
SUBSTITUTE HOUSE BILL 2795

State of Washington

64th Legislature

2016 Regular Session

By House Finance (originally sponsored by Representatives Kirby, Muri, and Kilduff)

READ FIRST TIME 02/09/16.

1 AN ACT Relating to tax relief for the construction of adapted
2 housing for disabled veterans; adding a new section to chapter 82.08
3 RCW; adding a new section to chapter 82.12 RCW; and creating new
4 sections.

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

6 NEW SECTION. **Sec. 1.** (1)(a) The legislature finds that it is
7 important to recognize the service of veterans and to acknowledge the
8 continued sacrifice of those veterans who have service-connected
9 physical disabilities. The legislature further finds that many
10 disabled veterans often need customized, accessible housing in order
11 to be self-sufficient and to maintain a high quality of life. The
12 legislature further finds that disabled veterans have higher poverty
13 rates than disabled nonveterans. The legislature further finds that
14 the federal government provides a grant to assist disabled veterans
15 with the costs of constructing, modifying, or adapting their homes,
16 but that thousands of these dollars end up covering the sales or use
17 tax owed on these construction projects. The legislature further
18 finds that this results in a shift of cost to the same population of
19 disabled veterans whose burden the federal grant program is intended
20 to ease.

1 (b) It is the legislature's intent to provide specific financial
2 relief for disabled veterans by providing a sales and use tax
3 exemption for the construction of adapted housing for disabled
4 veterans who have been awarded a federal grant to modify their homes.

5 (2)(a) This section is the tax preference performance statement
6 for the tax preferences contained in this act. This performance
7 statement is only intended to be used for subsequent evaluation of
8 the tax preferences. It is not intended to create a private right of
9 action by any party or be used to determine eligibility for
10 preferential tax treatment.

11 (b) The legislature categorizes the tax preference in section 2
12 of this act as one intended to provide tax relief for certain
13 businesses or individuals, as indicated in RCW 82.32.808(2)(e).

14 (c) To measure the effectiveness of this act in achieving the
15 specific public policy objective described in subsection (1) of this
16 section, the joint legislative audit and review committee must, at
17 minimum, evaluate the following:

18 (i) The number of qualifying adapted housing projects, as
19 reported to the department of revenue through the exemption
20 application process on an annual basis; and

21 (ii) The total amount of adapted housing grants awarded to
22 veterans, as reported by the United States department of veterans
23 affairs.

24 (d) In addition to the data sources described under this section,
25 the joint legislative audit and review committee may use any other
26 data it deems necessary in performing the evaluation under this
27 subsection.

28 (e) The joint legislative audit and review committee must review
29 the tax preferences provided in this act as part of its normal review
30 process of tax preferences.

31 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08
32 RCW to read as follows:

33 (1) The tax imposed by RCW 82.08.020 does not apply to the sales
34 to an eligible purchaser of materials and labor with respect to the
35 construction of adapted housing.

36 (2) The department must provide an exemption certificate to an
37 eligible purchaser upon application by that person. The application
38 must be in a form and manner prescribed by the department. The
39 eligible purchaser must provide proof of eligibility in the form of a

1 grant award letter from the United States department of veterans
2 affairs.

3 (3) The definitions in this subsection apply throughout this
4 section unless the context clearly requires otherwise.

5 (a) "Adapted housing" means a construction project that has been
6 approved by the United States department of veterans affairs as part
7 of the specially adapted housing grant program or the special housing
8 adaptation grant program to modify or construct a home so that it can
9 accommodate the needs of a disabled or severely disabled veteran.

10 (b) "Eligible purchaser" means a disabled or severely disabled
11 veteran who has received either a specially adapted housing grant or
12 a special housing adaptation grant from the United States department
13 of veterans affairs.

14 (c) "Special housing adaptation" has the same meaning,
15 eligibility requirements, and restrictions as "special home
16 adaptation grant" in 38 C.F.R. 3.809a, as of July 1, 2016.

17 (d) "Specially adapted housing" has the same meaning, eligibility
18 requirements, and restrictions as in 38 C.F.R. 3.809, as of July 1,
19 2016.

20 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12
21 RCW to read as follows:

22 (1) The tax imposed by RCW 82.12.020 does not apply to the use of
23 materials and labor rendered with respect to the construction of
24 adapted housing.

25 (2) The exemption provided in this section only applies if the
26 sale of the materials and labor rendered with respect to the
27 construction of the adapted housing was exempt from sales tax under
28 section 2 of this act.

29 (3) For purposes of this section, "adapted housing" has the same
30 meaning as provided in section 2 of this act.

31 NEW SECTION. **Sec. 4.** This act applies to sales or uses on or
32 after July 1, 2016.

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