
SENATE BILL 6276

State of Washington

64th Legislature

2016 Regular Session

By Senators Roach, Llias, McCoy, and McAuliffe

Read first time 01/13/16. Referred to Committee on Government Operations & Security.

1 AN ACT Relating to the authorization for a local jurisdiction to
2 exempt certain residences from local property taxation under a
3 residential energy efficiency incentive pilot program; and adding a
4 new chapter to Title 84 RCW.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** (1) The legislature finds that increased
7 energy efficiency investments in Washington's residential building
8 stock will achieve significant reductions in energy consumption,
9 create sustained cost savings on utility bills for building
10 occupants, and increase the overall health and safety of communities
11 where energy efficiency projects occur. A residential energy
12 efficiency incentive pilot program provides a unique opportunity to
13 collect important data on the actual costs and benefits of energy
14 efficiency retrofits among various residential building types. The
15 data collected from this pilot program will be used to inform future
16 decisions relating to energy efficiency investments in the
17 residential building stock in Washington.

18 (2)(a) This section is the tax preference performance statement
19 for the tax preference contained in this chapter. This performance
20 statement is only intended to be used for subsequent evaluation of
21 the tax preference. It is not intended to create a private right of

1 action by any party or be used to determine eligibility for
2 preferential tax treatment.

3 (b) The legislature categorizes this tax preference as one
4 intended to induce certain designated behavior by taxpayers, as
5 indicated in RCW 82.32.808(2)(a).

6 (c) It is the legislature's specific public policy objective to
7 encourage the implementation of energy efficiency retrofit projects
8 by low and moderate-income owners of single-family residences and
9 owners of multifamily housing who rent to low and moderate-income
10 occupants. It is the legislature's intent to allow local
11 jurisdictions to exempt property tax levied by participating local
12 jurisdictions for qualifying taxpayers.

13 (d) If a review finds participating jurisdictions are increasing
14 the number of energy efficiency retrofits occurring in targeted
15 communities; and that those retrofits are meeting the modeled energy
16 savings within a five percent margin of error; and that the energy
17 savings is contributing to overall utility cost savings, then the
18 legislature intends to extend the expiration date of the tax
19 preference.

20 (e) In order to obtain the data necessary to perform the review
21 in (d) of this subsection (2), the joint legislative audit and review
22 committee may refer to:

- 23 (i) The taxpayer applications required in section 4 of this act;
- 24 (ii) The annual surveys required in section 7 of this act;
- 25 (iii) The department of commerce; and
- 26 (iv) Any other data sources needed by the joint legislative audit
27 and review committee.

28 NEW SECTION. **Sec. 2.** The definitions in this section apply
29 throughout this chapter unless the context clearly requires
30 otherwise.

31 (1) "Affordable housing" means residential housing that is rented
32 by a person or household whose monthly housing costs, including
33 utilities other than telephone, do not exceed thirty percent of the
34 household's monthly income. For the purposes of housing intended for
35 owner occupancy, "affordable housing" means residential housing that
36 is within the means of low or moderate-income households.

37 (2) "Approved energy modeling technique" means a predictive tool
38 that is currently in use and commonly relied upon in the energy-
39 auditing marketplace, and is deemed appropriate for a given building

1 type by the department of commerce and the local governing body for
2 making eligibility determinations under this chapter.

3 (3) "Eligible retrofit project" or "project" means a residential
4 retrofit construction project that is undertaken specifically to
5 create energy savings in an eligible structure.

6 (4) "Eligible structure" means a building in which an eligible
7 retrofit project is undertaken or a building that is newly
8 constructed located within a participating local jurisdiction.

9 (5) "Governing authority" means the local legislative authority
10 of a city or a county having jurisdiction over the property for which
11 an exemption may be applied for under this chapter.

12 (6) "Green building certification" means a certification that is
13 currently in use and commonly relied upon in the green building
14 marketplace, and is deemed appropriate for a given building type by
15 the department of commerce and the local governing body for making
16 eligibility determinations under this chapter.

