
SENATE BILL 5585

State of Washington

61st Legislature

2009 Regular Session

By Senators Jacobsen, Kohl-Welles, and Keiser; by request of Housing Finance Commission

Read first time 01/27/09. Referred to Committee on Financial Institutions, Housing & Insurance.

1 AN ACT Relating to tax relief to promote employer-assisted housing;
2 adding new sections to chapter 82.04 RCW; adding a new section to
3 chapter 43.180 RCW; and providing expiration dates.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
6 to read as follows:

7 (1) Household incomes have not kept pace with rising housing costs
8 in many areas of the state and this imbalance creates a potential
9 competitive disadvantage for Washington state employers.

10 (2) Employers have an interest in assisting their employees obtain
11 and retain safe, decent, and affordable housing.

12 (3) It is in the public interest, and is consistent with the state
13 policies and goals of the growth management act, chapter 36.70A RCW, to
14 offer a tax incentive to promote employer-assisted housing that enables
15 employees to obtain appropriate housing close to jobs and services.

16 (4) This section expires July 1, 2017.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW
18 to read as follows:

1 (1) Subject to the limitations in this section, a fifty percent
2 credit is allowed against the tax imposed under this chapter for
3 contributions made by a person ("employer") to the employer-assisted
4 housing program (the "program"), as described in section 3 of this act.

5 (2) The employer must make the contribution to the employer-
6 assisted housing program before claiming a credit authorized under this
7 section. Credits earned under this section may be claimed against
8 taxes due for the calendar year in which the contribution is made. The
9 amount of credit claimed for a reporting period may not exceed the tax
10 otherwise due under this chapter for that reporting period. No refunds
11 may be granted for any unused credits.

12 (3)(a) Only employers located in local jurisdictions with plans,
13 policies, or programs in place that promote and support affordable
14 housing, as certified by the Washington state housing finance
15 commission, are eligible to participate in the program and claim the
16 credit created in subsection (1) of this section. The local
17 jurisdiction in which an employer is located must have an affordable
18 housing plan, policy, or program to be certified, which may include:

19 (i) Specific affordable housing or homeless housing plans;

20 (ii) Incentive programs intended to encourage or facilitate
21 affordable housing development;

22 (iii) Programs for the distribution of funds for affordable housing
23 development or preservation; or

24 (iv) Programs that receive funds for affordable housing from the
25 department of housing and urban development, department of agriculture,
26 office of rural development, the Washington state department of
27 community, trade, and economic development, or the Washington state
28 housing finance commission.

29 (b) The commission must retain records of such certifications for
30 a minimum of ten years and provide the records to the department upon
31 request.

32 (4) An amount of credit otherwise allowable under this section not
33 claimed by the employer in any calendar year may be carried over and
34 claimed against the employer's tax liability for the next succeeding
35 calendar year; and any credit not used in that second succeeding
36 calendar year may be carried over and claimed against the employer's
37 tax liability for the third succeeding calendar year, but may not be
38 carried over for any calendar year thereafter.

1 (5) Credits are available on a first intime basis. The department
2 must disallow any credits, or portion thereof, that would cause the
3 total amount of credits claimed statewide under this section during any
4 calendar year to exceed one million dollars. If the one million dollar
5 limitation is reached, the department must notify the commission and
6 all employers having claimed tax credits under this section to date
7 that the annual statewide limit has been met. In addition, the
8 department must provide written notice to any employer that has claimed
9 tax credits after the one million dollar limitation in this subsection
10 has been met. The notice must indicate the amount of tax due and must
11 provide that the tax be paid within thirty days from the date of such
12 notice. The department may not assess penalties and interest as
13 provided in chapter 82.32 RCW on the amount due in the initial notice
14 if the amount due is paid by the due date specified in the notice, or
15 any extension thereof.

16 (6) The department may not allow any credits, or portion thereof,
17 that would cause the total amount of credits claimed statewide under
18 this section by any employer to exceed two hundred thousand dollars.

19 (7) To claim a credit under this section, an employer must
20 electronically file with the department all returns, forms, and any
21 other information required by the department, in an electronic format
22 as provided or approved by the department. Any return, form, or
23 information required to be filed in an electronic format under this
24 section is not filed until received by the department in an electronic
25 format. As used in this subsection, "returns" has the same meaning as
26 "return" in RCW 82.32.050.

27 (8) The commission must provide to the department, upon request,
28 such information needed to verify eligibility for credit under this
29 section, including information regarding contributions received by the
30 commission for the program, certifications as described in subsection
31 (3) of this section, and qualified housing benefits distributed by the
32 commission.

33 (9) Credit may not be claimed under this section for contributions
34 to the program, if such contribution occurred before the effective date
35 of this act.

