

FINAL BILL REPORT

2SSB 5396

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Synopsis as Enacted

Brief Description: Expanding the sales and use tax exemption for farmworker housing.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Lovelett, Saldaña, Conway, Das, Kuderer, Nguyen and Wilson, C.).

Senate Committee on Housing & Local Government

Senate Committee on Ways & Means

House Committee on Finance

Background: Farmworker housing providers may use a sales and use tax exemption for building, repairing, decorating, or improving new or existing agricultural employee housing. The tax exemption applies to labor and services related to construction and sales of items that become part of housing structures. Agricultural housing must be used to house agricultural employees for at least five years from the date the housing is approved for occupancy. Housing built for family members and people with an ownership in the farm is not eligible for the tax exemption. Agricultural employee housing includes facilities provided by an agricultural employer on a year-round or seasonal basis to the employer's agricultural employees.

Summary: The farmworker housing sales and use tax exemption applies to new or existing structures in which at least 50 percent of the housing units are used as farmworker housing. An agricultural employer includes any employer engaged in aquaculture. Farmworker housing includes housing occupied by a household with at least one member who is a farmworker, or housing occupied by a farmworker on a seasonal basis where the housing is not used as farmworker housing for a portion of the year. The sales and use tax exemption does not apply to housing built exclusively for workers in the United States on an H-2A visa. If during any agricultural season in the first five years following approval for an exemption the housing is occupied by a farmworker who does not have an H-2A visa, then the housing will be considered not to be exclusively built for workers on an H-2A visa.

The term agricultural employee is replaced with the term farmworker. A farmworker

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includes a single person, family, or unrelated persons living together with combined incomes derived from farm work of at least \$3,000 per year. Farm work is defined to include cultivating the soil, raising or harvesting any agricultural or aquacultural commodity, delivering to market any agricultural or aquacultural commodity, or working in an agricultural processing plant.

The farmworker sales and use tax exemption expires on January 1, 2032.

Votes on Final Passage:

Senate	38	9
House	57	41

Effective: October 1, 2021