

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1491 S HB	<b>Title:</b> Transit-oriented housing dev
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## Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Revenue	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total \$</b>	0	0	0	0	0	0	0	0	0

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

## Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	2.8	1,366,476	1,366,476	1,366,476	1.8	602,516	602,516	602,516	1.6	530,708	530,708	530,708
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Transportation	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>2.8</b>	<b>1,366,476</b>	<b>1,366,476</b>	<b>1,366,476</b>	<b>1.8</b>	<b>602,516</b>	<b>602,516</b>	<b>602,516</b>	<b>1.6</b>	<b>530,708</b>	<b>530,708</b>	<b>530,708</b>

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other			1,128,000						8,948,000
Local Gov. Other	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Local Gov. Total			1,128,000						8,948,000

## Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	1.5	464,050	464,050	2.0	611,200	611,200	2.0	603,200	603,200
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Transportation	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>1.5</b>	<b>464,050</b>	<b>464,050</b>	<b>2.0</b>	<b>611,200</b>	<b>611,200</b>	<b>2.0</b>	<b>603,200</b>	<b>603,200</b>

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

## Estimated Capital Budget Breakout

NONE

Agency Name	2025-27		2027-29		2029-31	
	Total		Total		Total	
Staff	464,050		611,200		603,200	
<b>Total \$</b>	<b>464,050</b>		<b>611,200</b>		<b>603,200</b>	

<b>Prepared by:</b> Marie Davis, OFM	<b>Phone:</b> (360) 890-1163	<b>Date Published:</b> Revised 2/26/2025
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1491 S HB	<b>Title:</b> Transit-oriented housing dev	<b>Agency:</b> 103-Department of Commerce
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## Part I: Estimates

No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	2.6	3.0	2.8	1.8	1.6
<b>Account</b>					
General Fund-State 001-1	576,209	790,267	1,366,476	602,516	530,708
<b>Total \$</b>	576,209	790,267	1,366,476	602,516	530,708

### Estimated Capital Budget Impact:

	2025-27		2027-29		2029-31	
	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Pre-design/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	162,450	301,600	301,600	309,600	301,600	301,600
Other	0	0	0	0	0	0
<b>Total \$</b>	162,450	301,600	301,600	309,600	301,600	301,600

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jackie Kauble	Phone: 360-786-7125	Date: 02/17/2025
Agency Preparation: Jodi Barnes	Phone: (564) 669-0071	Date: 02/21/2025
Agency Approval: Jodi Barnes	Phone: (564) 669-0071	Date: 02/21/2025
OFM Review: Marie Davis	Phone: (360) 890-1163	Date: 02/23/2025

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Differences between SHB 1491 and the original bill:

Section 2 clarifies the definitions of rail station areas, bus station areas, and station areas.

Section 3 removes the definition of stop, clarifies the definition of mixed-use development, and removes the requirements for cities concerning programs adopted under RCW 36.70A.540.

Section 3(8) exempts buildings constructed within station areas from affordable requirements in Section 8(a), exempts buildings from the requirements for affordable or workforce housing under Section 8(16)(b) and requires that the city identify the density and affordability requirements that apply to the building or parcel in its municipal code.

Section 3(9) requires cities to approve a Multifamily Property Tax Exemption (MFTE) in station areas that meet the mandatory affordability requirements and the requirements of the MFTE program.

Section 4 clarifies that the proposed grant program for the infrastructure supportive of transit-oriented development (TOD) may also cover station area planning or other pre-development costs necessary for the implementation of station area plans and staffing necessary to implement TOD plans.

Sections 11 through 18 are added and provide that the Department of Commerce (Department) would create a station area-specific MFTE specific to station areas. The Department is responsible for technical assistance, reporting, and auditing of the MFTE program.

SHB 1491 would reduce the overall fiscal impact to the Department.

Summary of SHB 1491:

Section 3 adds a new section to RCW 36.70A, the Growth Management Act (GMA), making new requirements for station areas and residential development within those areas. Modifications to these standards are only allowed after review and approval by the Department.

Section 3(4) requires the Department to develop guidance to convert different types of planning measurements to the TOD density requirements and applicable floor area ratios. This guidance would also include mandatory density bonus in exchange for affordability; units that are three bedroom or more do not count towards floor area ratio limits; and station area density averaging.

Section 3(8) creates mandatory inclusionary zoning for 10% at affordable housing (60% AMI rental, 80% AMI ownership) or 20% at workforce (80% AMI rental) housing for at least 50 years with some exceptions. This is a new comprehensive planning requirement that these exceptions must be listed in the comprehensive plan.

Section 3(9) provides that a city must approve an MFTE exemption for projects that meet the mandatory affordable housing 10% at affordable housing (60% AMI rental, 80% AMI ownership) or 20% at workforce (80% AMI rental) housing for 50 years under RCW 84.14.(1)(a)(ii)(D).

Section 3(17) requires the Department to publish a model TOD ordinance by June 30, 2027.

Section 3(18) allows cities to apply to the Department for a five-year extension to address areas at high risk of

displacement based on a city's anti-displacement analysis or anti-displacement map.

Section 3(19) provides that the Department may approve substantially similar actions if adopted by June 2026. Commerce must develop procedures and rules for the approval.

Section 4 adds a new section to RCW 36.70A and requires the Department, subject to appropriation, to administer a grant program for the infrastructure water, sewer, stormwater, transportation, and parks and recreation facilities needed to implement TOD requirements. Grants may also cover station area planning or other pre-development costs necessary for the implementation of station area plans and the staffing necessary to implement TOD plans.

