<u>SSB 5746</u> - S AMD **346** By Senator Fortunato

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NOT ADOPTED 03/11/2019

- On page 9, after line 12, insert the following:
- 2 "NEW SECTION. Sec. 7. A new section is added to chapter 36.70A
 3 RCW to read as follows:
 - (1) A city or county required or choosing to plan under RCW 36.70A.040 may designate American dream zones within a designated urban growth area in which to permit development of residential housing for low-income households. A city or county may only permit single-family residential housing within these American dream zones.
- 9 (2) A new American dream zone may be approved in a city or county 10 planning under RCW 36.70A.040 if the following criteria are met:
- 11 (a) Any permits granted within the zone are limited to the 12 development of owner occupied single-family residential detached 13 dwellings serving low-income households;
- 14 (b) Each dwelling developed within the zone is exempt from impact 15 fees under RCW 82.02.050;
- 16 (c) The city or county does not charge cumulative permitting fees 17 for each dwelling within the zone that equal more than one thousand 18 two hundred fifty dollars;
- 19 (d) Provisions are included to ensure that each dwelling 20 developed within the zone remains reserved for low-income households; 21 and
 - (e) In selecting potential zones, the city or county coordinates with the Washington state department of ecology and the department of commerce to identify possible sites for healthy housing remediation.
- 25 (3) "Low-income household," as used in this section, means a 26 single person, family, or unrelated persons living together whose 27 adjusted income is less than eighty percent of the median family 28 income adjusted for household size, for the city or county where the 29 project is located.
- NEW SECTION. Sec. 8. A new section is added to chapter 82.08 RCW to read as follows:

1 (1) A city or county may receive a distribution equal to the 2 state portion of the tax levied by RCW 82.08.020 in respect to:

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- (a) Charges for labor and services rendered in respect to the constructing of dwellings in designated American dream zones, as provided in section 7 of this act;
- (b) Sales of tangible personal property that will be incorporated as an ingredient or component of such dwellings during the course of the constructing; or
- 9 (c) Charges made for labor and services rendered in respect to 10 installing, during the course of constructing such dwellings, 11 fixtures not otherwise eligible for the exemption under RCW 12 82.08.02565.
- (2) (a) The department must at least once annually remit to the city or county an estimated amount, as determined by the department, of state taxes collected during the prior calendar year with respect to section 7 of this act.
- 17 (b) The department must determine eligibility under this section 18 based on information provided by the city or county and through audit 19 and other administrative records.
- 20 (c) The city or county must, on an annual basis, submit an application, in a form and manner as required by the department by rule, containing any information the department deems necessary in determining remittance amounts under this section.
- NEW SECTION. Sec. 9. A new section is added to chapter 82.12 RCW to read as follows:
- 26 (1) The provisions of this chapter do not apply with respect to 27 the use of:
- 28 (a) Tangible personal property that will be incorporated as an ingredient or component in constructing of dwellings in designated 30 American dream zones, as provided in section 7 of this act; or
- 31 (b) Labor and services rendered in respect to installing, during 32 the course of constructing such dwellings, fixtures not otherwise 33 eligible for the exemption under RCW 82.08.02565.
- 34 (2) The definitions and eligibility requirements and conditions 35 in section 8 of this act apply to this section.
- 36 (3) This section is exempt from the provisions of RCW 82.32.805 and 82.32.808.

- NEW SECTION. Sec. 10. A new section is added to chapter 82.04 RCW to read as follows:
 - (1) A person that sells a dwelling in an American dream zone is allowed an annual credit against the tax due under this chapter as provided in this section. The credit equals four percent of the gross selling price of an eligible single-family home.
 - (2) The credit may be used against any tax due under this chapter, and may be carried over until used, except as provided in subsection (4) of this section. No refund may be granted for credits under this section.
 - (3) Credits earned under this section may be claimed only on returns filed electronically with the department using the department's online tax filing service or other method of electronic reporting as the department may authorize. The taxpayer must keep records necessary for the department to determine eligibility under this section including records establishing the sale of an eligible single-family home.
 - (4) Credits allowed under this section can be earned for tax reporting periods through June 30, 2029. No credits can be claimed after June 30, 2030.
 - (5) This section is exempt from the provisions of RCW 82.32.808.
 - (6) This section expires July 1, 2030."
- 23 Renumber the remaining section consecutively and correct any 24 internal references accordingly.

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On page 1, line 4 of the title, after "RCW;" strike the remainder of the title and insert "adding a new section to chapter 36.70A RCW; adding a new section to chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; adding a new section to chapter 82.04 RCW; creating a new section; providing an effective date; and providing an expiration date."

EFFECT: Authorizes a city or county planning under the Growth Management Act to designate American Dream zones to permit development of single-family homes for low-income households. Limits permit fees to no more than \$1,250 and exempts impact fees on the Code Rev/JA:akl

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development of homes in American Dream zones. Distributes the state portion of certain sales and use taxes from the construction of homes in American Dream zones to counties and cities. Provides a business and occupation tax credit of 4 percent of the gross selling price on the sale of eligible homes.

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