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**HOUSE BILL 2219**

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**State of Washington 68th Legislature 2024 Regular Session**

**By** Representatives Hackney, Bateman, Chapman, Barkis, Gregerson, Reed, Fosse, Doglio, Pollet, and Callan

AN ACT Relating to providing tax relief for nonprofit development of affordable housing; adding a new section to chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; creating a new section; providing an effective date; and providing expiration dates.

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

NEW SECTION. **Sec.**  (1) This section is the tax preference performance statement for the tax preferences contained in sections 2 and 3, chapter . . ., Laws of 2024 (sections 2 and 3 of this act). This performance statement is only intended to be used for subsequent evaluation of the tax preferences. It is not intended to create a private right of action by any party or to be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes these tax preferences as ones intended to provide tax relief for nonprofits that develop and maintain affordable housing and to incentivize the construction of affordable housing, as indicated in RCW 82.32.808(2)(a) and (e).

(3) It is the legislature's specific public policy objective to reduce the financial burden of constructing new affordable housing and increase the supply of affordable housing throughout Washington. The legislature intends to extend the expiration date of the tax preferences in this act if a review finds that the construction of affordable housing by nonprofits has increased.

(4) In order to obtain the data necessary to perform the review in this section, the joint legislative audit and review committee may refer to any data collected by state, local, and federal governments.

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

(1) The tax levied by RCW 82.08.020 does not apply to charges made for labor and services rendered by any eligible nonprofit organization in respect to the constructing, repairing, decorating, or improving of new or existing affordable housing, or to sales of tangible personal property that becomes an ingredient or component of the buildings or other structures during the course of the constructing, repairing, decorating, or improving of affordable housing. The exemption under this section is available only if the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department by rule.

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

(a) "Affordable housing" means housing that is provided to a low-income household at the time of initial occupancy.

(b) "Eligible nonprofit organization" means an organization that is exempt from federal income tax under Title 26 U.S.C. Sec. 50l(c) of the internal revenue code of 1986, as amended, as of the effective date of this section that operates, owns, or provides affordable housing.

(c) "Low-income household" means:

(i) For nonrural counties, a single person, family, or unrelated persons living together whose adjusted income is at or below 80 percent of the median family income adjusted for family size, for the county in which the property is located, as reported by the United States department of housing and urban development; and

(ii) For rural counties, a single person, family, or unrelated persons living together whose adjusted income is at or below 100 percent of the median family income adjusted for family size, for the county in which the property is located, as reported by the United States department of housing and urban development.

(3) This section expires January 1, 2035.

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

(1) This chapter does not apply with respect to the use of tangible personal property that becomes an ingredient or component of the buildings or other structures during the course of constructing, repairing, decorating, or improving affordable housing.

(2) The definitions in section 2 of this act apply to this section.

(3) This section expires January 1, 2035.

NEW SECTION. **Sec.**  This act takes effect July 1, 2024.

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