Section 5 adds a new section to RCW 36.70A and requires the Department to accept empirical parking studies and determine if, for safety reasons, a city can deviate from the parking limitations in the bill.

Sections 11 through 18 create a new MFTE specific to station areas. The Department is responsible for technical assistance, reporting, and auditing of the MFTE program.

Section 11 amends RCW 84.14.010 and definitions for MFTE.

Section 11(3) clarifies that the MFTE is authorized for cities or towns with a station area.

Section 11(17) defines station area as the same as RCW 36.70A.030.

Section 12 amends RCW 84.14.020 and adds a new "station area MFTE" in part D, which provides a property tax exemption for 20 years if the property is located fully or partially with a station area and meets the affordability requirements in section 3(8)(a) of this act.

Section 13 amends RCW 84.14.030 to clarify that an MFTE project may be located in a residential targeted area or in a station area.

Section 14 amends RCW 84.15.060 to clarify applicability for affordability under MFTE or mandatory station area affordability requirements.

Section 15 amends RCW 84.15.090 to add the mandatory station area affordability requirements to the rules for issuing MFTE certificates.

Section 16 amends RCW 84.15.0100 to add TOD MFTE projects to those that must be submitted to the Department and subject to an audit.

Section 17 amends RCW 84.15.110 to add the mandatory station area affordability requirements to the rules for monitoring MFTE projects and assessing penalties.

Section 18 adds a new section to RCW 84.14 which requires a city with a station area to adopt standards and guidelines for and MFTE program within station areas. This will amend the MFTE programs of 31 cities and require adoption by seven cities.

## **II. B - Cash receipts Impact**

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

## **II. C - Expenditures**

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

Section 3 and sections 11 through 18 of SHB 1491 require the Department to support expansion of the MFTE program.

Section 3 requires the Department to create a pre-emptive model TOD ordinance, to create guidance on floor area ratio calculations, to create a process and criteria for approving alternative actions, and to create a process and criteria for extensions on areas at high risk of displacement.

Section 5 requires the Department to accept and review parking studies to approve deviation from parking standards.

The Department assumes a professional services contract would be necessary to develop the model ordinance and to develop the guidance on floor area ratio calculations, the alternative action materials, the extension materials, and the parking study materials.

The Department assumes Section 4 will require the formation of the TOD capital grant program. The program proposed under this act will be contingent on a legislative appropriation in the operating budget.

The Department assumes the TOD capital grant program would be a covered agency action and require an environmental justice assessment.

0.4 FTE Management Analyst 4 (835 hours) FY27-FY28. This staff will manage the rulemaking process. This staff will also complete coordination with other state agency partners including the Washington State Department of Transportation.

0.2 FTE Commerce Specialist 5 (416 hours) FY26-31. This staff will hire and provide day-to-day supervision to program staff.

2.0 FTE Commerce Specialist 3 (2,088 hours) FY26-FY27, then 1.0 FTE Commerce Specialist 3 (2,088 hours) FY 28-FY31. These staff will provide capacity around solicitation, origination, management, and the monitoring of project contracts. These staff will assist senior management with drafting legislation, representing the agency, developing policy positions, and coordinating the state's role with respect to the implementation of new local government requirements to meet the TOD standards under this act. These staff will also review submittal of alternative actions, extensions for areas at high risk of displacement, and deviations from parking requirements.

0.4 Management Analyst 4 (835 hours) FY26-31. This staff will provide technical assistance, monitoring and administer the auditing program for the new station area MFTE as required by Chapter 84.14 RCW. Seven of the 38 jurisdictions do not currently have MFTE programs, and all jurisdictions will need to amend their programs to comply with the TOD regulations.

**Salaries and Benefits:**

FY26: \$300,305

FY27: \$347,715

FY28: \$234,205

FY29-31: \$186,795 each fiscal year

**Professional Services Contracts:** The Department assumes it will require two professional services contracts. The Department assumes an experienced contractor with expertise in TOD will be required to develop the model ordinance by June 30, 2027, (FY26: \$100,000 and FY27: \$200,000), including a contractor with expertise in parking deviations to develop the processes and criteria for alternative actions, extensions, and parking deviations (FY26: \$50,000 and FY27: \$100,000), which are both highly technical skillsets.

FY26: \$150,000  
 FY27: \$300,000

Goods and Services: In addition to the standard Goods and Services associated with additional FTEs, the Department assumes review of the model ordinance and rulemaking materials by the Assistant Attorney General will be necessary. We estimate 50 hours of AAG time in FY28 at a rate of \$165/hour. The Department assumes the need for two Geographic Information System software licenses to map station areas and evaluate extension and alternative action requests. Each professional license is estimated at \$2,233 per year. The Department assumes an annual Zoom Grants license for grant applications will be required for \$3,438 per fiscal year.

FY26: \$16,504  
 FY27: \$25,154  
 FY28: \$15,904  
 FY29-FY31: \$15,504 each fiscal year

Travel: In addition to Department standard assumptions, the Department assumes that staff will need to travel to complete outreach to develop and implement the pre-emptive model ordinance and attend conferences to develop and educate on TOD best practices. The Department assumes two staff will need to complete two trips annually, which include per diem, lodging and a rental vehicle for three nights each.

