

**CITY OF MARYSVILLE AGENDA BILL**

**EXECUTIVE SUMMARY FOR ACTION**

**CITY COUNCIL MEETING DATE:** April 25, 2016

<b>AGENDA ITEM:</b>  AN ORDINANCE OF THE CITY OF MARYSVILLE, WASHINGTON, MAKING CERTAIN UNDERDEVELOPED OR UNDERUTILIZED LANDS ZONED FOR INDUSTRIAL/MANUFACTURING USES ELIGIBLE FOR AD VALOREM TAX RELIEF AND ADOPTING A PROCESS REGARDING SUCH RELIEF.	
<b>PREPARED BY:</b> Gloria Hirashima <b>DEPARTMENT:</b> Executive	<b>DIRECTOR APPROVAL:</b>
<b>ATTACHMENTS:</b>  Ordinance with attached: Exhibit A the proposed new Chapter MMC 3.104 and Exhibit B the area eligible for the property tax exemption.	
<b>BUDGET CODE:</b>	<b>AMOUNT:</b>
<b>SUMMARY:</b>	

The Washington State Legislature passed SB 5761 to exempt property taxes for the value of new construction of industrial/manufacturing facilities for 10 years. The law is limited to use by the cities of Marysville, Arlington, and Lake Stevens as a demonstration on how the State of Washington can encourage manufacturing and industrial uses.

On March 23, 2016, the Snohomish County Council passed Ordinance 16-011 which exempts the County portion of the property tax in support of this economic development effort. The desire is to implement SB 5761 in Marysville now that Snohomish County Council has taken action.

The law requires the following: Creation of a minimum of 25 new full time jobs, paying at least \$18.00 an hour. The building improvements must be 10,000 sq ft or larger and a minimum improvement value of \$800,000.00. The use must be one which is manufacturing as defined by the US Department of Labor as “division D: manufacturing” in the industrial classification manual.

After the public hearing, Council is asked to consider the attached Ordinance which would implement the industrial/manufacturing property tax exemption in the City of Marysville as authorized by the State of Washington.

<b>RECOMMENDED ACTION:</b>  Staff recommends approval of the attached Ordinance making certain underdevelopment or underutilized lands zoned for industrial/manufacturing uses eligible for ad valorem tax relief and adopting a process regarding such relief.
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CITY OF MARYSVILLE  
Marysville, Washington

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE CITY OF MARYSVILLE, WASHINGTON,  
MAKING CERTAIN UNDERDEVELOPED OR UNDERUTILIZED LANDS  
ZONED FOR INDUSTRIAL/MANUFACTURING USES ELIGIBLE FOR AD  
VALOREM TAX RELIEF AND ADOPTING A PROCESS REGARDING SUCH  
RELIEF.**

WHEREAS, Engrossed Senate Bill 5761 providing for property tax exemption for the value of new construction of industrial/manufacturing facilities in targeted urban areas was enacted as chapter 84.25 RCW; and

WHEREAS, the City of Marysville is qualified to grant or deny this property tax exemption based on the act criteria, that it has planned under the growth management act, and has zoned lands for industrial and manufacturing use that are undeveloped and/or underutilized; and

WHEREAS, family living wage jobs pay at least an average of eighteen dollars per hour working two thousand eighty hours per year; and

WHEREAS, the City of Marysville finds that there is insufficient family living wage jobs for its wage earning population; and

WHEREAS, the City of Marysville has determined that the targeting of an industrial and manufacturing area for property tax exemption will assist in the new construction of industrial/manufacturing facilities that will provide employment for family living wage jobs; and

WHEREAS, there is the need for additional family wage jobs in Marysville to support the growing community, to diversify the economic base and have sustainable economic growth; and

WHEREAS, the City of Marysville passed Joint Resolution No. 2011-001 on December 12, 2011, supporting regional coordination of a manufacturing and industrial center and support to the Boeing Company and manufacturing and supplier expansion in the North Snohomish County area; and

WHEREAS, the City of Marysville has developable land, multi-modal transportation, the capacity to locate new manufacturing and industrial facilities, and a goal to advance economic development; and

WHEREAS, The City of Marysville has manufacturing and industrial land located within an innovation partnership zone; and

WHEREAS, the City of Marysville by passing this ordinance will help to achieve the planning goals mandated by the Growth Management Act under RCW 36.70A.020; and

WHEREAS, the notice of hearing given for the designation of the manufacturing-industrial targeted area and the adoption of this chapter meets the requirements of Engrossed Senate Bill 5761; and

WHEREAS, the City Council held a public hearing on April 25, 2016, concerning whether the area identified in Exhibit "B" should be designated as an area where property tax relief should be available to owners who construct new industrial or manufacturing facilities and provide living wage jobs; and

WHEREAS, the City Council has determined that the cost of administering this chapter will be at least \$500.00 per application.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MARYSVILLE, WASHINGTON, DO ORDAIN AS FOLLOWS:

SECTION 1. The area zoned which allows Industrial and Manufacturing uses and identified in Exhibit "B" is designated as an area where property owners can apply for and be granted a property tax exemption for the value of new construction of industrial/manufacturing facilities which qualify under chapter 84.25 RCW and this ordinance.

