

# SENATE BILL REPORT

## SB 5630

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As Reported By Senate Committee On:  
Commerce, Trade, Housing & Financial Institutions, March 2, 1999

**Title:** An act relating to authorizing the housing finance commission to provide a revenue source for farm worker housing through the auction sale of tax credits.

**Brief Description:** Providing affordable housing to certain low-income individuals.

**Sponsors:** Senators Prentice, Rasmussen, Sellar, Deccio, Fraser, Brown, Shin, Hargrove, Heavey, Kline, Bauer, Franklin, B. Sheldon, Snyder, Spanel, Morton, Wojahn, Hale, Jacobsen, Kohl-Welles, Costa and McAuliffe.

**Brief History:**

**Committee Activity:** Commerce, Trade, Housing & Financial Institutions: 2/23/99, 3/2/99 [DPS, DNP].

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### SENATE COMMITTEE ON COMMERCE, TRADE, HOUSING & FINANCIAL INSTITUTIONS

**Majority Report:** That Substitute Senate Bill No. 5630 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Shin, Vice Chair; Hale, Rasmussen, West and Winsley.

**Minority Report:** Do not pass.

Signed by Senator Benton.

**Staff:** Dave Cheal (786-7576)

**Background:** Washington has a large population of both seasonal migrant farm workers and permanent resident farm workers. Significant housing shortages exist for both groups. Current estimates are that 120,000 permanent resident farm workers and their families have unsafe, unsanitary, overcrowded housing or no housing at all.

Many existing permanent farm worker housing facilities operated by nonprofit providers are in need of repair and operating funds. Without these resources, housing units will be lost. Maintaining existing facilities would be less expensive than building new ones.

The Washington State Housing Finance Commission has experience in conducting tax credit auctions under the federal housing tax credit program.

**Summary of Substitute Bill:** The Housing Finance Commission is authorized to auction tax credits that purchasers could use as a credit against their business and occupation tax or their public utility tax liability. The amount of credits that may be auctioned is limited to \$10

million per biennium. No bid may be accepted for less than 75 percent of face value. The commission may set a higher minimum bid level.

The proceeds of the tax credit auctions are to be used for the benefit of nonprofit organizations that provide housing for farm workers. Eligible types of projects are new construction, rehabilitation and repair, maintenance, operation and infrastructure. Projects require the joint approval of the Housing Finance Commission and the Department of Community, Trade and Economic Development.

The Departments of Revenue and Community, Trade, and Economic Development, and the Housing Finance Commission are required to evaluate all projects that receive funds, and report to the Governor and Legislature by December 1, 2001.

**Substitute Bill Compared to Original Bill:** The minimum bid price on tax credits is raised from 50 percent of face value to 75 percent of face value. "Operation" costs are added to the list of allowable uses for the trust account created from the sale of tax credits.

**Appropriation:** None.

**Fiscal Note:** Requested on February 18, 1999.

**Effective Date:** July 1, 1999.

**Testimony For:** The need for permanent and seasonal farm worker housing is critical. Funds raised through the sale of tax credits could compliment the Governor's proposal to make a capital appropriation for permanent farm worker housing because these funds could be used for operation and maintenance, and predevelopment costs. Capital appropriation can only be used for new construction.

**Testimony Against:** None.

**Testified:** PRO: Brian Royer, Ferry County Housing Authority; Brien Thane, Office of Rural and Farm Worker Housing; Jesus Rodriguez, Seamar Health Clinic; Kim Herman, Washington Housing Finance Commission; Katherine Roseth, Washington Low Income Housing Congress; Chris Cheney, Washington Growers League (w/amend).