FY26: \$2,600  
 FY27: \$3,000  
 FY28: \$2,000  
 FY29-FY31: \$1,600 each fiscal year

Equipment:  
 FY26: \$8,000  
 FY29: \$8,000

Intra-Agency Reimbursements:  
 FY26: \$98,800  
 FY27: \$114,398  
 FY28: \$77,053  
 FY29-FY31: \$61,455 each fiscal year

Total Costs:  
 FY26: \$576,209  
 FY27: \$790,267  
 FY28: \$392,162  
 FY29: \$273,354  
 FY30-FY31: \$265,354 each fiscal year

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
001-1	General Fund	State	576,209	790,267	1,366,476	602,516	530,708
<b>Total \$</b>			576,209	790,267	1,366,476	602,516	530,708

### III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	2.6	3.0	2.8	1.8	1.6
A-Salaries and Wages	224,162	259,679	483,841	314,805	279,288
B-Employee Benefits	76,143	88,036	164,179	106,195	94,302
C-Professional Service Contracts	150,000	300,000	450,000		
E-Goods and Other Services	16,504	25,154	41,658	31,408	31,008
G-Travel	2,600	3,000	5,600	3,600	3,200
J-Capital Outlays	8,000		8,000	8,000	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	98,800	114,398	213,198	138,508	122,910
9-					
<b>Total \$</b>	576,209	790,267	1,366,476	602,516	530,708

### III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
Commerce Specialist 3	84,518	2.0	2.0	2.0	1.0	1.0
Commerce Specialist 5	98,040	0.2	0.2	0.2	0.2	0.2
Management Analyst 4	88,794	0.4	0.8	0.6	0.6	0.4
<b>Total FTEs</b>		2.6	3.0	2.8	1.8	1.6

### III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Local Government Division (600)	576,209	790,267	1,366,476	602,516	530,708
<b>Total \$</b>	576,209	790,267	1,366,476	602,516	530,708

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
057-1	State Building Construction Account	State	162,450	301,600	464,050	611,200	603,200
	<b>Total \$</b>		162,450	301,600	464,050	611,200	603,200

**IV. B - Expenditures by Object Or Purpose**

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	1.0	2.0	1.5	2.0	2.0
A-Salaries and Wages	80,859	161,718	242,577	323,436	323,436
B-Employee Benefits	28,358	56,717	85,075	113,434	113,434
C-Professional Service Contracts					
E-Goods and Other Services	8,300	9,300	17,600	18,600	18,600
G-Travel	1,000	2,000	3,000	4,000	4,000
J-Capital Outlays	8,000		8,000	8,000	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	35,933	71,865	107,798	143,730	143,730
9-					
<b>Total \$</b>	162,450	301,600	464,050	611,200	603,200

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

Construction Estimate	FY 2026	FY 2027	2025-27	2027-29	2029-31
Pre-design/Design					
Construction					
Grants/Loans					
Staff	162,450	301,600	464,050	611,200	603,200
Other					
<b>Total \$</b>	162,450	301,600	464,050	611,200	603,200

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
Commerce Specialist 2	72,924	0.5	1.0	0.8	1.0	1.0
Commerce Specialist 4	88,794	0.5	1.0	0.8	1.0	1.0
<b>Total FTEs</b>		1.0	2.0	1.5	2.0	2.0

Section 4 states that subject to appropriation, the Department must create and administer a new TOD capital grant program. That appropriation is indeterminate and grant awards under this act are dependent on the capital appropriation level. The Department assumes 3% administrative costs. The staffing levels assumed are identified below. The following costs and assumptions are for illustrative purposes only.

Pending legislative appropriation, the Department assumes the program would be operational by January 1, 2026, and would begin its first grant cycle after that date. The Department has previously provided TOD planning grants and currently operates an infrastructure capital grant program. The Department assumes one full time staff member is able to carry a capital contract caseload of up to 30 contracts per year.

0.5 FTE Commerce Specialist 4 (1,044 hours) FY26 and 1.0 FTE (2,088 hours) FY27-FY31. This staff will assign contracts and provide contract negotiation and execution support, lead project site monitoring and site visits, and oversight of contract management activities.

0.5 FTE Commerce Specialist 2 (1,044 hours) FY26 and 1.0 FTE (2,088 hours) FY27-FY31. This staff will provide contract management and program technical assistance in support of capital contracts and invoice verification, providing or building capacity around solicitation, origination, management, and the monitoring of project contracts.

Salaries and Benefits:

FY26: \$109,217

FY27-FY31: \$218,435 each fiscal year

Goods and Services: The Department assumes review from an Assistant Attorney General of the grant program materials will be necessary. We estimate the need for 20 hours of AAG hours at a cost of \$165 per hour each year the grant program makes awards.

FY26: \$8,300

FY27-FY31: \$9,300 each fiscal year

Travel:

FY26: \$1,000

FY27-FY31: \$2,000 each fiscal year

Equipment:

FY26: \$8,000

FY29: \$8,000

Intra-Agency Reimbursements:

FY26: \$35,933

FY27-FY31: \$71,865 each fiscal year

Total Costs:

FY26: \$162,450

FY27-FY31: \$301,600 each fiscal year

## **Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

The Department will require rulemaking to update WAC 365-196 and 365-199 for the requirements for approval of alternative actions, extensions, and parking studies under this act.

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 1491 S HB	<b>Title:</b> Transit-oriented housing dev	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

**Estimated Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jackie Kauble	Phone: 60-786-7125	Date: 02/17/2025
Agency Preparation: Kari Kenall	Phone: 60-534-1508	Date: 02/25/2025
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 02/25/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 02/25/2025

Request # 1491-1-1

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Note: This fiscal note reflects language in SHB 1491, 2025 Legislative Session.

