

SB 5951 -- Redline

Substitute to Bill -- Concerning tax incentives to encourage residential and mixed-use development in urban infill areas.

Deletions ~~struck~~ · Insertions underlined

~~S-1940.1~~SUBSTITUTE S-1630.2~~SENATE~~ ~~SENATE~~ BILL 5951 State of Washington 66th Legislature 2019 Regular Session By ~~Senate~~ Senators ~~Local Government (originally sponsored by Senators~~ Braun, Takko, Palumbo, Short, Salomon, Zeiger, Rivers, Becker, Lovelett, Honeyford, and Wilson, L.) ~~READ~~ Read ~~FIRST~~ first ~~TIME~~ time ~~02/20/19~~ 02/18/19. ~~Referred to Committee on Local Government.~~ AN ACT Relating to tax incentives to encourage residential and mixed-use development in urban infill areas; and providing expiration dates. BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON: ~~NEW SECTION. Sec.~~ SECTION. A A Sec.

The legislature further finds that an increased emphasis on developing these passed-over parcels within developed areas, and on maximizing smart growth in areas that are already largely developed or have the potential to be transit-oriented and walkable, with convenient access to neighborhood schools, mixed-use and commercial development, and a range of employment and housing choices, provides a great public benefit to the citizens of Washington. (2) Therefore, it is the intent of the legislature to establish a special property tax valuation incentive and sales tax incentive to encourage increased residential and mixed-use opportunities in the infill areas of urban centers of the state. ~~NEW SECTION. Sec.~~ SECTION. A A Sec.

It is the legislature's intent to provide a property tax exemption and sales tax exemption that may be used to offset the costs of construction and rehabilitation for these types of properties. (4) If the joint legislative audit and review committee finds that the property tax exemption and sales tax exemption has led to a significant increase in mixed-use and residential development in the urban infill areas of the state in the ten years following enactment of these tax preferences, then the legislature intends to extend the expiration dates of the tax preferences. (5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the joint legislative audit and review committee may refer to the reports required in section 12 of this act. ~~NEW SECTION. Sec.~~ SECTION. A A Sec.

DEFINITIONS. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise. (1) "Affordable housing" means the sale or rental price of the dwelling unit is below the median sales or rental price of the urban area where the dwelling unit is located. (2) "Governing authority" means the local legislative authority of a city or a county having jurisdiction over the property for which an exemption may be applied for under this chapter. (3) "Infill development" means the development of vacant or under-used parcels within existing urban areas that are largely developed or have the potential to be developed. (4) "Urban area" means urban growth area as defined in RCW 36.70A.110. ~~NEW SECTION. Sec.~~ SECTION. A A Sec.

~~EXEMPTION--DURATION--VALUATION. (1)(a)~~ EXEMPTIONa??DURATIONa??VALUATION. (1)(a) The value of new construction, conversion, and rehabilitation improvements in infill development areas, as designated by the governing authority of a city or county, is exempt from ad valorem property taxation for eight years, as follows: (i) For construction, conversion, or rehabilitation of multifamily residential ~~properties: (A) properties in that urban result areas with a population of one hundred thousand or more, one hundred percent of the value of new construction, conversion, or rehabilitation, if the construction, conversion, or rehabilitation of the property results in the property attaining an urban density of one hundred fifty affordable housing units or more per acre; (B) acre. In urban areas with a population less than one hundred thousand but greater than fifty thousand, one hundred percent of the value of new construction, conversion, or rehabilitation, if the construction, conversion, or rehabilitation of the property results in the property attaining an urban density of seventy-five affordable housing units or more per acre;~~ and (C) In urban areas with a population of fifty thousand or less, one hundred percent of the value of new construction, conversion, or rehabilitation, if the construction, conversion, or rehabilitation of the property results in the property attaining an urban density of thirty-five affordable housing units or more per acre;

The incentive provided by this chapter is in addition to any other incentives, tax credits, grants, or other incentives provided by law. (3) This chapter does not apply to increases in assessed valuation made by the assessor or nonqualifying portions of building and value of land nor to increases made by lawful order of a county board of equalization, the department of revenue, or a county, to a class of property throughout the county or specific area to achieve the uniformity of assessment or appraisal required by law. (4) At the conclusion of the exemption period, the new or rehabilitated construction cost must be considered as new construction for the purposes of chapter 84.55 RCW. (5) This section expires January 1, 2030. ~~NEW SECTION. Sec.~~ SECTION. A A Sec.

