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**SUBSTITUTE HOUSE BILL 1141**

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**State of Washington                      61st Legislature                      2009 Regular Session**

**By** House Local Government & Housing (originally sponsored by Representatives Lias, Sells, Chase, Springer, Ormsby, Simpson, Miloscia, Williams, Nelson, Dickerson, White, Goodman, and Hinkle)

READ FIRST TIME 02/17/09.

1            AN ACT Relating to a sales and use tax rebate for materials and  
2 services related to the construction of affordable housing; amending  
3 RCW 81.104.170; adding a new section to chapter 82.08 RCW; adding a new  
4 section to chapter 82.12 RCW; adding a new section to chapter 82.14  
5 RCW; and providing an expiration date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7            NEW SECTION.    **Sec. 1.** A new section is added to chapter 82.08 RCW  
8 to read as follows:

9            (1) An exemption from the tax imposed in RCW 82.08.020 in the form  
10 of a remittance is provided for:

11            (a) The sale of tangible personal property incorporated as an  
12 ingredient or component of an eligible affordable housing development  
13 during the course of construction;

14            (b) Charges made for labor and services rendered with respect to  
15 constructing eligible affordable housing developments; and

16            (c) Charges made for labor and services rendered with respect to  
17 installing building fixtures during the course of constructing eligible  
18 affordable housing developments.

1 (2)(a) Sellers must collect the tax imposed in RCW 82.08.020 on  
2 sales exempt under this section.

3 (b) Buyers claiming an exemption under this section must apply to  
4 the department for a remittance of exempted taxes in a form and manner  
5 as prescribed by the department. A buyer may not submit more than one  
6 application for exemption under this section per quarter. The  
7 department may require the submittal of any documentation it deems  
8 necessary to verify eligibility for the exemption under this section,  
9 including: (i) Receipts or invoices; (ii) proof of tax paid; (iii)  
10 construction invoices and documents; and (iv) documents establishing  
11 that the tangible personal property was incorporated into, or the labor  
12 and services were rendered with respect to, eligible affordable housing  
13 developments.

14 (3) The department must remit, on a quarterly basis, exempted  
15 amounts to qualifying applicants who submitted applications and proper  
16 documentation during the previous quarter.

17 (4) The department of community, trade, and economic development  
18 must work with the department and the joint legislative audit and  
19 review committee to develop performance measures related to the  
20 effectiveness of the tax exemptions in this section and section 2 of  
21 this act in increasing the production of affordable housing. These  
22 performance measures must be based upon data collected by the  
23 department in the remittal process.

24 (5) For the purposes of this section, "eligible affordable housing  
25 development" means any multifamily residential development project that  
26 has received federal low-income housing tax credits or funding from the  
27 Washington state housing trust fund.

28 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.12 RCW  
29 to read as follows:

30 (1) An exemption from the tax imposed in RCW 82.12.020 in the form  
31 of a remittance is provided for the use of:

32 (a) Tangible personal property incorporated as an ingredient or  
33 component of eligible affordable housing developments during the course  
34 of construction; and

35 (b) Labor and services rendered with respect to installing building  
36 fixtures during the course of constructing eligible affordable housing  
37 developments.

1 (2) Taxpayers claiming the exemption under this section must pay  
2 the tax imposed in RCW 82.12.020 directly to the department and may  
3 then apply to the department for a remittance of exempted taxes in a  
4 form and manner as prescribed by the department. A buyer may not  
5 submit more than one application for exemption under this section per  
6 quarter. The department may require the submittal of any documentation  
7 it deems necessary to verify eligibility for the exemption under this  
8 section, including: (a) Receipts or invoices; (b) proof of tax paid;  
9 (c) construction invoices and documents; and (d) documents establishing  
10 that the tangible personal property was incorporated into, or the labor  
11 and services were rendered with respect to, eligible affordable housing  
12 developments.

13 (3) The department must remit, on a quarterly basis, exempted  
14 amounts to qualifying applicants who submitted applications and proper  
15 documentation during the previous quarter.

16 (4) For purposes of this section, "eligible affordable housing  
17 development" has the same meaning as in section 1 of this act.

18 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.14 RCW  
19 to read as follows:

20 The exemptions in sections 1 and 2 of this act are for the state  
21 portion of the sales and use tax and do not extend to the tax  
22 authorized in this chapter.

23 **Sec. 4.** RCW 81.104.170 and 1997 c 450 s 5 are each amended to read  
24 as follows:

25 Cities that operate transit systems, county transportation  
26 authorities, metropolitan municipal corporations, public transportation  
27 benefit areas, and regional transit authorities may submit an  
28 authorizing proposition to the voters and if approved by a majority of  
29 persons voting, fix and impose a sales and use tax in accordance with  
30 the terms of this chapter, solely for the purpose of providing high  
31 capacity transportation service.

32 The tax authorized pursuant to this section shall be in addition to  
33 the tax authorized by RCW 82.14.030 and shall be collected from those  
34 persons who are taxable by the state pursuant to chapters 82.08 and  
35 82.12 RCW upon the occurrence of any taxable event within the taxing  
36 district. The maximum rate of such tax shall be approved by the voters

1 and shall not exceed one percent of the selling price (in the case of  
2 a sales tax) or value of the article used (in the case of a use tax).  
3 The maximum rate of such tax that may be imposed shall not exceed  
4 nine-tenths of one percent in any county that imposes a tax under RCW  
5 82.14.340, or within a regional transit authority if any county within  
6 the authority imposes a tax under RCW 82.14.340. The exemptions in RCW  
7 82.08.820 (~~and~~), 82.12.820, section 1 of this act, and section 2 of  
8 this act are for the state portion of the sales and use tax and do not  
9 extend to the tax authorized in this section.

10 NEW SECTION. **Sec. 5.** This act expires July 1, 2014.

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