
SUBSTITUTE HOUSE BILL 2138

State of Washington

65th Legislature

2017 Regular Session

By House Finance (originally sponsored by Representatives Kraft, Kirby, Lovick, Klippert, Smith, Haler, and McDonald)

READ FIRST TIME 04/04/17.

1 AN ACT Relating to tax relief for the construction of adapted
2 housing for disabled veterans; amending RCW 82.14.820; adding a new
3 section to chapter 82.08 RCW; adding a new section to chapter 82.12
4 RCW; and creating new 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 in the form of a remittance for the construction of adapted
4 housing for disabled veterans who have been awarded a federal grant
5 to modify their homes.

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

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

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

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

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

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

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

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

34 (1) An eligible purchaser who has paid the tax levied by RCW
35 82.08.020 on materials incorporated into, and labor and services
36 rendered in respect to, adapted housing is eligible for an exemption
37 from all or a portion of those taxes in the form of a remittance. The
38 total amount of a remittance that an eligible purchaser may receive
39 under this section and/or section 3 of this act is limited to two

1 thousand five hundred dollars for each adapted housing project. The
2 remittance under this section is for the state portion of the sales
3 tax only.

4 (2)(a) An eligible purchaser claiming an exemption from tax in
5 the form of a remittance under this section must pay the tax imposed
6 by RCW 82.08.020 on such purchases eligible for the remittance. The
7 eligible purchaser may then apply to the department for remittance of
8 all or part of the tax paid under RCW 82.08.020 on such purchases,
9 subject to the limits in subsections (1) and (3) of this section. As
10 part of the application, the eligible purchaser must provide proof of
11 eligibility for the remittance in the form of a copy of the grant
12 award letter from the United States department of veterans affairs,
13 construction contracts for adapted housing, and invoices for
14 purchases qualifying for a remittance under this section.

15 (b) An eligible purchaser may not apply for more than one
16 remittance under this section per calendar quarter.

17 (c) The department must on a quarterly basis remit exempted
18 amounts to eligible purchasers whose applications were approved by
19 the department during the previous quarter.

20 (3)(a) The remittance under this section is only available on a
21 first-in-time basis. The department must keep a running total of all
22 approved remittances under this section and/or section 3 of this act
23 during each fiscal year. The department may not allow any remittance
24 that would cause the total amount of remittances allowed under this
25 section and/or section 3 of this act to exceed one hundred twenty-
26 five thousand dollars in any fiscal year, unless additional amounts
27 are appropriated for this specific purpose.

28 (b) The department must provide notification on its web site
29 monthly of the amount remaining before the statewide annual limit in
30 this subsection is reached.

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

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

38 (b) "Eligible purchaser" means a disabled or severely disabled
39 veteran who has received either a specially adapted housing grant or

1 a special housing adaptation grant from the United States department
2 of veterans affairs.

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

6 (d) "Specially adapted housing" has the same meaning, eligibility
7 requirements, and restrictions as in 38 C.F.R. 3.809, as of July 1,
8 2016.

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

11 (1) An eligible purchaser who has paid the tax levied by RCW
12 82.12.020 on materials incorporated as an ingredient or component of
13 adapted housing is eligible for an exemption from all or a portion of
14 that tax in the form of a remittance.

15 (2) All of the eligibility requirements, conditions, limitations,
16 and definitions in section 2 of this act apply to this section.

17 **Sec. 4.** RCW 82.14.820 and 1997 c 450 s 4 are each amended to
18 read as follows:

19 The exemptions in RCW 82.08.820 (~~and~~), 82.12.820, section 2 of
20 this act, and section 3 of this act are for the state portion of the
21 sales and use tax and do not extend to the tax imposed in this
22 chapter.

23 NEW SECTION. **Sec. 5.** This act applies to sales or uses that
24 occur on or after August 1, 2017.

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