

SHB 1168 - S COMM AMD

By Committee on Housing Stability & Affordability

NOT CONSIDERED 12/23/2019

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** (1) This section is the tax preference
4 performance statement for this act. This performance statement is
5 only intended to be used for subsequent evaluation of the tax
6 preference. It is not intended to create a private right of action by
7 any party or be used to determine eligibility for a preferential tax
8 treatment.

9 (2) The legislature categorizes the tax preference as one
10 intended to induce certain designated behavior by taxpayers, as
11 indicated in RCW 82.32.808(2) (a).

12 (3) It is the legislature's specific public policy objective to
13 provide retail sales and use tax and real estate excise tax relief to
14 developers of self-help housing to encourage continued development of
15 self-help housing.

16 (4) The joint legislative audit and review committee is directed
17 to review:

18 (a) The total number of taxpayers that claimed the tax
19 preferences established in sections 2 and 3, chapter . . ., Laws of
20 2019 (sections 2 and 3 of this act);

21 (b) The total amount of retail sales and use tax that was exempt
22 with the tax preferences established in sections 2 and 3,
23 chapter . . ., Laws of 2019 (sections 2 and 3 of this act);

24 (c) The total number of self-help units:

25 (i) Added to the stock of self-help units after the effective
26 date of this section; and

27 (ii) For which any transaction qualified for any of the tax
28 preferences established in sections 2 and 3, chapter . . ., Laws of
29 2019 (sections 2 and 3 of this act); and

30 (d) The total revenue calculated in (b) of this subsection,
31 divided by the number of self-help units calculated in (c) of this
32 subsection.

1 (5) In order to obtain this section, the joint legislative audit
2 and review committee may refer to department of revenue data, as well
3 as any other available data source.

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

6 (1) The tax levied by RCW 82.08.020 does not apply to charges
7 made for labor and services rendered by or for any affordable
8 homeownership facilitator in respect to the constructing, repairing,
9 decorating, or improving of new or existing self-help housing, or to
10 sales of tangible personal property that becomes an ingredient or
11 component of the buildings or other structures during the course of
12 the constructing, repairing, decorating, or improving the self-help
13 housing. The exemption is available only if the buyer provides the
14 seller with an exemption certificate in a form and manner required by
15 the department.

16 (2) The exemption provided in this section for self-help housing
17 only applies if the housing is built to the current building code for
18 single-family dwellings according to the state building code, chapter
19 19.27 RCW.

20 (3) Any self-help housing built under this section must be used
21 as provided in this section for at least five consecutive years from
22 the date the housing is approved for occupancy, or the full amount of
23 tax otherwise due is immediately due and payable together with
24 interest, but not penalties, from the date the housing was approved
25 for occupancy until the date of payment. If self-help housing ceases
26 to be the primary dwelling of a low-income purchaser within the five
27 consecutive years from the date the housing is approved for
28 occupancy, the full amount of tax otherwise due is immediately due
29 and payable with interest, but not penalties, from the date the
30 housing ceases to be used as self-help housing until the date of
31 payment. The amount due under this subsection is payable by the
32 seller.

33 (4) The exemption provided in this section does not apply to
34 housing built for the occupancy of an employee, family members of an
35 employee, or persons on the board of trustees or directors, of an
36 affordable homeownership facilitator.

37 (5) The definitions in this subsection apply throughout this
38 section unless the context clearly requires otherwise.

1 (a) "Affordable homeownership facilitator" means a nonprofit
2 community or neighborhood-based organization that is exempt from
3 income tax under Title 26 U.S.C. Sec. 501(c) of the internal revenue
4 code of 1986, as amended, as of the effective date of this section
5 and that is the developer of self-help housing.

6 (b) "Low-income" means household income as defined by the
7 department, provided that the definition may not exceed eighty
8 percent of median household income, adjusted for household size, for
9 the county in which the dwelling is located.

10 (c) "Self-help housing" means dwelling residences provided for
11 ownership by low-income individuals and families whose ownership
12 requirement includes labor participation. "Self-help housing" does
13 not include residential rental housing provided on a commercial basis
14 to the general public.

15 (6) Affordable homeownership facilitators that claim this tax
16 preference must annually provide the following information to the
17 department, in a form and manner required by the department:

18 (a) The total number of self-help units:

19 (i) Added by the affordable homeownership facilitator after the
20 effective date of this section; and

21 (ii) For which any purchase qualified for any of the tax
22 preferences established in sections 2 and 3, chapter . . ., Laws of
23 2019 (sections 2 and 3 of this act); and

24 (b) The total amount of retail sales and use tax that was exempt
25 with the tax preferences established in sections 2 and 3,
26 chapter . . ., Laws of 2019 (sections 2 and 3 of this act).

27 (7) This section expires January 1, 2030.

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

30 (1) The provisions of this chapter do not apply in respect to the
31 use of tangible personal property that becomes an ingredient or
32 component of buildings or structures used as self-help housing by any
33 affordable homeownership facilitator during the course of
34 constructing, repairing, decorating, or improving the buildings or
35 other structures by any person.

36 (2) The exemption provided in this section for self-help housing
37 only applies if the housing is built to the current building code for
38 single-family dwellings according to the state building code, chapter
39 19.27 RCW.

1 (3) Any self-help housing built under this section must be used
2 as the primary dwelling of a low-income purchaser for at least five
3 consecutive years from the date the housing is approved for
4 occupancy.

5 (4) The exemption provided in this section does not apply to
6 housing built for the occupancy of an employee, family members of an
7 employee, or persons on the board of trustees or directors, of an
8 affordable homeownership facilitator.

9 (5) The definitions and reporting requirements in section 2 of
10 this act apply to this section.

11 (6) This section expires January 1, 2030.

12 NEW SECTION. **Sec. 4.** This act takes effect October 1, 2019."

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NOT CONSIDERED 12/23/2019

13 On page 1, line 2 of the title, after "development;" strike the
14 remainder of the title and insert "adding a new section to chapter
15 82.08 RCW; adding a new section to chapter 82.12 RCW; creating a new
16 section; providing an effective date; and providing expiration
17 dates."

EFFECT: Makes a technical change to clarify the tax preference
performance statement is not intended to create a private right of
action by any party.

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