

FINAL BILL REPORT

SSB 5025

C 385 L 19
Synopsis as Enacted

Brief Description: Concerning tax relief to encourage self-help housing development.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Das, Warnick, Wilson, C., Zeiger, Fortunato, Palumbo, Saldaña, Kuderer and O'Ban).

Senate Committee on Housing Stability & Affordability
Senate Committee on Ways & Means
House Committee on Finance

Background: The sale of real property is subject to the state real estate excise tax (REET). The tax base is the selling price of the real property, without any deduction for mortgages, liens, or other debts. The tax is typically paid by the seller and the state REET rate is 1.28 percent.

Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use taxes apply to the value when used in this state. The state, most cities, and all counties levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent. Local sales and use tax rates vary from 0.5 percent to 3.9 percent, depending on the location.

Self-help housing organizations support low-income individuals and families by assisting them in the development of residential dwellings by using homebuyer and volunteer labor.

Summary: The sale by an affordable homeownership facilitator of self-help housing to a low-income household is exempt from REET. The REET exemption expires January 1, 2030.

"Affordable homeownership facilitator" means a nonprofit community or neighborhood-based organization that acts as a developer of self-help housing. "Low-income household" means a single person, family, or unrelated persons living together whose adjusted income is at or below 80 percent of the median family income adjusted for household size. "Self-help housing" means dwelling residences provided for ownership by low-income individuals and families whose ownership requirement includes labor participation.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Votes on Final Passage:

Senate	46	2	
House	98	0	(House amended) (Senate refused to concur/ asked House to recede)
House	98	0	(House receded)

Effective: October 1, 2019