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To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning, without my approval as to Section 12, Engrossed Second Substitute House Bill 1910 entitled:

"AN ACT Relating to tax incentives for certain multiple-unit dwellings in urban centers that provide affordable housing."

This bill lowers the population requirement for a city to be eligible to offer property tax exemptions for certain multi-unit housing projects and requires cities that issue property tax exemptions for multi-unit housing projects to report data annually to the Department of Community, Trade and Economic Development.

I have concerns about this bill. It expands the multi-unit housing project property tax exemption to as many as forty-three additional cities with no evidence of the effectiveness of the exemption in increasing affordable housing. It also allows cities to grant a property tax exemption that affects counties without consultation. I request that the cities include the counties in this important decision making. Section 10 requires cities using the exemption program to report information on exemptions granted to the Department of Community, Trade, and Economic Development annually starting December 31, 2007. I am asking the Department of Community, Trade, and Economic Development to analyze the reports on the use of the property tax exemption and evaluate its use and effects as well as assess the need for legislation to alter the exemption program. Section 12 is an emergency clause which would allow the bill to become effective immediately. This is not essential to the bill's proper and timely implementation.

For these reasons, I have vetoed Section 12 of Engrossed Second Substitute House Bill 1910.

With the exception of Section 12, Engrossed Second Substitute House Bill 1910 is approved.

Respectfully submitted,

/s/
Christine O. Gregoire
Governor