36 (10) Credit may not be claimed under this section for any
37 contributions to the program that occur prior to the first fiscal year

1 where projected state general fund revenue equals or is in excess of
2 fiscal year 2008 general fund revenue multiplied by 1.03.

3 (11) Credit may not be claimed under this section for any
4 contributions to the program that occur on or after July 1, 2017.

5 (12) The department must issue an annual report to the appropriate
6 committees of the legislature on the amount of credits claimed by
7 employers under this section with the first report due December 31,
8 2009. The annual report must be issued in collaboration and
9 conjunction with the commission's report required in section 3 of this
10 act.

11 (13) This section expires July 1, 2017.

12 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.180 RCW
13 to read as follows:

14 (1) There is created within the Washington state housing finance
15 commission (the "commission") the employer-assisted housing program
16 (the "program"), through which the commission will assist Washington
17 employers in providing a qualified housing benefit to qualified
18 employees. An employer making a financial contribution to the
19 employer-assisted housing program may specifically designate that
20 qualified housing benefits be distributed to its own qualified
21 employees, to qualified employees of qualified beneficiary entities, or
22 to a combination of the two options, except as provided in subsection
23 (4) of this section.

24 (2) For the purposes of this section, the following definitions
25 apply:

26 (a) "Employer-assisted housing program account" means a bank
27 account established by the commission for the deposit and distribution
28 of funds contributed by an employer approved by the commission to
29 participate in the employer-assisted housing program. The commission
30 must use any interest earned from funds deposited in this account to
31 help pay the administrative costs of the program. The commission may
32 collect such other funds from participating employers as agreed with
33 the department to cover such other administrative costs as it may
34 incur.

35 (b) "Qualified employee" means an individual employed by an
36 employer contributing to the employer-assisted housing program or

1 employed by a designated qualified beneficiary entity, who has an
2 income of no more than one hundred twenty percent, of either:

3 (i) The median family income, adjusted for household size, for the
4 county where the employee resides; or

5 (ii) The state median income, whichever is greater.

6 (c) "Qualified beneficiary entity" means a nonprofit corporation
7 recognized by the Washington secretary of state, a school district,
8 city, town, county, fire district, public hospital, or state
9 university.

10 (d) "Qualified housing benefit" means financial assistance, which
11 must be determined by each employer contributing to the employer-
12 assisted housing program in collaboration with the commission, that are
13 designed to assist qualified employees to obtain and retain affordable
14 housing including:

15 (i) Down payment assistance;

16 (ii) Closing cost assistance;

17 (iii) Rental assistance, which is limited to one-time assistance
18 for the payment of first and last month's rent and a required security
19 deposit; and

20 (iv) Such other assistance as may be determined by the employer and
21 the commission to be necessary to help a qualified employee to obtain
22 affordable housing through the purchase or rental of a residence.

23 (3) Qualified employees that apply to the commission for qualified
24 housing benefits are entitled to receive such benefits on a first
25 intime basis. The commission must verify that applicants are qualified
26 and thus eligible to receive benefits and must distribute housing
27 benefits to qualified employees.

28 (4) Moneys contributed by employers must be distributed as
29 qualified housing benefits to qualified employees within thirty-six
30 months. Each participating employer must designate, or by default
31 allow the commission to designate, at least one qualified beneficiary
32 entity whose employees shall receive qualified housing benefits should
33 employer contributions exceed the amount of qualified housing benefits
34 the commission is able to distribute to qualified employees of the
35 employer within a thirty-six month period.

36 (5) The commission must maintain records of program activities for
37 a minimum of ten years and must report on program activities, outcomes,
38 and performance measures, as determined by the commission in

1 collaboration with the department of revenue to the appropriate
2 committees of the legislature by December 31st of each year.
3 Performance measures must include measures to gauge program
4 effectiveness, program efficiency, and customer satisfaction. Other
5 information to be reported upon by the commission shall include:

6 (a) The number of employers and employees participating in the
7 program;

8 (b) The geographic distribution of program participants;

9 (c) The types of housing benefits distributed to employees; and

10 (d) The outcomes of housing benefit assistance received.

11 (6)(a) The joint legislative audit and review committee must
12 conduct an evaluation of the employer-assisted housing program after
13 thirty-six months using performance measurement data as well as other
14 information supplied by the commission as well as information provided
15 by the employers and employees participating in the program.

16 (b) The Washington state housing finance commission and the
17 department of revenue must provide the information necessary for the
18 joint legislative audit and review committee to perform the review
19 required under this section. The Washington state housing finance
20 commission must be the designated lead entity in regards to the sunset
21 termination of the program.

22 (7) This section expires July 1, 2017.

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