This fiscal note only addresses sections 2 and 11 through 18, which impact the Department of Revenue (department).

#### COMPARISON OF SUBSTITUTE BILL WITH ORIGINAL BILL:

The substitute bill establishes a new 20-year multifamily property tax exemption for a building meeting transit-oriented development affordability requirements.

#### CURRENT LAW:

The Multi-Family Housing Property Tax Exemption (MFTE) program provides a property tax exemption in exchange for the development of multifamily and affordable housing in designated “residential targeted areas” (RTA).

It authorizes eight-year exemptions to encourage the development of multifamily housing, and 12 and 20-year exemptions to encourage the development of affordable housing. All cities, many towns, and some counties are eligible to offer an MFTE program.

#### PROPOSAL:

This bill expands the MFTE program by creating a new 20-year exemption for the value of qualified new or rehabilitated housing. The exemption excludes land and non-qualifying improvements. A property qualifies for this new exemption if it is located fully or partially within a station area and meets the required affordability requirements for 50 years. That is, 10% of all residential units must be affordable housing or 20% of all residential units must be workforce housing. A city with a station area must adopt regulations and offer this exemption.

This bill adds the following definitions:

“Affordable housing” means housing with monthly costs not exceeding 30% of the monthly income of a household that is either:

- For rental housing, at or below 60% of the county median income.
- For owner-occupied housing, at or below 80% of county median income.

“Workforce housing” means rental housing with monthly costs not exceeding 30% of the monthly income of a household at or below 80% of the county median income.

“Station area” means an area in an urban growth area that is either:

- A rail station area, defined as within a half-mile walking distance of a light rail, commuter rail, or trolley station in Western Washington, or
- A bus station area, defined as within a quarter-mile walking distance of a rapid transit bus stop as outlined in a transit development plan with the Department of Commerce, which has an environmental determination consistent with state environmental policy laws, and features fixed transit assets that indicate permanent high-capacity service, like elevated platforms, enhanced stations, off-board fare collection, dedicated lanes, busways, or signal priority.

A new “city” definition is provided, meaning a city or town with a station area.

#### EFFECTIVE DATE:

The bill takes effect 90 days after the final adjournment of the session.

## II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### ASSUMPTIONS:

- This legislation passes effective beginning with property taxes due for calendar year 2026.
- Local governments administer the MFTE program.
- As of 2023, the estimated exempt value of properties participating in a city, town, or county MFTE program was \$15.5 billion.
- This bill may increase the number of jurisdictions participating in the MFTE program, which we expect would increase the estimated exempt value of properties participating.

### DATA SOURCES:

- Economic and Revenue Forecast Council, November 2024 forecast
- County assessor, Property data

### REVENUE ESTIMATE:

The Economic and Revenue Forecast Council predicts that the state property tax levy will remain below the \$3.60 limit throughout the 2027-29 biennium.

This bill expands the number of jurisdictions eligible to or required to participate in the MFTE program. However, the additional jurisdictions participating in the MFTE program are unknown.

The number of taxpayers using the exemption in eligible jurisdictions, the size of the projects receiving the exemption, the total exempted new construction value, and what additional qualifying restrictions local governments require of the exempted properties are also unknown.

This exemption results in no loss in revenues for the state levy.

### PROPERTY TAX SHIFTS:

Because the degree to which taxpayers will use the exemption in newly eligible jurisdictions is unknown, this proposal results in an indeterminate shift of the state levy to other taxpayers.

Local districts will also experience an indeterminate shift of taxes to other taxpayers, and the local shift may result in a local revenue loss due to levy limits.

## II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

The department will have minimal costs of approximately \$3,000 for 40 hours of work by a property acquisition specialist to revise property tax manuals, update training materials, and work with county assessor's offices to implement this legislation. The department will absorb these costs within current funding.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

NONE

**III. B - Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

**III. C - Expenditures By Program (optional)**

NONE

## **Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

## **Part V: New Rule Making Required**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1491 S HB	<b>Title:</b> Transit-oriented housing dev	<b>Agency:</b> 405-Department of Transportation
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jackie Kauble	Phone: 360-786-7125	Date: 02/17/2025
Agency Preparation: Cherryl Steben	Phone: 360-705-7919	Date: 02/20/2025
Agency Approval: Brian Lagerberg	Phone: 360-705-7878	Date: 02/20/2025
OFM Review: Erik Hansen	Phone: (360) 810-0883	Date: 02/21/2025

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

See attached fiscal note.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B - Expenditures by Object Or Purpose

NONE

### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

**Bill Number:** HB 1491      **Title:** Transit Oriented Housing Dev      **Agency:** 405-Department of Transportation

## Part I: Estimates

- No Fiscal Impact (Explain required in section II. A)
- Indeterminate Cash Receipts Impact (Explain in section II. B)
- Partially Indeterminate Cash Receipts Impact (Explain in section II. B)
- Indeterminate Expenditure Impact (Explain in section II. C)
- Partially Indeterminate Expenditure Impact (Explain in section II. C)

- 
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, **complete entire fiscal note form Parts I-V**
  - If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, **complete entire fiscal note form Parts I-V**
  - Capital budget impact, **complete Part IV**
  - Requires new rule making, **complete Part V**
  - Revised

### Fiscal Detail

N/A

### Agency Assumptions

N/A
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### Agency Contacts:

Preparer: Cheryl Steben, Business Analyst	Phone: 360-705-7919	Date: 2/19/2025
Approval: Brian Lagerberg, PTD Director	Phone: 360-705-7878	Date: 2/19/2025
Budget Manager: Robert Sirghie, Budget Manager	Phone: 360-705-7546	Date: 2/19/2025

## Part II: Narrative Explanation

### II. A - Brief description of what the measure does that has fiscal impact

This bill has no fiscal impact on the Washington State Department of Transportation. This impacts cities, towns, transit agencies, Metropolitan Planning Organizations/Regional Transportation Planning Organizations, land use and community-based non-profits, affordable housing and other developers required to engage in new planning efforts in order implement the law changes.

