

SB 117 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Prepared By: Beau Olen, Economist

Sub-Referral To: Joint Committee On Tax Expenditures

Meeting Dates: 2/5

WHAT THE MEASURE DOES:

Extends the property tax exemption for vertical housing development projects by moving the sunset date six years, from December 31, 2025, to December 31, 2031.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

A 10-year partial property tax exemption, up to 80 percent, is available for new construction or rehabilitation of mixed-use projects (residential and non-residential) in a vertical housing development zone. The partial exemption amount for property improvements is positively related to the share of residential housing and the number of building floors (up to five floors). Land is granted the same partial exemption amount if it is a multi-story project and at least one floor (area equivalent to average floor area), is occupied by low-income persons or families, defined as those having income at or below 80 percent of area median income. Taxing districts can opt out of the exemption.

Local governments or private entities proposing to undertake a project must apply for the exemption at the city that designated the zone. Under certain circumstances, counties may designate such a zone. Applications for the upcoming fiscal year are due after construction or rehabilitation has started and before residential units are ready for occupancy. For rehabilitation that does not displace occupants, applications for the upcoming fiscal year are due on or before the date rehabilitation is complete. For a project to be certified, construction or rehabilitation must be started on each building in the project.