17 (7) "Household" means a single person, family, or unrelated
18 persons living together.

19 (8) "Local jurisdiction" means a city or a county.

20 (9) "Low-income household" means a single person, family, or
21 unrelated persons living together whose adjusted income is at or
22 below eighty percent of the median family income adjusted for family
23 size, for the county where the project is located, as reported by the
24 United States department of housing and urban development.

25 (10) "Moderate-income household" means a single person, family,
26 or unrelated persons living together whose adjusted income is more
27 than eighty percent but is at or below one hundred fifteen percent of
28 the median family income adjusted for family size, for the county
29 where the project is located, as reported by the United States
30 department of housing and urban development.

31 (11) "Multiple family building" means a building having four or
32 more dwelling units not designed or used as transient accommodations
33 and not including hotels and motels. Multifamily units may result
34 from new construction or rehabilitated or conversion of vacant,
35 underutilized, or substandard buildings to multifamily housing.

36 (12) "Net-zero energy building" means a building with net energy
37 consumption of zero over a typical year as determined by the
38 department of commerce.

1 (13) "New construction" means construction of a residential
2 building that is not otherwise defined in the state building code as
3 an addition, alteration, or repair.

4 (14) "Owner" means the property owner of record.

5 (15) "Participating local jurisdiction" means a city or county
6 that, by legislative authority, has chosen to exempt property tax for
7 qualifying taxpayers, in accordance with the terms of this chapter.

8 (16) "Preexisting" means a single-family residence or multiple
9 family building that is fully operational before the commencement of
10 the eligible project.

11 (17) "Single-family residence" means a building with two or fewer
12 dwelling units, including duplexes and single-family homes, with or
13 without accessory dwelling units.

14 (18) "Taxpayer" means:

15 (a) A low or moderate-income owner of a single-family residence;
16 or

17 (b) An owner of a multiple family building.

18 NEW SECTION. **Sec. 3.** (1) A residential energy efficiency
19 incentive pilot program is created that authorizes a local
20 jurisdiction to exempt qualifying low and moderate-income owners of
21 single-family residences and qualifying owners of multiple family
22 buildings, as determined under this chapter, from property taxation
23 levied by the participating local jurisdiction.

24 (2) The total assessed value of property is exempt from property
25 taxation levied by the participating local jurisdiction, as follows:

26 (a) For four successive years beginning January 1st of the year
27 immediately following the calendar year of issuance of a certificate
28 under section 5 of this act if the eligible structure is a:

29 (i) Preexisting single-family residence and an eligible retrofit
30 project is expected to reduce cumulative energy consumption at least
31 twenty percent compared to consumption during the previous calendar
32 year;

33 (ii) Preexisting multiple family building and an eligible
34 retrofit project is expected to reduce cumulative energy consumption
35 at least fifteen percent compared to consumption during the previous
36 calendar year; or

37 (iii) Newly constructed multiple family building and the new
38 construction meets the requirements of green building certification
39 and sells or rents at least ten percent of the total housing units as

1 affordable housing to low and moderate-income households during the
2 tax-exempted period specified in this section.

3 (b) For six successive years beginning January 1st of the year
4 immediately following the calendar year of issuance of a certificate
5 under section 5 of this act if the eligible structure is a:

6 (i) Preexisting single-family residence and an eligible retrofit
7 project is expected to reduce cumulative energy consumption at least
8 twenty-five percent compared to consumption during the previous
9 calendar year; or

10 (ii) Preexisting multiple family building and an eligible
11 retrofit project is expected to reduce cumulative energy consumption
12 at least twenty percent compared to consumption during the previous
13 calendar year.

14 (c) For eight successive years beginning January 1st of the year
15 immediately following the calendar year of issuance of a certificate
16 under section 5 of this act if the eligible structure is a:

17 (i) Preexisting single-family residence and an eligible retrofit
18 project is expected to reduce cumulative energy consumption at least
19 thirty percent compared to consumption during the previous calendar
20 year;

21 (ii) Preexisting multiple family building and an eligible
22 retrofit project is expected to reduce cumulative energy consumption
23 at least twenty-five percent compared to consumption during the
24 previous calendar year; or

25 (iii) Newly constructed multiple family building and the new
26 construction qualifies as a net-zero energy building and sells or
27 rents at least ten percent of the total housing units as affordable
28 housing units to low and moderate-income households during the tax-
29 exempted period specified in this section.

