

EHB 1386 - S COMM AMD
By Committee on Ways & Means

ADOPTED 04/10/2021

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 84.25.030 and 2015 1st sp.s. c 9 s 3 are each
4 amended to read as follows:

5 The definitions in this section apply throughout this chapter
6 unless the context clearly requires otherwise.

7 (1) "City" means any city (~~((that: (a) Has a population of at
8 least eighteen thousand; and (b) is north or east of the largest city
9 in the county in which the city is located and such county has a
10 population of at least seven hundred thousand, but less than eight
11 hundred thousand))~~) or town located in a county with a population of
12 at least 450,000.

13 (2) "Family living wage job" means a job that offers health care
14 benefits with a wage that is sufficient for raising a family. A
15 family living wage job must have an average wage of (~~((eighteen
16 dollars))~~) \$23 an hour or more, working (~~((two thousand eighty))~~) 2,080
17 hours per year on the subject site, as adjusted annually for
18 inflation by the consumer price index. The family living wage may be
19 increased by the local authority based on regional factors and wage
20 conditions.

21 (3) "Governing authority" means the local legislative authority
22 of a city or county having jurisdiction over the property for which
23 an exemption may be applied for under this chapter.

24 (4) "Growth management act" means chapter 36.70A RCW.

25 (5) "Industrial/manufacturing facilities" means building
26 improvements that are (~~((ten thousand))~~) 10,000 square feet or larger,
27 representing a minimum improvement valuation of (~~((eight hundred
28 thousand dollars))~~) \$800,000 for uses categorized as "division D:
29 manufacturing" or "division E: transportation (major groups 40-42,
30 45, or 47-48)" by the United States department of labor in the
31 occupation safety and health administration's standard industrial

1 classification manual, provided, a city may limit the tax exemption
2 to manufacturing uses.

3 (6) "Lands zoned for industrial and manufacturing uses" means
4 lands in a city zoned as of December 31, 2014, for an industrial or
5 manufacturing use consistent with the city's comprehensive plan where
6 the lands are designated for industry.

7 (7) "Owner" means the property owner of record.

8 (8) "Targeted area" means an area of undeveloped lands zoned for
9 industrial and manufacturing uses in the city that is located within
10 or contiguous to an innovation partnership zone, foreign trade zone,
11 or EB-5 regional center, and designated for possible exemption under
12 the provisions of this chapter.

13 (9) "Undeveloped or underutilized" means that there are no
14 existing building improvements on the (~~property or~~) portions of the
15 property targeted for new or expanded industrial or manufacturing
16 uses.

17 **Sec. 2.** RCW 84.25.040 and 2015 1st sp.s. c 9 s 4 are each
18 amended to read as follows:

19 (1)(a) The value of new construction of industrial/manufacturing
20 facilities qualifying under this chapter is exempt from property
21 taxation under this title, as provided in this section. The value of
22 new construction of industrial/manufacturing facilities is exempt
23 from taxation for properties for which an application for a
24 certificate of tax exemption is submitted under this chapter before
25 December 31, (~~(2022)~~) 2030. The value is exempt under this section
26 for (~~ten~~) 10 successive years beginning January 1st of the year
27 immediately following the calendar year of issuance of the
28 certificate.

29 (b) The exemption provided in this section does not include the
30 value of land or nonindustrial/manufacturing-related improvements not
31 qualifying under this chapter.

32 (2) The exemption provided in this section is in addition to any
33 other exemptions, deferrals, credits, grants, or other tax incentives
34 provided by law.

35 (3) This chapter does not apply to state levies or increases in
36 assessed valuation made by the assessor on nonqualifying portions of
37 buildings and value of land nor to increases made by lawful order of
38 a county board of equalization, the department of revenue, or a
39 county, to a class of property throughout the county or specific area

1 of the county to achieve the uniformity of assessment or appraisal
2 required by law.

3 (4) This exemption does not apply to any county property taxes
4 unless the governing body of the county adopts a resolution and
5 notifies the governing authority of its intent to allow the property
6 to be exempted from county property taxes.

7 (5) At the conclusion of the exemption period, the new
8 industrial/manufacturing facilities cost must be considered as new
9 construction for the purposes of chapter 84.55 RCW.

