FINAL BILL REPORT
ESHB 1611

C 346 L 95
Synopsis as Enacted

Brief Description: Providing a tax exemption for new construction of alternative housing for youth in need.

Sponsors: House Committee on Finance (originally sponsored by Representatives Costa, Radcliff, Scott, Kessler, Blanton, Koster, D. Schmidt, Beeksma, Romero, Thompson, Regala and Kremen).

House Committee on Finance
Senate Committee on Ways & Means

Background: The retail sales tax is imposed on sales of most articles of tangible personal property and some services. The sales tax is paid by the purchaser and collected by the seller. The state sales tax rate is 6.5 percent of the selling price. Local governments may levy additional sales taxes. The total state and local rate varies from 7 percent to 8.2 percent, depending on the location.

The use tax is imposed on the use of articles of tangible personal property when the sale of the property was not subject to sales tax. The use tax applies when property is acquired from out of state. It also applies when property is acquired from an in-state person who does not collect sales tax. Use tax is equal to the sales tax rate multiplied by the value of the property used.

Washington law does not provide a general exemption from the retail sales and use taxes for nonprofit organizations or government agencies. Most sales and use tax exemptions are for specific items, such as food for home consumption and prescription drugs. Nonprofit organizations generally pay tax when buying goods and services subject to sales and use taxes. A few sales and use tax exemptions exist for nonprofit organizations such as the purchase and use of goods by the Red Cross and the purchase and use of art objects by nonprofit artistic and cultural organizations.

Summary of Bill: Nonprofit health or social welfare organizations are exempt from sales and use taxes on items necessary for new construction of alternative housing for youth in crisis. A youth in crisis is a person under 18 who is either: homeless, runaway, abused, neglected, abandoned or is suffering from a substance abuse or mental disorder. The facility must be licensed by the Department of Social and Health Services upon completion to quality for the tax exemption. The exemption is scheduled to expire July 1, 1997.

Votes on Final Passage:

House	98	0	
Senate	41	1	(Senate amended)
House	93	0	(House concurred)

Effective: May 13, 1995