~~APPLICATION--REQUIREMENTS. An~~ APPLICATIONa??REQUIREMENTS. An owner of property applying for the exemption under this chapter must meet the following requirements: (1) The new or rehabilitated property must be located within an infill development area as identified by the governing authority; (2) The property must

meet guidelines as adopted by the governing authority that may include height, density, public benefit features, number and size of proposed development, parking, income limits for occupancy, limits on rents or sale prices, and other adopted requirements indicated necessary by the city or county.

and(5) The applicant must enter into a contract with the city or county approved by the governing authority, or an administrative official or commission authorized 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.~~NEW SECTION. Sec.~~SECTION.A A Sec.

and(c) Building requirements that may include elements addressing parking, height, density, environmental impact, and compatibility with the existing surrounding property and such other amenities as will attract and keep permanent residents and that will properly enhance the livability of the infill development area in which they are to be located.~~NEW SECTION. Sec.~~SECTION.A A Sec.

The governing authority may permit the applicant to revise an application before final action by the governing authority.~~NEW SECTION. Sec.~~SECTION.A A Sec.

~~APPROVAL REQUIRED~~APPROVALa??REQUIRED FINDINGS.The duly authorized administrative official or committee of the city or county may approve the application if it finds that:(1) The proposed project meets the minimum requirements for the type of property development as provided in section 4 of this act;(2) The proposed project is or will be, at the time of completion, in conformance with all local plans and regulations that apply at the time the application is approved;(3) The owner has complied with all standards and guidelines adopted by the city or county under this chapter;

and(4) The site is located in an infill development area that has been designated by the governing authority in accordance with procedures and guidelines indicated in section 6 of this act.~~NEW SECTION. Sec.~~SECTION.A A Sec.

~~PROCESSING APPROVAL DENIAL APPEAL.~~(1)PROCESSINGa??APPROVALa??DENIALa??APPEAL.(1) The governing authority or an administrative official or commission authorized by the governing authority must approve or deny an application filed under this chapter within ninety days after receipt of the application.(2) If the application is approved, the city or county must issue the owner of the property a conditional certificate of acceptance of tax exemption.

The decision of the governing body in denying or approving the application is final.~~NEW SECTION. Sec.~~SECTION.A A Sec.

If the application is denied, the governing authority may retain that portion of the application fee attributable to its own administrative costs and refund the balance to the applicant.~~NEW SECTION. Sec.~~SECTION.A A Sec.

The owner may appeal a decision by the deciding officer or authority that is not subject to local appeal or a decision by the local appeal authority that the owner is not entitled to a certificate of tax exemption in superior court under RCW 34.05.510 through 34.05.598, if the appeal is filed within thirty days of notification by the city or county to the owner of the decision being challenged.~~NEW SECTION. Sec.~~SECTION.A A Sec.

~~REPORT FILING.~~(1)REPORTa??FILING.(1) Thirty days after the anniversary of the date of the certificate of tax exemption and each year for the tax exemption period, the owner of the rehabilitated or newly constructed property must file with a designated authorized representative of the city or county an annual report indicating the following:(a) A statement of occupancy and vacancy of the rehabilitated or newly constructed property during the twelve months ending with the anniversary date;(b) A certification by the owner that the property has not changed use since the date of the certificate approved by the city or county;(c) A description of changes or improvements constructed after issuance of the certificate of tax exemption;

and(e) The value of the tax exemption for each project receiving a tax exemption and the total value of tax exemptions granted.~~NEW SECTION. Sec.~~SECTION.A A Sec.

If there has been a failure to comply with this chapter, the property must be listed as an omitted assessment for assessment years beginning January 1st of the calendar year in which the noncompliance first occurred, but the listing as an omitted assessment may not be for a period more than three calendar years preceding the year in which the failure to comply was discovered.~~NEW SECTION. Sec.~~SECTION.A A Sec.

GROWTH MANAGEMENT HEARINGS BOARD AND STATE ENVIRONMENTAL POLICY ACT REVIEW.(1) Any plans, development regulations, or amendments adopted by a city or county to implement this act are not subject to review under RCW 36.70A.280 until the next periodic update as required under RCW 36.70A.130.(2) Any state environmental policy act decision, as referenced in chapter 43.21C RCW, that arises from subsection (1) of this section or qualified projects under section 8 of this act are not subject to appeal under RCW 43.21C.075.~~NEW SECTION. Sec.~~SECTION.A A Sec.

Sections 1 through 14 of this act constitute a new chapter in Title 84 RCW.~~NEW SECTION. Sec.~~SECTION.A A Sec.