

ANALYSIS OF SB 5193

House Agriculture & Ecology Committee

March 27, 1997

BACKGROUND:

In 1996, the Legislature provided an exemption from sales and use tax for labor, services and materials used in the construction and maintenance of agricultural employee housing. Housing built for family members and people with an ownership in the farm is not eligible for the tax exemption. Such housing must be used to house agricultural employees for at least five years from the date the housing is approved for occupancy. The law does not state the penalty for failure to provide this housing for at least five years.

The current sales and use tax exemption is available only to housing provided by an employer. Federal funds have recently become available to housing authorities, government agencies, and nonprofit organizations for agricultural employee housing.

SUMMARY:

If agricultural employee housing which receives an exemption from the sales or use tax is used by agricultural employees for less than five consecutive years, the full amount of the tax otherwise due is immediately due and payable, together with interest, from the date the housing is approved for occupation until the date of payment. No penalties are to be assessed.

The exemption from the sales and use tax is extended to agricultural employee housing provided by housing authorities, government agencies and nonprofit organizations.

Effective Date: *The bill declares an emergency and takes effect immediately.*

Fiscal Note: *Available.*