10 **Sec. 3.** RCW 84.25.050 and 2015 1st sp.s. c 9 s 5 are each
11 amended to read as follows:

12 An owner of property making application under this chapter must
13 meet the following requirements:

14 (1) The new construction of industrial/manufacturing facilities
15 must be located on land zoned for industrial and manufacturing uses,
16 undeveloped or underutilized, and as provided in RCW 84.25.060,
17 designated by the city as a targeted area;

18 (2) The new construction of industrial/manufacturing facilities
19 must meet all construction and development regulations of the city;

20 (3) The new construction of industrial/manufacturing facilities
21 must be completed within three years from the date of approval of the
22 application; and

23 (4) The applicant must enter into a contract with the city
24 approved by the city governing authority(~~(, or an administrative~~
25 ~~official or commission authorized by the governing authority,)~~) under
26 which the applicant has agreed to the implementation of the
27 development on terms and conditions satisfactory to the governing
28 authority.

29 **Sec. 4.** RCW 84.25.080 and 2015 1st sp.s. c 9 s 8 are each
30 amended to read as follows:

31 (1) The (~~duly authorized administrative official or committee of~~
32 ~~the~~) city governing authority may approve the application if it
33 finds that:

34 (~~(1)~~) (a) A minimum of (~~twenty-five~~) 25 new family living
35 wage jobs will be created on the subject site as a result of new
36 construction of (~~manufacturing/industrial~~ ~~industrial/~~
37 ~~manufacturing~~) industrial/manufacturing facilities within one year
38 of building occupancy;

1 ~~((2))~~ (b) The proposed project is, or will be, at the time of
2 completion, in conformance with all local plans and regulations that
3 apply at the time the application is approved; and

4 ~~((3))~~ (c) The criteria of this chapter have been satisfied.

5 (2) Priority must be given to applications that meet the
6 following labor specifications during the new construction and
7 ongoing business of industrial/manufacturing facilities:

8 (a) Compensate workers at prevailing wage rates as determined by
9 the department of labor and industries;

10 (b) Procure from, and contract with, women-owned, minority-owned,
11 or veteran-owned businesses;

12 (c) Procure from, and contract with, entities that have a history
13 of complying with federal and state wage and hour laws and
14 regulations;

15 (d) Include apprenticeship utilization from state-registered
16 apprenticeship programs;

17 (e) Provide for preferred entry for workers living in the area
18 where the project is being constructed; and

19 (f) Maintain certain labor standards for workers employed
20 primarily at the facility after construction, including production,
21 maintenance, and operational employees.

22 **Sec. 5.** RCW 84.25.090 and 2015 1st sp.s. c 9 s 9 are each
23 amended to read as follows:

24 (1) The city governing authority (~~or its authorized~~
25 ~~representative~~) must approve or deny an application filed under this
26 chapter within ninety days after receipt of the application.

27 (2) If the application is approved, the city must issue the owner
28 of the property a conditional certificate of acceptance of tax
29 exemption. The certificate must contain a statement by a duly
30 authorized administrative official of the governing authority that
31 the property has complied with the required criteria of this chapter.

32 (3) If the application is denied by the city, the city must state
33 in writing the reasons for denial and send the notice to the
34 applicant at the applicant's last known address within ten days of
35 the denial.

36 (4) Upon denial by the city, an applicant may appeal the denial
37 to the city's governing authority within thirty days after receipt of
38 the denial. The appeal before the city's governing authority must be
39 based upon the record made before the city with the burden of proof

1 on the applicant to show that there was no substantial evidence to
2 support the city's decision. The decision of the city in denying or
3 approving the application is final.

4 **Sec. 6.** RCW 84.25.130 and 2015 1st sp.s. c 9 s 13 are each
5 amended to read as follows:

6 (1) If the value of improvements have been exempted under this
7 chapter, the improvements continue to be exempted for the applicable
8 period under this chapter so long as they are not converted to
9 another use and continue to satisfy all applicable conditions
10 including, but not limited to, zoning, land use, building, and
11 family-wage job creation.

12 (2) If an owner voluntarily opts to discontinue compliance with
13 the requirements of this chapter, the owner must notify the assessor
14 within (~~sixty~~) 60 days of the change in use or intended
15 discontinuance.

