
SENATE BILL 5363

State of Washington

66th Legislature

2019 Regular Session

By Senators Palumbo, Wagoner, Hunt, Mullet, and Lias

1 AN ACT Relating to extending the property tax exemption for new
2 and rehabilitated multiple-unit dwellings in urban centers; amending
3 RCW 84.14.020; creating a new section; and declaring an emergency.

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

5 **Sec. 1.** RCW 84.14.020 and 2007 c 430 s 4 are each amended to
6 read as follows:

7 (1)(a) The value of new housing construction, conversion, and
8 rehabilitation improvements qualifying under this chapter is exempt
9 from ad valorem property taxation, as follows:

10 (i) For properties for which applications for certificates of tax
11 exemption eligibility are submitted under this chapter (~~(84.14-RCW)~~)
12 before July 22, 2007, the value is exempt for ten successive years
13 beginning January 1st of the year immediately following the calendar
14 year of issuance of the certificate; and

15 (ii) For properties for which applications for certificates of
16 tax exemption eligibility are submitted under this chapter (~~(84.14~~
17 ~~RCW)~~) on or after July 22, 2007, the value is exempt:

18 (A) For eight successive years beginning January 1st of the year
19 immediately following the calendar year of issuance of the
20 certificate; or

1 (B) For twelve successive years beginning January 1st of the year
2 immediately following the calendar year of issuance of the
3 certificate, if the property otherwise qualifies for the exemption
4 under this chapter ((84.14-RCW)) and meets the conditions in this
5 subsection (1) (a) (ii) (B). For the property to qualify for the twelve-
6 year exemption under this subsection, the applicant must commit to
7 renting or selling at least twenty percent of the multifamily housing
8 units as affordable housing units to low and moderate-income
9 households, and the property must satisfy that commitment and any
10 additional affordability and income eligibility conditions adopted by
11 the local government under this chapter. Nothing in this section
12 prohibits a local government from adopting or implementing more
13 stringent income eligibility, rent, or sale price limits than the
14 minimum conditions required under this section. If a local government
15 adopts additional requirements under this section, an applicant must
16 meet such requirements in addition to any other requirements under
17 this section to be eligible for the exemption under this section. In
18 the case of projects intended exclusively for owner occupancy, the
19 minimum requirement of this subsection (1) (a) (ii) (B) may be satisfied
20 solely through housing affordable to moderate-income households.

21 (b) The exemptions provided in (a) (i) and (ii) of this subsection
22 do not include the value of land or nonhousing-related improvements
23 not qualifying under this chapter.

24 (2) When a local government adopts guidelines pursuant to RCW
25 84.14.030(2) and includes conditions that must be satisfied with
26 respect to individual dwelling units, rather than with respect to the
27 multiple-unit housing as a whole or some minimum portion thereof, the
28 exemption may, at the local government's discretion, be limited to
29 the value of the qualifying improvements allocable to those dwelling
30 units that meet the local guidelines.

31 (3) In the case of rehabilitation of existing buildings, the
32 exemption does not include the value of improvements constructed
33 prior to the submission of the application required under this
34 chapter. The incentive provided by this chapter is in addition to any
35 other incentives, tax credits, grants, or other incentives provided
36 by law.

37 (4) This chapter does not apply to increases in assessed
38 valuation made by the assessor on nonqualifying portions of building
39 and value of land nor to increases made by lawful order of a county
40 board of equalization, the department of revenue, or a county, to a

1 class of property throughout the county or specific area of the
2 county to achieve the uniformity of assessment or appraisal required
3 by law.

4 (5) At the conclusion of the exemption period, the new or
5 rehabilitated housing cost (~~shall~~) must be considered as new
6 construction for the purposes of chapter 84.55 RCW unless it
7 qualifies for an extension as provided under subsection (6) of this
8 section.

9 (6) For properties that qualified for the exemption under
10 subsection (1)(a)(ii)(B) of this section, the exemption period may be
11 extended for an additional twelve years, provided that the local
12 government adopts qualifying guidelines for such an extension. The
13 local government may adopt and implement more stringent income
14 eligibility, rent, or sale price limits, including limits that apply
15 to a higher percentage of units than the minimum conditions required
16 for the exemption as provided under subsection (1)(a)(ii)(B) of this
17 section in order to qualify for this twelve-year extension. For the
18 property to qualify for the twelve-year extension under this
19 subsection (6), the applicant must at minimum meet the requirements
20 for the property to qualify for the exemption under subsection
21 (1)(a)(ii)(B) of this section.

22 NEW SECTION. Sec. 2. The provisions of RCW 82.32.805 and
23 82.32.808 do not apply to this act.

24 NEW SECTION. Sec. 3. This act is necessary for the immediate
25 preservation of the public peace, health, or safety, or support of
26 the state government and its existing public institutions, and takes
27 effect immediately.

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