### II. B – Cash Receipts Impact

N/A

### II. C - Expenditures

N/A

# Individual State Agency Fiscal Note

## **Part III: Expenditure Detail**

### **III. A - Expenditures by Object or Purpose**

N/A

## **Part IV: Capital Budget Impact**

N/A

## **Part V: New Rule Making Required**

N/A

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

<b>Bill Number:</b> 1491 S HB	<b>Title:</b> Transit-oriented housing dev
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**Part I: Jurisdiction**-Location, type or status of political subdivision defines range of fiscal impacts.

**Legislation Impacts:**

- Cities:** Approximately \$10,076,000; Cities with station areas may have starting costs of \$90,000 and \$250,000, per city, due to new zoning and development regulations, associated environmental analysis for station areas, and updated comprehensive plan elements. Further indeterminate costs related to new multifamily property tax exemption programs and policies as well as anti-displacement analysis in station areas.
- Counties:**
- Special Districts:**
- Specific jurisdictions only:** 38 cities fully planning under the Growth Management Act with station areas.
- Variance occurs due to:** Some fully planning cities do not have major transit stops

**Part II: Estimates**

- No fiscal impacts.**
- Expenditures represent one-time costs:** Zoning and development regulation ordinance adoption and analysis costs. Environmental review to support significant impacts as well as the categorical exemption for residential infill development in station areas.
- Legislation provides local option:** Applying for grants specified in this act, continuation of existing affordability requirements in new development if they exceed the standards in this act, and extensions in areas identified as being at a high risk of displacement.
- Key variables cannot be estimated with certainty at this time:** Scope and scale of comprehensive plan amendment; number of cities that would file for extensions under this act; multifamily property tax exemption program policies would vary by jurisdiction; seven of the 38 impacted cities would need to start exemption programs with long-term administrative, legal, and programmatic costs.

**Estimated revenue impacts to:**

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

**Estimated expenditure impacts to:**

Jurisdiction	FY 2026	FY 2027	2025-27	2027-29	2029-31
City	846,000	282,000	1,128,000		8,948,000
<b>TOTAL \$</b>	846,000	282,000	1,128,000		8,948,000
<b>GRAND TOTAL \$</b>					<b>10,076,000</b>

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

**Part III: Preparation and Approval**

Fiscal Note Analyst: Jordan Laramie	Phone: 360-725-5044	Date: 02/24/2025
Leg. Committee Contact: Jackie Kauble	Phone: 360-786-7125	Date: 02/17/2025
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/24/2025
OFM Review: Marie Davis	Phone: (360) 890-1163	Date: 02/24/2025

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Description of the bill with an emphasis on how it impacts local government.*

This fiscal note reflects language in the substitute version of HB 1491, 2025 legislative session. The amendments to this bill are compared to the original version of HB 1491.

#### **CHANGES FROM PRIOR BILL VERSION:**

The substitute bill defines two types of station areas based on the existing criteria in the bill: a bus station area and a rail station area. It limits a rail station area around a trolley stop to those operated west of the crest of the Cascade Mountains and removes stops on a fixed guideway from the definition of rail station area.

The substitute bill changes the definition of mixed-use development to a building subject to a regulation specifying allowable residential proportions within mixed-use areas.

The substitute bill removes the language exempting cities with an affordable housing incentive program from the provisions requiring a 1.5 floor area ratio (FAR) density bonus for any building with certain affordable or workforce housing. It also specifies that a city may identify the density and affordability requirements for a building subject to an affordable housing incentive program in the city's municipal code, instead of in the city's comprehensive plan. Additionally, a city can exclude lots in a tsunami inundation area from the transit-oriented development requirements.

The substitute bill establishes a Department of Commerce grant funding program for staffing, station area planning, or other predevelopment costs necessary to implement the transit-oriented development requirements, in addition to infrastructure costs.

The substitute bill establishes a new 20-year property tax exemption on the value of housing-related improvements for a multifamily building that meets the transit-oriented development affordability requirements. It requires a city with a station area to adopt this new exemption as well as standards and procedures to implement the new MFTE for qualifying buildings.

#### **SUMMARY OF CURRENT BILL VERSION:**

This proposed substitute legislation would establish new standards for transit-oriented development by updating planning definitions and zoning requirements for a cities with specifically prescribed rail and bus station areas, while also introducing a mandatory property tax exemption to incentivize affordable multifamily housing development in these areas

Sec. 2 includes definitions for “floor area ratio,” and “workforce housing,” as well as two types of station areas, a bus station area and a rail station area.

