

SENATE BILL REPORT

SB 5193

As Passed Senate, March 12, 1997

Title: An act relating to sales and use tax exemptions for farmworker housing.

Brief Description: Revising sales and use tax exemptions for farmworker housing.

Sponsors: Senators Prentice, Newhouse, Sellar, Morton, Deccio, Rasmussen, Winsley and Hale; by request of Department of Revenue.

Brief History:

Committee Activity: Agriculture & Environment: 1/28/97, 2/4/97 [DP].
Passed Senate, 3/12/97, 48-0.

SENATE COMMITTEE ON AGRICULTURE & ENVIRONMENT

Majority Report: Do pass.

Signed by Senators Morton, Chair; Swecker, Vice Chair; Fraser, McAuliffe, Newhouse, Oke and Rasmussen.

Staff: Bob Lee (786-7404)

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 farmworker housing. Such housing must be used to house agricultural employees for at least five years from the date the housing is approved for occupancy. Housing built for family members and people with an ownership in the farm is not eligible for the tax exemption.

The current sales and use tax exemption is available only to housing provided by an employer.

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

If the housing is used by agricultural employees for less than five consecutive years, the full amount of the tax otherwise due must be immediately due and payable. Interest is to be charged on the amount due from the date the housing is approved for occupation until the date of payment. No penalties are to be assessed.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: This bill extends the incentive to provide housing for farmworkers to additional categories of housing providers.

Testimony Against: None.

Testified: Jim Hedrick, DOR (pro); Chris Cheney, WA Growers League (pro); Jim Halstrom, WA State Horticultural Assn. (pro).

House Amendment(s): The Senate version provides that the sales and use tax for construction and maintenance of farmworker housing would not have to be paid if the housing would be used for that purpose for at least five consecutive years.

The House amendment provides that if the farmworker housing that is not located on agricultural land ceases at any time in the future to be used for that purpose that the full amount of the sales and use tax becomes due and payable. For housing provided by a housing authority to be eligible for the exemption from sales and use tax, at least 80 percent of the occupants must be agricultural employees with incomes less than 50 percent of median family income.