

# FINAL BILL REPORT

## SSB 6277

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C 194 L 12  
Synopsis as Enacted

**Brief Description:** Creating authority for counties to exempt from property taxation new and rehabilitated multiple-unit dwellings in certain unincorporated urban centers.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Conway, Becker, Kastama, Schoesler, Kilmer, Kohl-Welles and Regala).

**Senate Committee on Financial Institutions, Housing & Insurance**  
**Senate Committee on Ways & Means**  
**House Committee on Ways & Means**

**Background:** All real and personal property is subject to property tax each year based on its value, unless a specific exemption is provided by law.

The Legislature provided a property tax exemption for property associated with the construction, conversion, or rehabilitation of qualified, multi-unit, residential structures located in a targeted residential area contained in an urban growth center. The exemption does not apply to the value of land or nonhousing-related improvements or to increases in assessed valuation made on nonqualifying portions of the building or the value of the land. A property for which an application for a certificate of tax exemption is submitted after the effective date of the act may be eligible for an eight-year tax exemption. If the property owner commits to renting or selling at least 20 percent of units as affordable housing units to low- and moderate-income households, the property may be eligible for a 12-year exemption. In the case of properties intended exclusively for owner-occupancy, the state affordable housing requirement may be satisfied by providing 20 percent of units as affordable to moderate-income households. Cities may impose additional affordable housing requirements, limits, and conditions. Cities with a population of 5,000 or more are eligible to establish the target areas; smaller cities may participate if they are the largest city or town located in a county that is required to plan under the Growth Management Act.

**Summary:** The multi-unit housing exemption is also available in an urban center where the unincorporated population of a county is at least 350,000 and there are at least 1,200 students living on campus at an institute of higher education during the academic year, for example, the area surrounding Pacific Lutheran University. For any multi-unit housing located in an unincorporated area of a county, a property owner seeking tax incentives under this chapter must commit to renting or selling at least 20 percent of the multi-family housing units as affordable housing units to low- and moderate-income households.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Votes on Final Passage:**

Senate	45	3	
House	68	30	(House amended)
Senate	42	6	(Senate concurred)

**Effective:** June 7, 2012