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HOUSE BILL 2138

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State of Washington

65th Legislature

2017 Regular Session

By Representatives Kraft, Kirby, Lovick, Klippert, Smith, Haler, and McDonald

Read first time 03/06/17. Referred to Committee on Finance.

1 AN ACT Relating to tax relief for the construction of adapted  
2 housing for disabled veterans; adding a new section to chapter 82.08  
3 RCW; adding a new section to chapter 82.12 RCW; and creating new  
4 sections.

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

6 NEW SECTION. **Sec. 1.** (1)(a) The legislature finds that it is  
7 important to recognize the service of veterans and to acknowledge the  
8 continued sacrifice of those veterans who have service-connected  
9 physical disabilities. The legislature further finds that many  
10 disabled veterans often need customized, accessible housing in order  
11 to be self-sufficient and to maintain a high quality of life. The  
12 legislature further finds that disabled veterans have higher poverty  
13 rates than disabled nonveterans. The legislature further finds that  
14 the federal government provides a grant to assist disabled veterans  
15 with the costs of constructing, modifying, or adapting their homes,  
16 but that thousands of these dollars end up covering the sales or use  
17 tax owed on these construction projects. The legislature further  
18 finds that this results in a shift of cost to the same population of  
19 disabled veterans whose burden the federal grant program is intended  
20 to ease.

1 (b) It is the legislature's intent to provide specific financial  
2 relief for disabled veterans by providing a sales and use tax  
3 exemption for the construction of adapted housing for disabled  
4 veterans who have been awarded a federal grant to modify their homes.

5 (2)(a) This section is the tax preference performance statement  
6 for the tax preferences contained in this act. This performance  
7 statement is only intended to be used for subsequent evaluation of  
8 the tax preferences. It is not intended to create a private right of  
9 action by any party or be used to determine eligibility for  
10 preferential tax treatment.

11 (b) The legislature categorizes the tax preference in section 2  
12 of this act as one intended to provide tax relief for certain  
13 businesses or individuals, as indicated in RCW 82.32.808(2)(e).

14 (c) To measure the effectiveness of this act in achieving the  
15 specific public policy objective described in subsection (1) of this  
16 section, the joint legislative audit and review committee must, at  
17 minimum, evaluate the following:

18 (i) The number of qualifying adapted housing projects, as  
19 reported to the department of revenue through the exemption  
20 application process on an annual basis; and

21 (ii) The total amount of adapted housing grants awarded to  
22 veterans, as reported by the United States department of veterans  
23 affairs.

24 (d) In addition to the data sources described under this section,  
25 the joint legislative audit and review committee may use any other  
26 data it deems necessary in performing the evaluation under this  
27 subsection.

28 (e) The joint legislative audit and review committee must review  
29 the tax preferences provided in this act as part of its normal review  
30 process of tax preferences.

31 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08  
32 RCW to read as follows:

33 (1) The tax imposed by RCW 82.08.020 does not apply to the sales  
34 to an eligible purchaser of materials and labor with respect to the  
35 construction of adapted housing.

36 (2) The department must provide an exemption certificate to an  
37 eligible purchaser upon application by that person. The application  
38 must be in a form and manner prescribed by the department. The  
39 eligible purchaser must provide proof of eligibility in the form of a

1 grant award letter from the United States department of veterans  
2 affairs.

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

5 (a) "Adapted housing" means a construction project that has been  
6 approved by the United States department of veterans affairs as part  
7 of the specially adapted housing grant program or the special housing  
8 adaptation grant program to modify or construct a home so that it can  
9 accommodate the needs of a disabled or severely disabled veteran.

10 (b) "Eligible purchaser" means a disabled or severely disabled  
11 veteran who has received either a specially adapted housing grant or  
12 a special housing adaptation grant from the United States department  
13 of veterans affairs.

14 (c) "Special housing adaptation" has the same meaning,  
15 eligibility requirements, and restrictions as "special home  
16 adaptation grant" in 38 C.F.R. 3.809a, as of July 1, 2016.

17 (d) "Specially adapted housing" has the same meaning, eligibility  
18 requirements, and restrictions as in 38 C.F.R. 3.809, as of July 1,  
19 2016.

20 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12  
21 RCW to read as follows:

22 (1) The tax imposed by RCW 82.12.020 does not apply to the use of  
23 materials and labor rendered with respect to the construction of  
24 adapted housing.

25 (2) The exemption provided in this section only applies if the  
26 sale of the materials and labor rendered with respect to the  
27 construction of the adapted housing was exempt from sales tax under  
28 section 2 of this act.

29 (3) For purposes of this section, "adapted housing" has the same  
30 meaning as provided in section 2 of this act.

31 NEW SECTION. **Sec. 4.** This act applies to sales or uses on or  
32 after August 1, 2017.

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