

SSB 5025 - H COMM AMD  
By Committee on Finance

ADOPTED 04/17/2019

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** (1) This section is the tax preference  
4 performance statement for this act. This performance statement is  
5 only intended to be used for subsequent evaluation of the tax  
6 preference. It is not intended to create a private right of action by  
7 any part or be used to determine eligibility for a preferential tax  
8 treatment.

9 (2) The legislature categorizes the tax preference as one  
10 intended to induce certain designated behavior by taxpayers, as  
11 indicated in RCW 82.32.808(2) (a).

12 (3) It is the legislature's specific public policy objective to  
13 provide retail sales and use tax and real estate excise tax relief to  
14 developers of self-help housing to encourage continued development of  
15 self-help housing.

16 (4) The joint legislative audit and review committee is directed  
17 to review:

18 (a) The total number of taxpayers that claimed the tax  
19 preferences established in sections 2 and 3, chapter . . ., Laws of  
20 2019 (sections 2 and 3 of this act);

21 (b) The total amount of retail sales and use tax that was exempt  
22 with the tax preferences established in sections 2 and 3,  
23 chapter . . ., Laws of 2019 (sections 2 and 3 of this act);

24 (c) The total number of self-help units:

25 (i) Added to the stock of self-help units after the effective  
26 date of this section; and

27 (ii) For which any transaction qualified for any of the tax  
28 preferences established in sections 2 and 3, chapter . . ., Laws of  
29 2019 (sections 2 and 3 of this act); and

1 (d) The total revenue calculated in (b) of this subsection,  
2 divided by the number of self-help units calculated in (c) of this  
3 subsection.

4 (5) In order to obtain this section, the joint legislative audit  
5 and review committee may refer to department of revenue data, as well  
6 as any other available data source.

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

9 (1) The tax levied by RCW 82.08.020 does not apply to charges  
10 made for labor and services rendered by or for any affordable  
11 homeownership facilitator in respect to the constructing, repairing,  
12 decorating, or improving of new or existing self-help housing, or to  
13 sales of tangible personal property that becomes an ingredient or  
14 component of the buildings or other structures during the course of  
15 the constructing, repairing, decorating, or improving the self-help  
16 housing. The exemption is available only if the buyer provides the  
17 seller with an exemption certificate in a form and manner required by  
18 the department.

19 (2) The exemption provided in this section for self-help housing  
20 only applies if the housing is built to the current building code for  
21 single-family dwellings according to the state building code, chapter  
22 19.27 RCW.

23 (3) Any self-help housing built under this section must be used  
24 as provided in this section for at least five consecutive years from  
25 the date the housing is approved for occupancy, or the full amount of  
26 tax otherwise due is immediately due and payable together with  
27 interest, but not penalties, from the date the housing was approved  
28 for occupancy until the date of payment. If self-help housing ceases  
29 to be the primary dwelling of a low-income purchaser within the five  
30 consecutive years from the date the housing is approved for  
31 occupancy, the full amount of tax otherwise due is immediately due  
32 and payable with interest, but not penalties, from the date the  
33 housing ceases to be used as self-help housing until the date of  
34 payment. The amount due under this subsection is payable by the  
35 seller.

36 (4) The exemption provided in this section does not apply to  
37 housing built for the occupancy of an employee, family members of an  
38 employee, or persons on the board of trustees or directors, of an  
39 affordable homeownership facilitator.

1 (5) The definitions in this subsection apply throughout this  
2 section unless the context clearly requires otherwise.

3 (a) "Affordable homeownership facilitator" means a nonprofit  
4 community or neighborhood-based organization that is exempt from  
5 income tax under Title 26 U.S.C. Sec. 501(c) of the internal revenue  
6 code of 1986, as amended, as of the effective date of this section  
7 and that is the developer of self-help housing.

8 (b) "Low-income" means household income as defined by the  
9 department, provided that the definition may not exceed eighty  
10 percent of median household income, adjusted for household size, for  
11 the county in which the dwelling is located.

12 (c) "Self-help housing" means dwelling residences provided for  
13 ownership by low-income individuals and families whose ownership  
14 requirement includes labor participation. "Self-help housing" does  
15 not include residential rental housing provided on a commercial basis  
16 to the general public.

17 (6) Affordable homeownership facilitators that claim this tax  
18 preference must annually provide the following information to the  
19 department, in a form and manner required by the department:

20 (a) The total number of self-help units:

21 (i) Added by the affordable homeownership facilitator after the  
22 effective date of this section; and

23 (ii) For which any purchase qualified for any of the tax  
24 preferences established in sections 2 and 3, chapter . . ., Laws of  
25 2019 (sections 2 and 3 of this act); and

26 (b) The total amount of retail sales and use tax that was exempt  
27 with the tax preferences established in sections 2 and 3,  
28 chapter . . ., Laws of 2019 (sections 2 and 3 of this act).

29 (7) This section expires January 1, 2030.

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

32 (1) The provisions of this chapter do not apply in respect to the  
33 use of tangible personal property that becomes an ingredient or  
34 component of buildings or structures used as self-help housing by any  
35 affordable homeownership facilitator during the course of  
36 constructing, repairing, decorating, or improving the buildings or  
37 other structures by any person.

38 (2) The exemption provided in this section for self-help housing  
39 only applies if the housing is built to the current building code for

1 single-family dwellings according to the state building code, chapter  
2 19.27 RCW.

3 (3) Any self-help housing built under this section must be used  
4 as the primary dwelling of a low-income purchaser for at least five  
5 consecutive years from the date the housing is approved for  
6 occupancy.

7 (4) The exemption provided in this section does not apply to  
8 housing built for the occupancy of an employee, family members of an  
9 employee, or persons on the board of trustees or directors, of an  
10 affordable homeownership facilitator.

11 (5) The definitions and reporting requirements in section 2 of  
12 this act apply to this section.

13 (6) This section expires January 1, 2030.

14 NEW SECTION. **Sec. 4.** This act takes effect October 1, 2019."

15 Correct the title.

EFFECT: (1) Adds a sales and use tax exemption on eligible purchases related to self-help housing.

(2) Removes the real estate excise tax exemption on the sale of self-help housing to a low-income household by an affordable homeownership facilitator from the bill.

(3) Directs the joint legislative audit and review committee to evaluate two additional metrics to evaluate the effectiveness of the tax preference in achieving the legislature's specific public policy objective provided in the tax preference performance statement.

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