requiring approval from certain state institutions of higher education to locate new or rehabilitated multiple-unit housing within the boundaries of a campus facilities master plan for property tax exemption purposes.

Sponsors: House Committee on Finance (originally sponsored by Representatives Dunshee, Morrell, Moeller and Ormsby).

Brief History: Passed House: 3/13/07, 74-22.

Committee Activity: Ways & Means: 3/20/07, 3/30/07 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hewitt, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

Staff: Dean Carlson (786-7305)

Background: Multiple Unit Property Tax Exemption: New, rehabilitated, or converted multifamily housing projects in residential targeted areas are eligible for a ten year property tax exemption program. The program's purpose is to increase multifamily housing in urban centers.

The property tax exemption applies to the new housing construction and the increased value of the building 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 ten years, then back taxes are recovered based on the difference between the taxes paid and taxes that would have been paid had the property not been put to multifamily use.

The property tax exemption program is limited to cities with a population of at least 30,000. If there is no city of at least 30,000 within the county, but the county plans under the Growth Management Act, then the largest city otherwise qualifies for the exemption. A residential

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targeted 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. The city may limit the exemption to individual units that meet the city guidelines if the units are separate for the purposes of property taxation.

Campus Master Plans of Higher Education Institutions: Institutions of higher education develop campus master plans for the purpose of strategically guiding the development of campuses. In 2003, the University of Washington (UW) Board of Regents approved an updated master plan for the Tacoma campus of the UW. The master plan contemplates Phase 3 of the Tacoma campus development, which will provide additional classroom and faculty office space to support expanded and new degree programs and allow the campus to complete the transition to four-year institution status.

The UW-Tacoma campus master plan provides a "footprint" of the ultimate boundaries of the campus in downtown Tacoma. When built out, the boundaries are Pacific Avenue on the east, South 17th Street on the north, Tacoma Avenue on the west, and South 21st Street on the south, encompassing a total of 46 acres.

Summary of Engrossed Substitute Bill: On or after July 1, 2007, a governing authority may not designate an area within the campus facilities master plans of the branch campuses of the University of Washington as a residential targeted area for the purposes of the special ten year property tax exemption program for new or rehabilitated multiple unit housing. In addition, an application may not be approved on and after July 1, 2007, if any part of the proposed project site is within the campus facilities master plan of either campus.

A campus facilities master plan is the area deemed necessary for the future growth and development of the facilities of University of Washington branch campuses.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2007.

Staff Summary of Public Testimony: PRO: We find the developers are speculating in building condos within the campus footprint encouraged by the tax abatement and by the economic development of the University of Washington Tacoma branch. Once a condo is developed it is very expensive and may be impossible to be acquired by the state for the campus. We get funding each biennium for purchasing land. Condos would effect our ability to complete the master plan for the campus. From the business point of view, nothing could be better than the development of the University of Washington Tacoma branch campus.

Persons Testifying: PRO: Mike Wark, Ysabel Trinidad, University of Washington Tacoma; Tom Luce, Executive Council for a Greater Tacoma.