SECTION 2. Amendment of Municipal Code. A new chapter, 3.104, is added to the municipal code. The municipal code is amended as set forth in Exhibit "A."

SECTION 3. Severability. If any section, subsection, sentence, clause, phrase or word of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality thereof shall not affect the validity or constitutionality of any other section, subsection, sentence, clause, phrase or word of this ordinance.

SECTION 3. Effective Date. This ordinance shall become effective five days after the date of its publication by summary.

PASSED by the City Council and APPROVED by the Mayor this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

CITY OF MARYSVILLE

By \_\_\_\_\_  
JON NEHRING, MAYOR

Attest:

By \_\_\_\_\_  
APRIL O'BRIEN, DEPUTY CITY CLERK

Approved as to from:

By \_\_\_\_\_  
JON WALKER, CITY ATTORNEY

Date of publication: \_\_\_\_\_  
Effective Date ( 5 days after publication): \_\_\_\_\_

## **EXHIBIT A**

### **Chapter 3.104 Industrial/Manufacturing Property Tax Exemption**

#### **Section 3.104.010 Findings.**

There are insufficient family living wage jobs, as those jobs are defined by RCW 84.25.030, for Marysville's wage earning population. It is the purpose of this chapter to encourage new manufacturing and industrial uses on undeveloped and underutilized lands zoned for industrial and manufacturing uses in the area identified in this chapter.

#### **Section 3.104.020 Adoption by reference.**

Chapter 84.25 RCW as currently enacted or subsequently amended is hereby adopted by reference.

#### **Section 3.104.030 Definitions.**

The following definitions shall apply to this chapter:

"Authorized representative" or "duly authorized representative" means the Director of the Community Development Department or his or her designee.

"City" means the City of Marysville.

#### **Section 3.104.040 Application and fees**

An owner of property seeking a tax exemption under this chapter shall submit an application to the Director of Community Development prior to the application for any building permit for the project. The application shall be on a form established by the Director, along with the required fees. The initial application fees to the city shall be \$500.00 plus any amount required by the county assessor in administering this chapter. If the application is approved, the city shall pay the application fee to the county assessor for deposit in the county current expense fund, after first deducting that portion of the fee attributable to the city's administrative costs in processing the application. If the application shall result in a denial by the city, the city shall retain that portion of the fee attributable to its own administrative costs and refund the balance to the applicant.

#### **Section 3.104.050 Certificate of tax exemption, approval, denial, termination, and appeal**

(1) The Director of Community Development or his or her designee shall make the determination whether a holder of a conditional acceptance of tax exemption qualifies for a certificate of tax exemption upon the completion of the new construction of a manufacturing/industrial facility and a certificate of occupancy issued. The Director shall also review each certificate of tax exemption annually for compliance with this chapter.

(2) If the Director determines that the property is not qualified for an exemption under this chapter or that it no longer meets the criteria of this chapter for eligibility for a tax exemption, he or she shall notify the owner of the property, as shown in the assessor's records, of the determination to deny or terminate the tax exemption. The notification shall be by certified mail, return receipt requested, and by regular first class mail. A recognized courier service may be substituted for first class mail. A copy shall also be sent to the Snohomish County Assessor.

(2) The owner may appeal the determination by filing a written notice of appeal specifying the factual and legal basis on which the determination of termination is alleged to be erroneous. Such appeal must be served on the city clerk within thirty (30) days of the date the notice was placed in the mails.

(3) The Chief Administrative Officer of the city shall hold a hearing within thirty days of the notice of appeal. The parties may be heard at the hearing and the Chief Administrative Officer may use the procedures set forth in chapter 34.05 RCW to control the conduct of the hearing and admission of evidence.

(4) The Chief Administrative Officer shall issue a decision affirming, modifying, or repealing the determination of termination based on the evidence admitted at the hearing. A copy of the decision shall be served on the owner within thirty (30) days of the hearing by certified mail, return receipt requested, and by regular first class mail. A recognized courier service may be substituted for first class mail. A copy shall also be sent to the Snohomish County Assessor.

(5) An aggrieved party may appeal the decision of the Chief Administrative Officer to the superior court as provided in RCW 34.05.510 through RCW 34.05.598.

