
HOUSE BILL 2795

State of Washington

64th Legislature

2016 Regular Session

By Representatives Kirby, Muri, and Kilduff

Read first time 01/20/16. Referred to Committee on Community Development, Housing & Tribal Affairs.

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 on an annual basis; and

20 (ii) The total relief provided to veterans, as reported to the
21 department of revenue on an annual basis.

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

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

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

31 (1) The tax imposed by RCW 82.08.020 does not apply to the sales
32 to an eligible purchaser of materials and labor with respect to the
33 construction of adapted housing. The exemption provided in this
34 section only applies if the eligible purchaser and the United States
35 department of veterans affairs or other federal agency place the
36 payment in full or in part for the adapted housing project into an
37 escrow account, from which reimbursement is paid directly to the
38 seller.

39 (2) Sellers making tax-exempt sales under this section must:

1 (a) Obtain an exemption certificate from the eligible purchaser
2 in a form and manner prescribed by the department. The seller must
3 retain a copy of the exemption certificate for the seller's files;

4 (b) File their tax return with the department electronically; and

5 (c) Report their total gross sales on their return and deduct the
6 exempt sales under subsection (1) of this section from their reported
7 gross sales.

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

10 (a) "Adapted housing" means a construction project that has been
11 approved by the United States department of veterans affairs as part
12 of the specially adaptive housing grant program or the special
13 housing adaptation grant program to modify or construct a home so
14 that it can accommodate the needs of a disabled or severely disabled
15 veteran.

16 (b) "Eligible purchaser" means a disabled or severely disabled
17 veteran who has received either a specially adapted housing grant or
18 a special housing adaptation grant from the United States department
19 of veterans affairs.

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

23 (d) "Specially adapted housing" has the same meaning, eligibility
24 requirements, and restrictions as in 38 C.F.R. 3.809, as of July 1,
25 2016.

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

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

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

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

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

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