Sec. 3 would prohibit local regulations within station areas that restrict multifamily housing development on lots that allow for residential development. Sets required minimum densities for rail station areas (3.5 FAR) and bus station areas (2.5 to 3.0 FAR) with the ability to modify a station area after consultation with Commerce, but provides for adjustments to maximum density for additional affordable or permanent supportive housing units in station areas. Buildings that are exempted from density requirements in station areas must identify the qualifying density and affordability requirements in either its comprehensive plan or development regulations. Cities with station areas must establish MTFE exemptions as provided in Sec. 12 of this act, which meets the affordability requirements of Sec. 3(8)(a). Lots within station areas may be excluded from the required minimum densities in the event they are shorelines, critical areas, nonconforming lot dimensions, contain a designated landmark or historic district, in zones meant for industrial, agricultural, or manufacturing uses, or if a station area is in a tsunami inundation zone. Implementation deadlines are established based on RCW 36.70A.130 (5)(a) and RCW 36.70A.130 (9), as well as six months after dates specified by RCW 36.70A.130 (5)(b), (c), and (d). Extensions for density requirements may be granted for up to five years by Commerce for jurisdictions that can document displacement risk in station areas.

Sec. 4. Subject to appropriation, Commerce must establish and administer a grant program to assist cities in providing: the infrastructure necessary to accommodate development at transit-oriented development densities within station areas; station area planning or other predevelopment costs necessary for implementation of station area plans; and the staffing necessary to implement transit-oriented development requirements.

Sec. 5 would limit the requirement for off-street parking for new residential or mixed-use development within station areas with exceptions for accessible parking or short-term delivery use. This section prevents the absence of parking from triggering adverse environmental review determinations.

Sec. 6 would authorize a city to adopt a categorically exemption from full environmental review under the State Environmental Policy Act for a proposed residential or mixed-use development within a station area.

Sec. 11 would amend the definition of “city” and “station area” within multifamily property tax exemption statute.

Sec. 12 would be a new 20-year property tax exemption on the value of housing-related improvements for a multifamily building that meets the transit-oriented development affordability requirements of Sec. 3(8)(a).

Sec. 13 would amend the requirements of applicants for a property tax exemption to be located fully or partially within a station area.

Sec. 14 would include the transit-oriented affordability requirements of Sec. 3(8)(a) as qualifying MTFE projects that may be approved by a city or county, subject to compliance with all standards and guidelines, and located fully or partially within a station area.

Sec. 15 through Sec. 17 are conditions for certification and continuing exemption provided that adherence to the transit-oriented affordability requirements of Sec. 3(8)(a) are maintained for the qualifying period.

Sec. 18 would require each city with a station area to implement standards and guidelines for considering applications and making determinations, including: applications processes, income and rent standards, demolition and site utilization requirements, and building requirements.

This substitute bill would take effect 90 days after the session in which it is passed. Implementation of the prescribed development regulations and MTFE programs would be required based on the presence of station areas within a city and on a timeline dictated by RCW 36.70A.130 (5)(a) and RCW 36.70A.130 (9), as well as six months after dates specified by RCW 36.70A.130 (5)(b), (c), and (d).

## **B. SUMMARY OF EXPENDITURE IMPACTS**

*Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.*

### **EXPENDITURE CHANGES FROM PRIOR BILL VERSION:**

The substitute bill defines two types of station areas in Sec. 2 based on the existing criteria in the bill, but this does not change the count of impacted cities from the prior fiscal note. The count of impacted cities was increased by two with consultation with the Department of Commerce.

Sec. 3 makes numerous changes to the prior transit-oriented development density regulations but would not change many of the findings from the prior fiscal note. This fiscal note includes new information from the Department of Commerce transit-oriented development implementation grants, which increased the expenditure estimate with expanded workload analysis for more comprehensive environmental review.

Additionally, Sec. 3(9) would require all cities with a station area to approve a 20-year multifamily property tax exemption established under Sec. 12 in these areas. Review of the Department of Commerce fiscal note for this bill indicates that there are at least 38 cities with a qualifying station area or one that is planned for completion by the fiscal outlook of this

fiscal note. Of these 38 cities, there are seven that do not have multifamily property tax exemption programs. Costs to adopt the required provisions may be lower in cities with existing MFTE programs, however, all cities would have new costs related to adopting new exemptions and the standards and guidelines in Sec. 18 with transit-oriented affordability requirements of Sec. 3(8)(a). Costs for this work are indeterminate and would vary by jurisdiction, involving annual expenditures for administrative and legislative processes, auditing, legal, and reporting costs. Costs would be higher in cities with more residential development and buildings certified under the new exemption.

Under Sec. 3(14)(e) a city can exclude station area lots in a tsunami inundation area from the transit-oriented development requirements. Review of the Department of Natural Resources' tsunami design zone, Cascadia subduction hazard map, and the Seattle fault hazard map, indicates this condition may not expressly prevent an entire station area and does not change the number of effected cities from the prior act (the Edmonds and Mukilteo rail station areas may be partially inundated according to the Seattle fault hazard scenario inundation map).

Depending on the appropriation by the legislature for the specific purposes of Sec. 4 of this act, the grants to impacted cities could be formula based, which would not have costs to apply, or it could be competitive, in which there would be costs to draft an application and submit materials to the Department of Commerce. The Department of Commerce assumes that this grant would be competitive in nature, requiring additional work compared to a formula-based grant.

#### EXPENDITURE IMPACT OF CURRENT BILL:

The proposed legislation would have both determinate and indeterminate impacts on cities planning under the Growth Management Act (GMA) and that station areas. Consultation with the Department of Commerce and the Puget Sound Regional Council (PSRC) indicates that at least 38 cities would be impacted by this legislation.

