

# HOUSE BILL REPORT

## SB 5193

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### As Passed House-Amended:

April 14, 1997

**Title:** An act relating to sales and use tax exemptions for farmworker housing.

**Brief Description:** Revising sales and use tax exemptions for farmworker housing.

**Sponsors:** Senators Prentice, Newhouse, Sellar, Morton, Deccio, Rasmussen, Winsley and Hale; by request of Department of Revenue.

### Brief History:

#### Committee Activity:

Agriculture & Ecology: 3/24/97, 4/3/97 [DPA].

#### Floor Activity:

Passed House-Amended: 4/14/97, 91-3.

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## HOUSE COMMITTEE ON AGRICULTURE & ECOLOGY

**Majority Report:** Do pass as amended. Signed by 11 members: Representatives Chandler, Chairman; Parlette, Vice Chairman; Schoesler, Vice Chairman; Linville, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; Cooper; Delvin; Koster; Mastin; Regala and Sump.

**Staff:** Bill Lynch (786-7092).

**Background:** In 1996, the Legislature provided an exemption from sales and use tax for labor, services and materials used in the construction and maintenance of agricultural employee housing. Housing built for family members and people with an ownership in the farm is not eligible for the tax exemption. Such housing must be used to house agricultural employees for at least five years from the date the housing is approved for occupancy. The law does not state the penalty for failure to provide this housing for at least five years.

The current sales and use tax exemption is available only to housing provided by an employer. Federal funds have recently become available to housing authorities, government agencies, and nonprofit organizations for agricultural employee housing.

**Summary of Bill:** If agricultural employee housing which receives an exemption from the sales or use tax is used by agricultural employees for less than five consecutive years, the full amount of the tax otherwise due is immediately due and

payable, together with interest, from the date the housing is approved for occupation until the date of payment. No penalties are to be assessed.

The exemption from the sales and use tax is extended to agricultural employee housing provided by housing authorities, government agencies for-profit providers, and nonprofit organizations. At least 80 percent of the occupants in housing provided by housing authorities must be agricultural employees whose adjusted income is less than 50 percent of median family income, adjusted for household size, for the county where the housing is provided.

If at any time agricultural employee housing, which was built to provide housing to year-round employees of an agricultural employer, is no longer used for that purpose, and the housing is not located on agricultural land, then the full amount of the tax otherwise due becomes immediately due and payable, along with interest, from the date the housing no longer is used as agricultural employee housing until the date of payment. No penalties are to be assessed.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** This puts into law what the proponents thought was enacted in last year's legislation. This helps facilitate more farmworker housing. There is a need for 57,000 units in the state.

**Testimony Against:** These other housing providers compete with apartment owners.

**Testified:** Majken Ryherd Keira, Washington Low-income Housing Congress; Chris Cheney, Washington Growers League and Hop Growers of Washington; and Jim Hedrick, Department of Revenue (in favor). Patty VanDen Broek, Washington Apartment Association (concerns).