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**HOUSE BILL 2219**

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**State of Washington**

**68th Legislature**

**2024 Regular Session**

**By** Representatives Hackney, Bateman, Chapman, Barkis, Gregerson, Reed, Fosse, Doglio, Pollet, and Callan

Read first time 01/09/24. Referred to Committee on Finance.

1 AN ACT Relating to providing tax relief for nonprofit development  
2 of affordable housing; adding a new section to chapter 82.08 RCW;  
3 adding a new section to chapter 82.12 RCW; creating a new section;  
4 providing an effective date; and providing expiration dates.

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

6 NEW SECTION. **Sec. 1.** (1) This section is the tax preference  
7 performance statement for the tax preferences contained in sections 2  
8 and 3, chapter . . ., Laws of 2024 (sections 2 and 3 of this act).  
9 This performance statement is only intended to be used for subsequent  
10 evaluation of the tax preferences. It is not intended to create a  
11 private right of action by any party or to be used to determine  
12 eligibility for preferential tax treatment.

13 (2) The legislature categorizes these tax preferences as ones  
14 intended to provide tax relief for nonprofits that develop and  
15 maintain affordable housing and to incentivize the construction of  
16 affordable housing, as indicated in RCW 82.32.808(2)(a) and (e).

17 (3) It is the legislature's specific public policy objective to  
18 reduce the financial burden of constructing new affordable housing  
19 and increase the supply of affordable housing throughout Washington.  
20 The legislature intends to extend the expiration date of the tax

1 preferences in this act if a review finds that the construction of  
2 affordable housing by nonprofits has increased.

3 (4) In order to obtain the data necessary to perform the review  
4 in this section, the joint legislative audit and review committee may  
5 refer to any data collected by state, local, and federal governments.

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

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

18 (2) The definitions in this subsection apply throughout this  
19 section unless the context clearly requires otherwise.

20 (a) "Affordable housing" means housing that is provided to a low-  
21 income household at the time of initial occupancy.

22 (b) "Eligible nonprofit organization" means an organization that  
23 is exempt from federal income tax under Title 26 U.S.C. Sec. 501(c)  
24 of the internal revenue code of 1986, as amended, as of the effective  
25 date of this section that operates, owns, or provides affordable  
26 housing.

27 (c) "Low-income household" means:

28 (i) For nonrural counties, a single person, family, or unrelated  
29 persons living together whose adjusted income is at or below 80  
30 percent of the median family income adjusted for family size, for the  
31 county in which the property is located, as reported by the United  
32 States department of housing and urban development; and

33 (ii) For rural counties, a single person, family, or unrelated  
34 persons living together whose adjusted income is at or below 100  
35 percent of the median family income adjusted for family size, for the  
36 county in which the property is located, as reported by the United  
37 States department of housing and urban development.

38 (3) This section expires January 1, 2035.

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

3        (1) This chapter does not apply with respect to the use of  
4    tangible personal property that becomes an ingredient or component of  
5    the buildings or other structures during the course of constructing,  
6    repairing, decorating, or improving affordable housing.

7        (2) The definitions in section 2 of this act apply to this  
8    section.

9        (3) This section expires January 1, 2035.

10       NEW SECTION.    **Sec. 4.**    This act takes effect July 1, 2024.

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