30 (3) A taxpayer who owns a preexisting multiple family building
31 and receives an exemption for an eligible retrofit project under this
32 chapter qualifies for four additional years of tax exemption status
33 if the taxpayer rents or sells at least twenty percent of the
34 multifamily housing units as affordable housing units to low and
35 moderate-income households during the tax-exempted period specified
36 in this section.

37 (4) In the case of eligible retrofit projects performed in
38 preexisting buildings, the exemption does not apply if the eligible
39 project commenced prior to the approval of the application required
40 under this chapter.

1 (5) Except as otherwise provided, the tax exemption provided by
2 this chapter is in addition to any other incentives, tax credits, or
3 grants, provided by law.

4 (6) At the conclusion of the exemption period, the new or
5 rehabilitated housing cost must be considered as new construction for
6 the purposes of chapter 84.55 RCW.

7 (7) A taxpayer may not claim the tax exemption provided in this
8 chapter while the taxpayer is claiming the tax exemption in RCW
9 82.08.998 or participating in the program provided in chapter 70.164
10 RCW.

11 NEW SECTION. **Sec. 4.** A taxpayer seeking a tax exemption under
12 this chapter must complete the following procedures:

13 (1) The taxpayer must apply to the participating local
14 jurisdiction on forms adopted by the governing authority. The
15 application must contain the following:

16 (a) Information setting forth the grounds supporting the
17 requested tax exemption including information indicated on the
18 application form or in the guidelines;

19 (b) A statement that the applicant is aware of the potential tax
20 liability involved when the property ceases to be eligible for the
21 tax exemption provided under this chapter; and

22 (c) The monthly energy consumption and cost of energy consumed
23 during the past twelve calendar months prior to the date the
24 application is submitted.

25 (2) The applicant must verify the application by oath or
26 affirmation.

27 (3) The application must be accompanied by an application fee, if
28 any, as authorized under this chapter. The governing authority may
29 allow the applicant to revise an application before final action by
30 the governing authority.

31 (4) The applicant must enter into a contract with the
32 participating local jurisdiction, or an administrative official or
33 commission authorized by the governing authority, under which the
34 applicant has agreed to the implementation of the eligible retrofit
35 project on terms and conditions satisfactory to the governing
36 authority.

37 (5) No new application for a tax exemption under this section may
38 be accepted as of the date that is six years after the effective date
39 of this section.

1 NEW SECTION. **Sec. 5.** (1) The governing authority or an
2 administrative official or commission authorized by the governing
3 authority must approve or deny an application filed under this
4 chapter within ninety days after receipt of the application.

5 (2) If the application is approved, the participating local
6 jurisdiction must issue to the owner of the property a conditional
7 certificate of acceptance of tax exemption. The certificate must
8 contain a statement by a duly authorized administrative official of
9 the governing authority that the property has complied with the
10 required findings indicated in this chapter.

11 (3) If the application is denied by the authorized administrative
12 official or commission authorized by the governing authority, the
13 deciding administrative official or commission must state in writing
14 the reasons for denial and send the notice to the applicant at the
15 applicant's last known address within ten days of the denial.

16 (4) Upon denial by a duly authorized administrative official or
17 commission, an applicant may appeal the denial to the governing
18 authority within thirty days after receipt of the denial. The appeal
19 before the governing authority must be based upon the record made
20 before the administrative official with the burden of proof on the
21 applicant to show that there was no substantial evidence to support
22 the administrative official's decision. The decision of the governing
23 body in denying or approving the application is final.

