

SENATE BILL REPORT

SB 5622

As Passed Senate, January 28, 1998

Title: An act relating to tax exemptions for new construction of alternative housing for youth in crisis.

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

Sponsors: Senators Long, Strannigan and Winsley.

Brief History:

Committee Activity: Ways & Means: 2/20/97, 3/26/97 [DP].

Passed Senate, 4/17/97, 46-0.

Passed Senate, 1/28/98, 48-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators West, Chair; Strannigan, Vice Chair; Bauer, Hochstatter, Long, Loveland, Rossi, Sheldon, Snyder, Spanel, Swecker, Thibaudeau and Zarelli.

Staff: Terry Wilson (786-7433)

Background: The retail sales tax is imposed on sales of most articles of tangible personal property and some services. The total state and local rate varies from 7 percent to 8.2 percent, depending on the location. The use tax is imposed on the use of articles of tangible personal property when the sale of the property was not subject to sales tax. The use tax generally applies when property is acquired from out of state. Use tax is equal to the sales tax rate multiplied by the value of the property used.

Nonprofit health or social welfare organizations are exempt from sales and use taxes on items necessary for new construction of alternative housing for youth in crisis. The facility must be licensed as an agency for the care of children, expectant mothers, or the developmentally disabled. A youth in crisis is a person under 18 who is homeless, a runaway, abused, neglected, or abandoned or is suffering from a substance abuse or mental disorder. This exemption expires July 1, 1999.

Summary of Bill: The expiration date is removed for the sales and use tax exemptions for items necessary for new construction of alternative housing for youth in crisis by nonprofit health or social welfare organizations.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 1997.

Testimony For: This is a very cost effective tax exemption. Government cannot provide these services at this cost. The continuation of the exemption is needed. Exemption of labor would be a good addition to the bill.

Testimony Against: None.

Testified: Seth Dawson, Common Ground for Children (pro).

House Amendment(s): The bill is updated to reflect 1997 legislation that extended the exemptions to 1999. The emergency clause and July 1, 1997 effective date are deleted.