

STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Fiscal: Has minimal fiscal impact
Revenue: No revenue impact, statement issued (Indeterminate Impact)

Action Date: 06/02/15

Action: Do Pass.

Meeting Dates: 06/02

Vote:

Yeas: 5 - Baertschiger Jr, Boquist, Edwards, Hass, Riley

Prepared By: Kyle Easton, Economist

WHAT THE MEASURE DOES:

Changes definition of "rural area" to mean area located entirely outside of urban growth boundary of city with population of 40,000 or more, as boundary is acknowledged on date on which application is submitted for strategic investment program. Grandfathers existing definition for current strategic investment zones and parcels of land on which eligible projects are currently located. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Making areas qualifying for rural Strategic Investment Zone designation to match with current urban growth boundaries.

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

Current law defines "rural area" as an area located entirely outside of the urban growth boundary of a city with a population of 30,000 or more, as the urban growth boundary is acknowledged on December 1, 2002. Measure would modify definition of "rural area" as an area located entirely outside of the urban growth boundary of a city with a population of 40,000 or more on the date when the application is submitted. Measure would grandfather existing projects.

The strategic investment program provides a partial property tax exemption allowed for up to 15 years for eligible projects if real market value of new property investment is equal to or exceeds threshold (\$100 million urban, \$25 million rural). The assessed value below the threshold is subject to property tax assessment with the remainder of the value exempt. Threshold value grows by three percent per year. Businesses receiving exemption are subject to community service fee equal to 25% of the property taxes that would have otherwise been imposed. Fee is capped at \$2 million for projects in urban areas and \$500,000 in rural areas.