

HB 1379

Bill Analysis

February 11, 1997

Brief Description: Removing the expiration of tax exemptions for new construction of alternative housing for youth in crisis.

Bill Sponsors: Representatives Radcliff, Costa, Scott, Thompson, O'Brien, Linville, Blalock, Cooper, Dickerson, Cooke, Mason, Conway and Wood.

Staff: Linda Brooks (786-7153)

Background: The sales tax is imposed on retail sales of most items of tangible personal property and some services. Use tax is imposed on the use of an item in this state, when the acquisition of the item or service has not been subject to sales tax. The combined state and local sales and use tax rate is between 7 percent and 8.6 percent, depending on location.

Washington law does not provide a general exemption from the retail sales and use taxes for nonprofit organizations or government agencies. Most sales and use tax exemptions are for specific items, such as food for home consumption and prescription drugs. Nonprofit organizations generally pay taxes when buying goods and services subject to sales and use taxes. A few sales and use tax exemptions exist for nonprofit organizations, such as the purchase and use of goods by the Red Cross and the purchase and use of art objects by nonprofit artistic and cultural organizations.

The Legislature has exempted sales and use taxes on items necessary for constructing alternative housing for youth in crisis. A youth in crisis is a person under 18 who is a runaway or is homeless, abused, neglected, or abandoned. The definition of a youth in crisis also includes a person under 18 who suffers from a substance abuse or mental disorder. Only new facilities licensed by the Department of Health and Social Services qualify for the tax exemptions.

The sales and use tax exemptions for items used in constructing alternative housing for youth in crisis took effect on May 13, 1995. The exemptions expire on July 1, 1997.

Summary of Bill: Sales and use tax exemptions for items used in constructing alternative housing for youth in crisis are made permanent. The expiration date of July 1, 1997 is deleted.

House of Representatives
Office of Program Research
Finance Committee

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Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect July 1, 1998.