#### Impact of Section 3

Adopting new zoning ordinances and development regulation around station areas:

\$8,860,000 – Costs that can be estimated at this time based on review of Commerce Transit-Oriented Development Implement Grants (TODI) (2022) would exceed \$8.9 million for 38 cities with starting costs up to \$250,000 per city to amend local code through a variety of new development regulations including land use, zoning, permitting, review and revision of certain comprehensive plan elements, as well as extensive environmental review under the State Environmental Policy Act (SEPA) for actions consistent with a Planned Action Environmental Impact Statement (EIS). Some cities may have fewer costs, such as those with three or fewer station areas. These cities are Edgewood, Fife, Mukilteo, Puyallup and may have starting costs of roughly \$90,000.

Costs for provisions in Sec. 3(2) include: analyzing comprehensive plan policies and municipal code to determine extent of amendments required; drafting informational materials on reasons for, and approach to, allowing high-density residential developments using floor area ratios (e.g. design regulations to ensure compatibility) for public review; conducting outreach to inform and solicit feedback from residential neighborhoods and developers. Amending the land use near station areas may also cause potential significant environmental impacts could require either an expanded environmental checklist or Planned Action EIS. This document would provide information to understand the comparative environmental impact implications of the comprehensive plan and land use code changes reflected in the alternatives analyzed as well as form the basis for the SEPA categorical exemption for infill development in station areas authorized by Sec. 6.

One of the key factors about the complexity of this zoning regulation is the environmental analysis that would consider alternatives for infill development that will replace many single-family with multi-family or mixed-use development, in every station area in the impacted city. Review of Transportation-Oriented Development Implementation (TODI) grants issued by Commerce, indicate a high-level of environmental planning, and commensurate costs for station area Planned Action EIS and Planned Action ordinances (PAOs) for any station area previously designated by grantees under RCW 43.21C.440 RCW. This environmental analysis must address required elements of environmental review consistent with

any existing city environmental policies and procedures as well as SEPA rules. Each of the environmental analysis review topics would be included: soils/geology, air quality & greenhouse gases, water, plants and animals, noise, light and glare, land use, housing, open space and recreation, historic, archaeological, and cultural resources, transportation, public services and utilities. The development and zoning regulations amendments would require changes to the comprehensive plan and the land use code, both non-project actions.

TODI grants were dispersed through 1080 S HB (2021) with average grant amounts of \$250,00 per jurisdiction and ranged from \$90,000 to \$280,000 (all in 2025 dollars) depending on the number station areas with proposed rezones, adoption of the rezones with the grant funds, creating new subarea plans with community visioning, and whether an expanded environmental checklist or a new EIS was completed for this work. Cities' impacted by this legislation would have considerable variance in the amount of work for TOD implementation including how many station areas are within the city and therefore the number of rezones, analysis of parcels that must be included in the station area walkshed and those that must be excluded, and other factors.

Additionally, a city may seek an extension for any station area, which would require anti-displacement risk analysis to determine if vulnerable residents are affected by the rezone. Whether the anti-displacement risk analysis requirement by updated Housing elements is sufficiently precise for each station area, would vary by jurisdiction. The analysis must consider the risk of displacement and potential mitigation actions for areas of cities that may have a higher level of disadvantage and priority when compared to other parts of the city. In a prior version of this bill from 2023 the Association of Washington Cities estimated that anti-displacement risk analysis could start at approximately \$40,000 per impacted city. However, the number of cities where existing analysis was not sufficient is not currently known.

34 fully planning cities x \$250,000 = \$8,500,000  
4 fully planning cities with three or fewer station areas x \$90,000 = \$360,000  
Estimated cost: \$8,500,000 + \$360,000 = \$8,860,000

Some jurisdictions may elect not to bring their codes into conformity with the requirements of this legislation prior to the applicable deadline. In these jurisdictions, the model code developed by the Department of Commerce in Sec. 3(16) would automatically apply and take effect starting June 30, 2027, until local code is adopted.

If a jurisdiction were unable to update their code by the effective date and their code were superseded by state statute, there would be increased workload for city staff to parse their code and differentiate which portions were still enforceable and which were superseded. According to the American Planning Association, Washington Chapter, this would increase the staff time needed to administer their code by an unknown amount, and impact cities that did not implement the ordinance established by this act by the applicable deadline.

#### Amended Comprehensive Plan Elements

\$1,216,000 –At minimum, each jurisdiction would be required to amend their Housing and Land Use elements to incorporate the changes in affordable and workforce housing residential density in station areas and updated zoning designations that incorporate the transit-oriented densities for FAR in station areas, as well as allowable population densities, building intensities, and estimates of future population growth into their comprehensive plans. Amending comprehensive plan elements would have starting costs of at least \$32,000 for each of the 38 fully planning cities impacted by this bill (\$16,000 per element amendment). There may be further costs to update additional elements that would depend on the specific circumstances of city's infrastructure and capital facilities planning.

38 fully planning cities x \$32,000 = \$1,216,000

These costs assume that the comprehensive plan element amendments are moderately complex, and take into account housing growth estimates in each station area, location and land use characteristics of the station area walkshed, existing

Housing element details about relevant subareas, or subarea plans, any anti-displacement risk analysis, and affordable and workforce housing requirements and inventories that already exist in the proposed station area. However, these costs depend on the complexity of the amendment, the population size of the jurisdiction, the number of station areas, the internal capacity to perform the element amendments within the planning department, and other factors. Expenditures for this work could exceed \$100,000 in some jurisdictions based on findings from a Commerce cost study on amendments to Growth Management Act elements (2023), and consultation with the Association of Washington Cities.

