
**Community Development, Housing &
Tribal Affairs Committee**

HB 2843

Brief Description: Supporting affordable housing.

Sponsors: Representatives McBride, Stanford, Walkinshaw and Santos.

Brief Summary of Bill

- Creates a tax credit for contributions to support affordable housing development.
- Requires one-half of funds from tax credit contributions to support low-income housing near a transit facility, special needs housing, or the purpose of a manufactured/mobile home community by a local government or eligible organization.

Hearing Date: 2/1/16

Staff: Sean Flynn (786-7124).

Background:

Business and Occupation. The business and occupation (B&O) tax is imposed on the gross receipts of business activities conducted within the state. Revenues collected are deposited in the State General Fund. There are several B&O tax rates and a business may be subject to more than one rate, depending on the types of activities conducted. There are multiple exemptions, deductions, and credits to reduce the B&O tax liability for specific taxpayers and business industries.

Public Utility Tax. The public utility tax (PUT) is imposed on gross income derived from the consumer sale of public and privately owned utilities, including transportation, communications, energy, natural gas, and water. The tax is paid in place of the B&O tax. There are several PUT rates based on specific utility activities, as well as various credits, deductions, and exemptions from the tax.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill:

Affordable housing tax credit. A tax credit is allowed against the B&O tax and the PUT for a cash contribution to support affordable housing development. The tax credit is equal to the amount of the contribution. The tax credits allowed for one person may not exceed \$500,000 per year and the total of all tax credits allowed in the state may not exceed \$10 million per year. The credits may not carry over to subsequent years. A taxpayer must apply for the tax credits by submitting all returns and other information as required by the Department of Revenue in electronic format.

Affordable Housing Account. All contributions made for a tax credit must be deposited into the Washington Affordable Housing Account (Account), created with the state treasurer. Any interest earned on the Account or loan repayments must be reinvested into the Account. The account is managed by the Department of Commerce.

Authorized expenditures from the Account are split in half. The first half of the Account must be used to provide funding for:

- the purchase of the property that is rented to a mobile home park or manufactured community by a local government, housing authority, community-based organization, local or state non-profit housing organization, or Indian tribe;
- low-income housing near transit facilities; or
- the preservation of special needs housing.

The second half of the Account must be distributed for developing, rehabilitating, and maintaining affordable housing by a local government, housing authority, community-based organization, local or state non-profit housing organization, or Indian tribe.

Appropriation: None.

Fiscal Note: Requested on January 28, 2016.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.