24 NEW SECTION. **Sec. 6.** The governing authority may establish an
25 application fee. This fee may not exceed an amount determined to be
26 required to cover the cost to be incurred by the governing authority
27 and the assessor in administering this chapter. The application fee
28 must be paid at the time the application for tax exemption is filed.
29 If the application is approved, the governing authority shall pay the
30 application fee to the county assessor for deposit in the county
31 current expense fund, after first deducting that portion of the fee
32 attributable to its own administrative costs in processing the
33 application. If the application is denied, the governing authority
34 may retain that portion of the application fee attributable to its
35 own administrative costs and refund the balance to the applicant.

36 NEW SECTION. **Sec. 7.** (1) On April 1st of each year beginning
37 after the first twelve months of exemption under this chapter, a

1 taxpayer who receives a tax exemption under this chapter must file
2 with the local jurisdiction the following:

3 (a) The monthly energy consumption and cost of energy consumed
4 during the previous twelve calendar months;

5 (b) A statement of the amount of rehabilitation or construction
6 expenditures associated with the eligible retrofit project or new
7 construction made with respect to each housing unit and the composite
8 expenditures made in the rehabilitation or construction associated
9 with the eligible retrofit project or new construction of the entire
10 property;

11 (c) A description of changes or improvements constructed in
12 association with the eligible retrofit project or new construction
13 after issuance of the certificate of tax exemption;

14 (d) If applicable, a statement that the building meets the
15 affordable housing requirements as described in this chapter; and

16 (e) Any additional information requested by the city or county in
17 regards to the units receiving a tax exemption.

18 (2) All participating local jurisdictions that issue certificates
19 of tax exemption provided in this chapter must submit an annual
20 report by December 31st of each year, beginning the first year the
21 exemption is offered by the jurisdiction, to the department of
22 commerce. The report must include the following information:

23 (a) The number of tax exemption applicants;

24 (b) The number of tax exemption participants;

25 (c) The total number and type of units approved for the
26 exemption;

27 (d) The actual eligible retrofit project or new construction cost
28 performed in each unit;

29 (e) The average and total taxpayer savings from the tax
30 exemptions granted;

31 (f) If feasible, the overall change in energy consumption in the
32 local jurisdiction during the previous twelve-month period as a
33 result of the pilot program;

34 (g) The change in energy consumption for each eligible retrofit
35 project during the past twelve months, including both anticipated
36 reductions in energy consumption modeled by an approved energy
37 modeling technique and actual change in energy consumption and energy
38 billing; and

39 (h) If applicable, a statement that the building meets the
40 affordable housing requirements as described in this chapter.

1 NEW SECTION. **Sec. 8.** (1) The department of commerce must create
2 a list of approved energy modeling techniques that may be used to
3 determine projected reductions in energy consumption for eligible
4 retrofit projects under this chapter. This list must include at least
5 three recognized energy modeling techniques and must include energy
6 modeling techniques that are applicable to single and multifamily
7 housing.

8 (2) The department of commerce must create a list of approved
9 third-party green building certifications for newly constructed
10 multiple family buildings in order to determine eligibility under
11 this chapter.

12 (3) By December 31, 2019, and in compliance with RCW 43.01.036,
13 the department of commerce must submit to the appropriate committees
14 of the legislature a report on the pilot program that includes:

15 (a) A list of all participating local jurisdictions;

16 (b) The total number of tax exemptions granted for each
17 participating jurisdiction;

18 (c) The total number and type of buildings that implemented
19 eligible retrofit projects or obtained green building certification
20 in each jurisdiction;

21 (d) The difference in energy consumption for each project,
22 including both anticipated reductions in energy consumption modeled
23 by an approved energy modeling technique and actual difference in
24 energy consumption and energy billing;

25 (e) The taxpayer savings for each approved eligible retrofit and
26 new construction project and the total taxpayer savings for all tax
27 exemptions granted; and

28 (f) If feasible, the net change in energy consumption for all
29 participating local jurisdictions as a result of the pilot program.

30 NEW SECTION. **Sec. 9.** Sections 1 through 8 of this act
31 constitute a new chapter in Title 84 RCW.

--- END ---