There may be costs in addition to updated Housing elements in cities with station areas, as the assessed density required to accommodate growth over the next 20-year period within the UGA has increased and considerations for affordable and workforce housing in station areas must be addressed (Housing element), updated zoning designations that incorporate the transit-oriented densities for FAR in station areas, as well as allowable population densities, building intensities, and estimates of future population growth (Land Use element). There may be additional impacted elements if infrastructure demand may be affected depending on the scale of the residential density compared to baseline (Utilities element) and capital projects may need to accommodate increased residential density (Capital Facilities element). Costs may be higher in jurisdictions with greater number of rail and bus station areas.

#### Estimated Determinate Costs:

Based on the due dates established in Sec. 3(16) the number of cities that are required to adopt the requirements of this act by six months after the submission deadline of their latest comprehensive plan, or on, or before, their implementation progress report date would have the following costs. Three cities would have due dates by June 30, 2026, one city would have a due date by December 31, 2026, and 34 cities would have a due date by December 31, 2029.

City	
FY2026:	\$846,000
FY2027:	\$282,000
FY2028:	\$0
FY2029:	\$0
FY2030:	\$8,948,000
FY2031:	\$0
Total:	\$10,076,000

#### INDETERMINATE COSTS:

New or modified multifamily property tax exemption programs in Sec. 3:

Under Sec. 3(9) this substitute act would require all cities with a station area to approve a 20-year multifamily property tax exemption (MFTE) established under Sec. 12 in these areas. There are at least 38 cities with a qualifying station area or one that is planned for completion by the fiscal outlook of this fiscal note. Of these 38 cities, there are seven that do not have multifamily property tax exemption programs. Costs to adopt the required provisions may be lower in cities with existing MFTE programs, however, all cities would have new costs related to adopting new exemptions and the standards and guidelines in Sec. 18 with transit-oriented affordability requirements of Sec. 3(8)(a).

Costs for this work are indeterminate and would vary by jurisdiction, involving annual expenditures for administrative and legislative processes, auditing, legal, and reporting costs. Costs would be higher in cities with more residential development and buildings certified under the new exemption.

#### Grants authorized in sec. 4

Per Sec. 4 any city subject to the requirements of this section may apply to Commerce to assist in providing the infrastructure necessary to accommodate development at transit-oriented development densities within station areas, including water, sewer, stormwater, transportation, parks, and recreation facilities. The substitute version of this act would allow for financial assistance for station area planning and predevelopment costs, as well as staffing to

implement TOD requirements.

Commerce has indicated that it expects these grants to be competitive, which carry higher costs to prepare an application compared to formula-based grants. Cities that apply would have costs to prepare these applications, which may include preparing workplans, transportation and/or rezoning background studies and case studies, rezoning and/or transportation analysis, designs and schematics, solicitation and preparation of community visioning, or other materials necessary to complete an application. Costs could range from minor to more significant depending on the scope of the application prepared, where a more complete or compelling application could be scored higher by Commerce. Costs for this work may range from a few thousand to more than \$10,000 in staff time.

### C. SUMMARY OF REVENUE IMPACTS

*Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.*

#### REVENUE CHANGES FROM PRIOR BILL VERSION:

Sec. 4 of the substitute bill requires the Department of Commerce (Commerce) to provide grant funding, subject to appropriation from the legislature, for infrastructure, staffing, station area planning, or other predevelopment costs necessary to implement the transit-oriented development requirements. The funding level and grant type (formula or competitive) are currently unknown, so the revenue impact for the impacted cities is currently indeterminate.

The Department of Commerce's fiscal note for this bill version indicates that, pending legislative appropriation. Commerce assumes the program would be operational by January 1, 2026, and would begin its first grant cycle after that date.

#### REVENUE IMPACT OF CURRENT BILL:

The funding level and grant type are currently unknown and the revenue impact for the impacted cities is indeterminate.

#### Illustrative example of revenue:

If the legislature made an appropriation commensurate with the costs estimated in the prior section, the following revenues could be assumed:

#### For Cities with Station Areas:

Due six months after deadline in RCW 36.70A.130(5)(b) – 3 cities, \$846,000

Due six months after deadline in RCW 36.70A.130(5)(c) – 1 city, \$282,000

Due six months after deadline in RCW 36.70A.130(5)(d) – 0 cities, \$0

Deadline within RCW 36.70A.130(5)(a) and required to submit progress report RCW 36.70A.130(5)(9) – 34 cities, \$8,948,000

Total:  $\$846,000 + \$282,000 + \$8,948,000 = \$10,076,000$

Costs occur over a five state fiscal year time horizon, or roughly \$2 million per state fiscal year.

#### SOURCES:

American Planning Association – Washington Chapter

Association of Washington Cities, Salary Survey (2024)

Department of Commerce

Department of Commerce, FN 1491 S HB (2025)

Department of Commerce, Planning Cost Study (2023)

Department of Commerce, Transit-Oriented Development Implementation Grants (2022)

Department of Natural Resources, Tsunami Hazard Maps (2022)

House Bill Analysis, HB 1491 (2025)

House Bill Report, S HB 1491 (2025)

Local Government Fiscal Note Program, FN HB 1110 (2023)

