
SENATE BILL 5189

State of Washington

67th Legislature

2021 Regular Session

By Senator Fortunato

Read first time 01/13/21. Referred to Committee on Housing & Local Government.

1 AN ACT Relating to promoting housing affordability by
2 incentivizing the construction of American dream homes; adding a new
3 section to chapter 36.70A RCW; adding a new section to chapter 82.08
4 RCW; adding a new section to chapter 82.12 RCW; adding a new section
5 to chapter 82.04 RCW; and providing an expiration date.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 36.70A
8 RCW to read as follows:

9 (1) A city or county may permit American dream homes in order to
10 encourage the development of residential housing for low-income
11 households.

12 (2) A new American dream home may be approved in a city or county
13 if the following criteria are met:

14 (a) Each American dream home is exempt from impact fees under RCW
15 82.02.050;

16 (b) The city or county does not charge cumulative permitting fees
17 for each American dream home that equal more than \$1,250;

18 (c) Provisions, such as covenants or other restrictions, are
19 included to ensure that each American dream home remains reserved for
20 low-income households.

21 (3) For the purposes of this section:

1 (a) "American dream home" means an owner-occupied single-family
2 residential detached dwelling of 1,700 square feet or less serving
3 low-income households.

4 (b) "Low-income household" means a single person, family, or
5 unrelated persons living together whose adjusted income is less than
6 80 percent of the median family income adjusted for household size,
7 for the city or county where the project is located.

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

10 (1) A city or county may receive a distribution equal to the
11 state portion of the tax levied by RCW 82.08.020 in respect to:

12 (a) Charges for labor and services rendered in respect to the
13 constructing of dwellings designated American dream homes, as
14 provided in section 1 of this act;

15 (b) Sales of tangible personal property that will be incorporated
16 as an ingredient or component of such dwellings during the course of
17 the constructing; or

18 (c) Charges made for labor and services rendered in respect to
19 installing, during the course of constructing such dwellings,
20 fixtures not otherwise eligible for the exemption under RCW
21 82.08.02565.

22 (2)(a) The department must at least once annually remit to the
23 city or county an estimated amount, as determined by the department,
24 of state taxes collected during the prior calendar year with respect
25 to section 1 of this act.

26 (b) The department must determine eligibility under this section
27 based on information provided by the city or county and through audit
28 and other administrative records.

29 (c) The city or county must, on an annual basis, submit an
30 application, in a form and manner as required by the department by
31 rule, containing any information the department deems necessary in
32 determining remittance amounts under this section.

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

35 (1) The provisions of this chapter do not apply with respect to
36 the use of:

1 (a) Tangible personal property that will be incorporated as an
2 ingredient or component in constructing of dwellings designated as
3 American dream homes, as provided in section 1 of this act; or

4 (b) Labor and services rendered in respect to installing, during
5 the course of constructing such dwellings, fixtures not otherwise
6 eligible for the exemption under RCW 82.08.02565.

7 (2) The eligibility requirements and conditions in section 2 of
8 this act apply to this section.

9 (3) This section is exempt from the provisions of RCW 82.32.805
10 and 82.32.808.

11 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.04
12 RCW to read as follows:

13 (1) The builder of an American dream home is allowed an annual
14 credit against the tax due under this chapter as provided in this
15 section. The credit equals four percent of the gross selling price of
16 the home.

17 (2) The credit may be used against any tax due under this
18 chapter, and may be carried over until used, except as provided in
19 subsection (4) of this section. No refund may be granted for credits
20 under this section.

21 (3) Credits earned under this section may be claimed only on
22 returns filed electronically with the department using the
23 department's online tax filing service or other method of electronic
24 reporting as the department may authorize. The taxpayer must keep
25 records necessary for the department to determine eligibility under
26 this section including records establishing the sale of an American
27 dream home.

28 (4) Credits allowed under this section can be earned for tax
29 reporting periods through June 30, 2031. No credits can be claimed
30 after June 30, 2032.

31 (5) This section is exempt from the provisions of RCW 82.32.808.

32 (6) This section expires July 1, 2032.

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