

# SENATE BILL REPORT

## SB 5204

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As of February 1, 2017

**Title:** An act relating to modifying a property tax exemption for industrial and manufacturing industries in targeted areas.

**Brief Description:** Modifying a property tax exemption for industrial and manufacturing industries in targeted areas.

**Sponsors:** Senator Fain.

**Brief History:**

**Committee Activity:** Ways & Means: 2/02/17.

**Brief Summary of Bill**

- Adjusts the industrial/manufacturing facility property tax exemption.
- Expands the exemption to apply in any city or county urban growth area.
- Reduces the size of qualifying construction from 10,000 square feet to 2,500 square feet.
- Qualifies renovations of existing buildings.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Dean Carlson (786-7305)

**Background:** In 2015, the Legislature passed ESB 5761 which provided a ten year local property tax exemption in cities in Snohomish County for the value of new construction of industrial or manufacturing facilities. The exemption does not apply to state or county levies, but counties may opt in. To qualify, an application for a certificate of tax exemption must be submitted before December 31, 2022, and meet the following requirements:

- the new construction of industrial/manufacturing facilities must be located on undeveloped or underutilized land zoned for industrial and manufacturing uses that is designated by the city as a targeted area;
- facility construction must meet all construction and development regulations of the city, and be completed within three years from the date of approval of the application;

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- the applicant must enter into a contract with the city approved by the governing authority, under which the applicant has agreed to the implementation of the development on terms and conditions satisfactory to the governing authority;
- must be a minimum size of 10,000 square feet with an improvement value of at least \$800,000; and
- create at least 25 family wage jobs.

For an area to be designated as a targeted area:

- the area must be zoned for industrial and manufacturing uses and located in or contiguous to an Innovation Partnership Zone (IPZ), Foreign Trade Zone (FTZ), or EB-5 Regional Center; and
- the city must have determined that targeting the area will assist in the new construction of industrial/manufacturing facilities that will provide employment for family living wage jobs.

Family living wage job is defined to mean a job with an average wage of at least \$18 per hour, working 2080 hours per year, adjusted annually for inflation. A local authority may set the wage higher.

**Summary of Bill:** The property tax exemption passed in 2015 is expanded to apply in any city or county urban growth area located in a designated targeted area. The size of qualifying construction is reduced from 10,000 square feet to 2,500 square feet. Renovations of existing buildings may qualify for the exemption, but does not apply to the value of any improvements constructed prior to the application.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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