16 (3) If, after a certificate of tax exemption has been filed with
17 the county assessor, the city discovers that a portion of the
18 property is changed or will be changed to disqualify the owner for
19 exemption eligibility under this chapter, the tax exemption must be
20 canceled and the following occurs:

21 (a) Additional real property tax must be imposed on the value of
22 the nonqualifying improvements in the amount that would be imposed if
23 an exemption had not been available under this chapter, plus a
24 penalty equal to (~~twenty~~) 20 percent of the additional value. This
25 additional tax is calculated based upon the difference between the
26 property tax paid and the property tax that would have been paid if
27 it had included the value of the nonqualifying improvements dated
28 back to the date that the improvements were converted to a
29 nonqualifying use;

30 (b) The tax must include interest upon the amounts of the
31 additional tax at the same statutory rate charged on delinquent
32 property taxes from the dates on which the additional tax could have
33 been paid without penalty if the improvements had been assessed at a
34 value without regard to this chapter; and

35 (c) The additional tax owed together with interest and penalty
36 becomes a lien on the property and attaches at the time the property
37 or portion of the property is removed from the qualifying use under
38 this chapter or the amenities no longer meet the applicable
39 requirements for exemption under this chapter. A lien under this

1 section has priority to, and must be fully paid and satisfied before,
2 a recognizance, mortgage, judgment, debt, obligation, or
3 responsibility to or with which the property may become charged or
4 liable. The lien may be foreclosed upon expiration of the same period
5 after delinquency and in the same manner provided by law for
6 foreclosure of liens for delinquent real property taxes. An
7 additional tax unpaid on its due date is delinquent. From the date of
8 delinquency until paid, interest must be charged at the same rate
9 applied by law to delinquent property taxes.

10 (4) If, after a certificate of tax exemption has been filed with
11 the county assessor, the city discovers that the facility maintains
12 fewer than 25 family living wage jobs, the owner is considered
13 ineligible for the exemption under this chapter, and the following
14 must occur:

15 (a) The tax exemption must be canceled; and

16 (b) Additional real property tax must be imposed in the amount
17 that would be imposed if an exemption had not been available under
18 this chapter, dated back to the date that the facility last
19 maintained a minimum of 25 family living wage jobs.

20 (5) Upon a determination that a tax exemption is to be terminated
21 for a reason stated in this section, the city's governing authority
22 must notify the record owner of the property as shown by the tax
23 rolls by mail, return receipt requested, of the determination to
24 terminate the exemption. The owner may appeal the determination to
25 the city, within (~~thirty~~) 30 days by filing a notice of appeal with
26 the city, which notice must specify the factual and legal basis on
27 which the determination of termination is alleged to be erroneous. At
28 an appeal hearing, all affected parties may be heard and all
29 competent evidence received. After the hearing, the deciding body or
30 officer must either affirm, modify, or repeal the decision of
31 termination of exemption based on the evidence received. An aggrieved
32 party may appeal the decision of the deciding body or officer to the
33 superior court as provided in RCW 34.05.510 through 34.05.598.

34 (~~(+5)~~) (6) Upon determination by the city to terminate an
35 exemption, the county officials having possession of the assessment
36 and tax rolls must correct the rolls in the manner provided for
37 omitted property under RCW 84.40.080. The county assessor must make
38 such a valuation of the property and improvements as is necessary to
39 permit the correction of the rolls. The value of the new industrial/
40 manufacturing facilities added to the rolls is considered new

1 construction for the purposes of chapter 84.40 RCW. The owner may
2 appeal the valuation to the county board of equalization as provided
3 in chapter 84.40 RCW. If there has been a failure to comply with this
4 chapter, the property must be listed as an omitted assessment for
5 assessment years beginning January 1st of the calendar year in which
6 the noncompliance first occurred, but the listing as an omitted
7 assessment may not be for a period more than three calendar years
8 preceding the year in which the failure to comply was discovered."

EHB 1386 - S COMM AMD
By Committee on Ways & Means

ADOPTED 04/10/2021

9 On page 1, line 3 of the title, after "areas;" strike the
10 remainder of the title and insert "and amending RCW 84.25.030,
11 84.25.040, 84.25.050, 84.25.080, 84.25.090, and 84.25.130."

EFFECT: Limits qualifying cities for the targeted urban area
property tax exemption to only those cities located in a county with
a population of at least 450,000, rather than any city.

--- END ---