
SECOND SUBSTITUTE HOUSE BILL 2625

State of Washington 60th Legislature 2008 Regular Session

By House Finance (originally sponsored by Representatives Springer, Ericks, Williams, Lias, Ormsby, Sells, Darneille, Simpson, and Appleton)

READ FIRST TIME 02/12/08.

1 AN ACT Relating to tax relief to promote employer-assisted housing;
2 adding new sections to chapter 82.04 RCW; adding a new section to
3 chapter 43.180 RCW; adding new sections to chapter 43.131 RCW; creating
4 a new section; and providing an effective date.

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) Household incomes have not kept pace with rising housing costs
9 in many areas of the state and this imbalance creates a potential
10 competitive disadvantage for Washington state employers.

11 (2) Employers have an interest in assisting their employees obtain
12 and retain safe, decent, and affordable housing.

13 (3) It is in the public interest, and is consistent with the state
14 policies and goals of the growth management act, chapter 36.70A RCW, to
15 offer a tax incentive to promote employer-assisted housing that enables
16 employees to obtain appropriate housing close to jobs and services.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW
18 to read as follows:

1 (1) Subject to the limitations in this section, a twenty-five
2 percent credit is allowed against the tax imposed under this chapter
3 for contributions made by a person ("employer") to the Washington state
4 housing finance commission employer-assisted housing program (the
5 "program"), as described in section 3 of this act.

6 (2) The employer must make the contribution to the Washington state
7 housing finance commission employer-assisted housing program before
8 claiming a credit authorized under this section. Credits earned under
9 this section may be claimed against taxes due for the calendar year in
10 which the contribution is made. The amount of credit claimed for a
11 reporting period may not exceed the tax otherwise due under this
12 chapter for that reporting period. No refunds may be granted for any
13 unused credits.

14 (3)(a) Only employers located in local jurisdictions with plans,
15 policies, or programs in place that promote and support affordable
16 housing are eligible to participate in the program and claim the credit
17 created in subsection (1) of this section. The Washington state
18 housing finance commission must certify that the local jurisdiction in
19 which an employer is located has such affordable housing plans,
20 policies, or programs, which could include:

21 (i) Specific affordable housing or homeless housing plans;

22 (ii) Incentive programs intended to encourage or facilitate
23 affordable housing development; or

24 (iii) Programs for the distribution of funds for affordable housing
25 development or preservation.

26 (b) The Washington state housing finance commission shall retain
27 records of such certifications for a minimum of ten years and provide
28 the records to the department upon request.

29 (4) If the primary business location of the employer is in a city
30 or town that imposes a business and occupation tax, as defined in RCW
31 35.102.030, an employer may claim a credit under this section only if
32 the city or town provides a twenty-five percent business and occupation
33 tax credit for contributions to the Washington state housing finance
34 commission employer-assisted housing program. The department must
35 certify that the city or town imposes a business and occupation tax and
36 provides the credit.

37 (5) An amount of credit otherwise allowable under this section not
38 claimed by the employer in any calendar year may be carried over and

1 claimed against the employer's tax liability for the next succeeding
2 calendar year; and any credit not used in that second succeeding
3 calendar year may be carried over and claimed against the employer's
4 tax liability for the third succeeding calendar year, but may not be
5 carried over for any calendar year thereafter.

6 (6) Credits are available on a first in-time basis. The department
7 must disallow any credits, or portion thereof, that would cause the
8 total amount of credits claimed statewide under this section during any
9 calendar year to exceed one million dollars. If the one million dollar
10 limitation is reached, the department must notify the commission and
11 all employers having claimed tax credits under this section to date
12 that the annual statewide limit has been met. In addition, the
13 department must provide written notice to any employer that has claimed
14 tax credits after the one million dollar limitation in this subsection
15 has been met. The notice must indicate the amount of tax due and must
16 provide that the tax be paid within thirty days from the date of such
17 notice. The department may not assess penalties and interest as
18 provided in chapter 82.32 RCW on the amount due in the initial notice
19 if the amount due is paid by the due date specified in the notice, or
20 any extension thereof.

21 (7) To claim a credit under this section, an employer must
22 electronically file with the department all returns, forms, and any
23 other information required by the department, in an electronic format
24 as provided or approved by the department. Any return, form, or
25 information required to be filed in an electronic format under this
26 section is not filed until received by the department in an electronic
27 format. As used in this subsection, "returns" has the same meaning as
28 "return" in RCW 82.32.050.

29 (8) The Washington state housing finance commission must provide to
30 the department, upon request, such information needed to verify
31 eligibility for credit under this section, including information
32 regarding contributions received by the commission for the program,
33 certifications as described in subsection (3) of this section, and
34 qualified housing benefits distributed by the commission.

