
SUBSTITUTE SENATE BILL 5848

State of Washington

57th Legislature

2001 Regular Session

By Senate Committee on Labor, Commerce & Financial Institutions (originally sponsored by Senators Franklin, Winsley, Prentice, Benton, Fairley, Shin, Regala, Kline, Rasmussen, Patterson, Costa, McAuliffe and Fraser)

READ FIRST TIME 03/05/01.

1 AN ACT Relating to low-cost housing for low-income buyers; adding
2 a new section to chapter 82.04 RCW; adding a new section to chapter
3 82.08 RCW; adding a new section to chapter 82.12 RCW; and adding a new
4 section to chapter 82.45 RCW.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
7 to read as follows:

8 (1) There is credited against the tax imposed under this chapter
9 twenty-five percent of the value of materials or labor and services
10 donated for the provision in this state of low-cost housing to
11 low-income buyers. In the case of materials, the value of the donation
12 is determined using the definition of "value" in RCW 82.12.010(1) (a)
13 and (b). In the case of labor and services, the value of the donation
14 is determined by the allocation of the cost method using generally
15 accepted accounting standards. The donation must be made to a
16 nonprofit organization that devotes a majority of its resources to the
17 development, rehabilitation, or preservation of affordable housing.
18 The department of community, trade, and economic development shall make
19 available to prospective donors a list of nonprofit organizations that

1 qualify as nonprofit organizations devoting a majority of their
2 resources to the development, rehabilitation, or preservation of
3 affordable housing.

4 (2) For the purposes of this section, the term "affordable housing"
5 means residential housing for purchase and occupancy by a low-income
6 household or residential housing for rental occupancy by a low-income
7 household.

8 (3) For the purposes of this section, the term "low-income
9 household" means a single person, family, or unrelated persons living
10 together whose adjusted income is less than eighty percent of the
11 median family income, adjusted for household size, for the county where
12 the residential housing is located.

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

15 (1) The tax levied by RCW 82.08.020 does not apply to sales of
16 tangible personal property that becomes an ingredient or component of
17 a low-cost housing residence for sale to a low-income buyer, or charges
18 made for labor and services used in the constructing of a residence of
19 low-cost housing for sale to a low-income buyer, but only if the buyer
20 provides the seller with an exemption certificate in a form and manner
21 prescribed by the department. The seller shall retain a copy of the
22 exemption certificate for the seller's files.

23 (2) If the residence is not sold to a low-income buyer by a seller
24 who has claimed the exemption, the amount of taxes for which an
25 exemption has been taken is immediately due. If the department finds
26 that a person who is not eligible for the exemption has not paid the
27 tax, the department shall assess interest, but not penalties, on the
28 taxes for which the person is not eligible. The interest shall be
29 assessed at the rate provided for delinquent excise taxes under chapter
30 82.32 RCW, assessed retroactively to the date the tax exemption was
31 taken, and accrue until the taxes for which an exemption has been
32 claimed are repaid.

33 (3) The seller must maintain records documenting that the low-cost
34 housing has been sold to a low-income buyer.

35 (4) For the purposes of this section:

36 (a) "Low-cost housing" means a primary residence that has a listed
37 sales price of no more than two-thirds the median sales price for

1 residential property in the county where the housing is located,
2 adjusted annually.

3 (b) "Low-income buyer" means a natural person or persons purchasing
4 low-cost housing with a federal adjusted gross income for their
5 household of no more than eighty percent of the median family income,
6 adjusted for household size, for the county where the housing is
7 located, calculated in a manner consistent with section 8 of the United
8 States Housing Act of 1937.

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

11 (1) The provisions of this chapter do not apply in respect to the
12 use of tangible personal property that becomes an ingredient or
13 component of a residence constructed as low-cost housing for sale to a
14 low-income buyer.

15 (2) If the residence is not sold to a low-income buyer by a seller
16 who has claimed the exemption, the amount of taxes for which an
17 exemption has been taken shall be immediately due. If the department
18 finds that a person who is not eligible for the exemption has not paid
19 the tax, the department shall assess interest, but not penalties, on
20 the taxes for which the person is not eligible. The interest shall be
21 assessed at the rate provided for delinquent excise taxes under chapter
22 82.32 RCW, shall be assessed retroactively to the date the tax
23 exemption was taken, and shall accrue until the taxes for which an
24 exemption has been claimed are repaid.

25 (3) The seller must maintain records documenting that the low-cost
26 housing has been sold to a low-income buyer.

27 (4) For the purposes of this section:

28 (a) "Low-cost housing" means a primary residence that has a listed
29 sales price of no more than two-thirds the median sales price for
30 residential property in the county where the housing is located,
31 adjusted annually.

32 (b) "Low-income buyer" means a natural person or persons purchasing
33 low-cost housing with federal adjusted gross income for their household
34 of no more than eighty percent of the median family income, adjusted
35 for household size, for the county where the housing is located,
36 calculated in a manner consistent with section 8 of the United States
37 Housing Act of 1937.

1 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.45 RCW
2 to read as follows:

3 (1) The tax imposed under this chapter does not apply to sales of
4 low-cost housing to low-income buyers.

5 (2) For the purpose of this section:

6 (a) "Low-cost housing" means a primary residence that has a listed
7 sales price of no more than two-thirds the median sales price for
8 residential property in the county where the housing is located,
9 adjusted annually.

10 (b) "Low-income buyer" means a natural person or persons purchasing
11 low-cost housing with federal adjusted gross income for their household
12 of no more than eighty percent of the median family income, adjusted
13 for household size, for the county where the housing is located,
14 calculated in a manner consistent with section 8 of the United States
15 Housing Act of 1937.

16 NEW SECTION. **Sec. 5.** If any provision of this act or its
17 application to any person or circumstance is held invalid, the
18 remainder of the act or the application of the provision to other
19 persons or circumstances is not affected.

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