SUMMARY OF COMMERCIAL OFFICE SPACE DEVELOPMENT INCENTIVE PROGRAMS
JUNE, 2019

OVERVIEW

The 2019 Washington State legislature passed Substitute House Bill 1746 in response to findings that the cost of high quality, commercial office space is prohibitive in cities that are located outside of a major metropolitan area. The legislation provides two types of programs that cities can adopt in order to provide those cities with local options to incentivize the development of commercial office space in urban centers with access to transit, transportation systems, and other amenities.

INCENTIVES

- **Local Sales and Use Tax Remittance**
    - Allows for the local portion of the sales and use taxes generated during the project construction to be reimbursed to the developer 18 months after completion.
- **Property Tax Reinvestment**
    - Allows for the local portion of the Real Estate Property Tax to be deposited into a City fund that can be used for publicly owned infrastructure located within the Commercial Office Space Development Area of the subject project.
    - This fund can be used for infrastructure projects that developers are typically required to pay for during project construction.
- **Application Process**
    - Developers must apply for both programs prior to construction and projects must meet criteria developed by the City.

PROGRAM REQUIREMENTS

- **Adoption by City Council of an ordinance, after a public hearing, designating a Commercial Office Space Area or Areas. The ordinance must include:**
    - Clearly defined boundaries wholly within an urban center.
        i. Lack of sufficient available, desirable, high-quality, and convenient commercial office space to provide family living wage jobs.
    - Outline of standards and guidelines for qualifying project.
    - Establishment of a commercial office development public improvement fund in which to deposit property tax reinvestment revenues.
- **Written agreements are necessary if other local taxing authorities will be participating in either program.**