35 (9) Credit may not be claimed under this section for contributions
36 to the program, if such contribution occurred before the effective date
37 of this act.

1 (10) Credit may not be claimed under this section for any
2 contributions to the program that occur on or after July 1, 2015.

3 (11) The department must issue an annual report to the appropriate
4 committees of the legislature on the amount of credits claimed by
5 employers under this section with the first report due December 31,
6 2008. The annual report must be issued in collaboration and
7 conjunction with the commission's report required in section 3 of this
8 act.

9 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.180 RCW
10 to read as follows:

11 (1) There is created within the Washington state housing finance
12 commission (the "commission") the employer-assisted housing program
13 (the "program"), through which the commission will assist Washington
14 employers in providing a qualified housing benefit to qualified
15 employees. An employer making a financial contribution to the
16 employer-assisted housing program may specifically designate that
17 qualified housing benefits be distributed to its own qualified
18 employees, to qualified employees of qualified beneficiary entities, or
19 to a combination of the two options, except as provided in subsection
20 (4) of this section.

21 (2) For the purposes of this section, the following definitions
22 apply:

23 (a) "Qualified employee" means an individual employed by an
24 employer contributing to the employer-assisted housing program or
25 employed by a designated qualified beneficiary entity, who has an
26 income of no more than one hundred twenty percent, or one hundred fifty
27 percent for high cost areas as defined by RCW 84.14.010, of either:

28 (i) The median family income, adjusted for household size, for the
29 county where the employee resides; or

30 (ii) The state median income.

31 (b) "Qualified beneficiary entity" means a nonprofit corporation
32 recognized by the Washington secretary of state, a school district,
33 city, town, county, fire district, public hospital, or state
34 university.

35 (c) "Qualified housing benefit" means specific services or forms of
36 financial assistance, which must be determined by each employer

1 contributing to the employer-assisted housing program in collaboration
2 with the commission, that are designed to assist qualified employees to
3 obtain and retain housing including:

- 4 (i) Home buyer education and counseling services;
- 5 (ii) Down payment assistance;
- 6 (iii) Closing cost assistance; and
- 7 (iv) Rental assistance, which is limited to one-time assistance.

8 (3) Qualified employees that apply to the commission for qualified
9 housing benefits are entitled to receive such benefits on a first in-
10 time basis. The commission must verify that applicants are qualified
11 and thus eligible to receive benefits and must distribute housing
12 benefits to qualified employees.

13 (4) Moneys contributed by employers must be distributed as
14 qualified housing benefits to qualified employees within thirty-six
15 months. Each participating employer must designate, or by default
16 allow the commission to designate, at least one qualified beneficiary
17 entity whose employees shall receive qualified housing benefits should
18 employer contributions exceed the amount of qualified housing benefits
19 the commission is able to distribute to qualified employees of the
20 employer within a thirty-six-month period.

21 (5) The commission must maintain records of program activities for
22 a minimum of ten years and must report on program activities, outcomes,
23 and performance measures, as determined by the commission in
24 collaboration with the department of revenue and the joint legislative
25 audit and review committee, to the appropriate committees of the
26 legislature by December 31st of each year. Performance measures must
27 include measures to gauge program effectiveness, program efficiency,
28 and customer satisfaction. Other information to be reported upon by
29 the commission shall include:

- 30 (a) The number of employers and employees participating in the
31 program;
- 32 (b) The geographic distribution of program participants;
- 33 (c) The types of housing benefits distributed to employees; and
- 34 (d) The outcomes of housing benefit assistance received.

35 (6) The joint legislative audit and review committee shall conduct
36 an evaluation of the employer-assisted housing program after thirty-six
37 months using performance measurement data as well as other information

1 supplied by the commission as well as information provided by the
2 employers and employees participating in the program.

3 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.131 RCW
4 to read as follows:

5 The excise tax credit program for contributions to the employer-
6 assisted housing program created in section 3 of this act shall be
7 terminated on July 1, 2015, as provided in section 5 of this act.

8 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.131 RCW
9 to read as follows:

10 The following acts or parts of acts, as now existing or hereafter
11 amended, are each repealed, effective July 1, 2016:

- 12 (1) RCW 82.04.--- and 2008 c . . . s 1 (section 1 of this act);
13 (2) RCW 82.04.--- and 2008 c . . . s 2 (section 2 of this act);
14 (3) RCW 43.180.--- and 2008 c . . . s 3 (section 3 of this act);
15 and
16 (4) Section 6 of this act.

17 NEW SECTION. **Sec. 6.** The Washington state housing finance
18 commission and the department of revenue shall provide the information
19 necessary for the joint legislative audit and review committee to
20 provide the required review. The Washington state housing finance
21 commission shall be the designated lead entity in regards to the sunset
22 termination.

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