

5848-S

Sponsor(s): 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)

Brief Description: Providing tax incentives for creating low-cost housing.

**SB 5848-S - DIGEST**

(DIGEST OF PROPOSED 1ST SUBSTITUTE)

Provides that there is credited against the tax imposed under chapter 82.04 RCW twenty-five percent of the value of materials or labor and services donated for the provision in this state of low-cost housing to low-income buyers. In the case of materials, the value of the donation is determined using the definition of "value" in RCW 82.12.010(1) (a) and (b). In the case of labor and services, the value of the donation is determined by the allocation of the cost method using generally accepted accounting standards.

Requires the donation to be made to a nonprofit organization that devotes a majority of its resources to the development, rehabilitation, or preservation of affordable housing.

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

Declares that the provisions of chapter 82.12 RCW do not apply in respect to the use of tangible personal property that becomes an ingredient or component of a residence constructed as low-cost housing for sale to a low-income buyer.

Declares that the tax imposed under chapter 82.45 RCW does not apply to sales of low-cost housing to low-income buyers.