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HOUSE BILL 1621

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State of Washington                      52nd Legislature                      1991 Regular Session

By Representatives Mitchell, Nelson, Franklin, Ferguson, Haugen, Cooper, Rayburn, Roland, Wood, Wynne, Nealey, Zellinsky, Ogden, Ballard, Tate, Winsley, Paris, Forner, D. Sommers, Brough, Wilson and Leonard.

Read first time February 4, 1991.                      Referred to Committee on Housing\Revenue.

1            AN ACT Relating to sales and use tax exemptions on the construction  
2 of multifamily rental housing; adding a new section to chapter 82.08  
3 RCW; and adding a new section to chapter 82.12 RCW.

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

5            NEW SECTION.    **Sec. 1.** A new section is added to chapter 82.08 RCW  
6 to read as follows:

7            (1) The tax levied by RCW 82.08.020 shall not apply to the retail  
8 sale of building materials used in the remodeling, rehabilitation, or  
9 new construction of multifamily residential structures or to the labor  
10 used to incorporate such building materials into real estate. In order  
11 to qualify for the sales tax exemption under this section, the  
12 residential structure must meet the following requirements:

13            (a) The structure must be located in Washington.

1 (b) The structure must be owned by a nonprofit organization  
2 eligible to receive assistance through the Washington housing trust  
3 fund created in chapter 43.185 RCW.

4 (c) The structure must contain two or more residential rental  
5 dwelling units.

6 (d) Twenty percent or more of the units in the project must be  
7 occupied by tenants whose incomes are at or below fifty percent of the  
8 median family income, adjusted for household size, for the county where  
9 the project is located or at least forty percent of the units in the  
10 project must be occupied by tenants whose incomes are at or below sixty  
11 percent of the median family income, adjusted for household size, for  
12 the county where the project is located.

13 (e) The gross rent charged to tenants in dwelling units described  
14 in (d) of this subsection shall not exceed fifteen percent of the area  
15 median income, adjusted for household size, for the county where the  
16 project is located. As used in this subsection (1)(e), gross rent is  
17 considered to include all utilities, other than telephone expenses, but  
18 does not include payments under a federal, state, or local rent subsidy  
19 program designed to make the dwelling unit in the structure affordable  
20 to low-income households.

21 (2) Application for the exemption granted by this section must be  
22 made prior to the purchase of the building materials. The application  
23 shall be made to the department of community development in a form and  
24 manner prescribed by the department of revenue and department of  
25 community development. The department of revenue, with the approval of  
26 the department of community development, shall adopt rules specifying  
27 the administrative procedures applicable to applicants for the tax  
28 exemption under this section, the form and manner in which the  
29 application shall be filed, and the information to be contained  
30 therein.

1 (3) This section shall expire on January 1, 2001, unless extended  
2 by law for an additional period of time.

3 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.12 RCW  
4 to read as follows:

5 (1) The provisions of this chapter shall not apply in respect to  
6 the use of building materials used in the remodeling, rehabilitation,  
7 or new construction of multifamily residential structures or to the  
8 labor used to incorporate such building materials into real estate. In  
9 order to qualify for the sales tax exemption under this section, the  
10 residential structure must meet the following requirements:

11 (a) The structure must be located in Washington.

12 (b) The structure must be owned by a nonprofit organization  
13 eligible to receive assistance through the Washington housing trust  
14 fund created in chapter 43.185 RCW.

15 (c) The structure must contain two or more residential rental  
16 dwelling units.

17 (d) Twenty percent or more of the units in the project must be  
18 occupied by tenants whose incomes are at or below fifty percent of the  
19 median family income, adjusted for household size, for the county where  
20 the project is located or at least forty percent of the units in the  
21 project must be occupied by tenants whose incomes are at or below sixty  
22 percent of the median family income, adjusted for household size, for  
23 the county where the project is located.

24 (e) The gross rent charged to tenants in dwelling units described  
25 in (d) of this subsection shall not exceed fifteen percent of the area  
26 median income, adjusted for household size, for the county where the  
27 project is located. As used in this subsection (1)(e), gross rent is  
28 considered to include all utilities, other than telephone expenses, but  
29 does not include payments under a federal, state, or local rent subsidy

1 program designed to make the dwelling unit in the structure affordable  
2 to low-income households.

3 (2) Application for the exemption granted by this section must be  
4 made prior to the use of the building materials. The application shall  
5 be made to the department of community development in a form and manner  
6 prescribed by the department of revenue and department of community  
7 development. The department of revenue, with the approval of the  
8 department of community development, shall adopt rules specifying the  
9 administrative procedures applicable to applicants for the tax  
10 exemption under this section, the form and manner in which the  
11 application shall be filed, and the information to be contained  
12 therein.

13 (3) This section shall expire on January 1, 2001, unless extended  
14 by law for an additional period of time.