

SENATE BILL REPORT

SB 6442

As Reported By Senate Committee On:
Financial Institutions, Insurance & Housing, February 3, 1998

Title: An act relating to low-cost housing for low-income buyers.

Brief Description: Providing tax incentives for creating low-cost housing.

Sponsors: Senators Franklin, Winsley, Loveland, Fairley, Prentice, Thibaudeau, Kohl, Kline, Snyder, Heavey, Schow, T. Sheldon, Patterson, Rasmussen, Goings, Hargrove, McAuliffe, Spanel and B. Sheldon.

Brief History:

Committee Activity: Financial Institutions, Insurance & Housing: 1/28/98, 2/3/98 [DPS].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, INSURANCE & HOUSING

Majority Report: That Substitute Senate Bill No. 6442 be substituted therefor, and the substitute bill do pass.

Signed by Senators Winsley, Chair; Benton, Vice Chair; Finkbeiner, Hale, Heavey, Kline and Prentice.

Staff: Dave Cheal (786-7576)

Background: Credits and incentives applied to the business and occupation tax, sales tax and real estate excise tax may be an effective way of directing private resources into affordable housing. Tax exemptions and partial exemptions may be an effective way of making housing accessible to low-income households.

Summary of Substitute Bill: Individuals or businesses who make donations to nonprofit organizations that devote a majority of their resources to low cost housing construction, rehabilitation or preservation are eligible for a 25 percent business and occupation tax credit.

A sales or use tax exemption is available for materials and labor used to construct low-cost housing which is sold to a low-income buyer by the person claiming the exemption.

Low-cost housing— has a listed sales price of no more than two-thirds the median sales price for homes in the county, adjusted annually. Low-income buyer— means a buyer with an income of no more than 80 percent of the median family income for the county where the house is located.

An exemption from the state and local real estate excise tax is provided to sales of low cost housing to low-income buyers.

Substitute Bill Compared to Original Bill: The business and occupation tax exemption for owner-sellers who sell a low-cost home to a low-income buyer is removed. Several minor technical corrections are made to definitional terms.

Appropriation: None.

Fiscal Note: Requested on January 21, 1998.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: It is important to stimulate private development of affordable housing through tax incentives and exemptions. This is a key part of an overall affordable housing strategy.

Testimony Against: None.

Testified: Katherine Roseth, Washington Low-Income Housing Congress (pro); Shirley Thompson, City of SeaTac Council (pro); Judith Frolich, WSAC-Counties Association (pro); Cheryl Tingley, ARC of Snohomish County (pro); Donna Patrick, Developmental Disabilities Council (pro).