



TO: Elizabeth Pauli, City Manager
FROM: Jeff Robinson, Director, Community and Economic Development (CEDD)
COPY: Economic Development Committee, Tadd Wille
PRESENTER: Gloria Fletcher, CEDD
SUBJECT: Commercial Office Space Development Incentive
DATE: October 22, 2019

PRESENTATION TYPE:

Request for Ordinance

SUMMARY:

This presentation is to request approval from the Economic Development Committee (EDC) on the attached legislation regarding commercial office space development. Said legislation allows developers to receive a refund of the local sales and use taxes paid during a qualifying commercial office development.

BACKGROUND:

The Washington State Legislature passed SHB 1746 earlier this year, authorizing municipalities to establish two potential incentive programs for commercial office space development and redevelopment:

1. A Sales and Use Tax Remittance.
2. A Property Tax Reinvestment Program

CEDD staff previously presented information and a request for ordinance to the EDC, and the committee requested further analysis of the potential impact of this legislation. Since that time, CEDD staff has held multiple conversations with the development community and other City departments (Planning and Development Services, Finance, and Public Works) to ensure that the implementation of SHB 1746 is efficient and effective. It was subsequently determined that the estimated public benefits of the Property Tax Reinvestment Program may not exceed the cost and administrative burden required for implementation and therefore staff is recommending that the City move forward with implementing the Sales and Use Tax Remittance program of the legislation only. We will continue discussing the Property Tax Reinvestment Program with stakeholders and may revisit that item in the future.

ISSUE:

An ordinance is required to implement any portion of SHB 1746.

ALTERNATIVES:

Staff considered the following alternatives, and will discuss in more detail during the presentation:

1. No implementation of SHB 1746.
2. Developing a new program, using our existing authority, with less geographic and administrative restrictions for public infrastructure reinvestment.
3. Moving forward with SHB 1746 in its entirety.

FISCAL IMPACT:

The fiscal impact of this ordinance is undetermined at this time; required funds will be generated by a qualified development project.

RECOMMENDATION:

Staff recommends moving forward with the ordinance.