
SUBSTITUTE HOUSE BILL 1620

State of Washington

52nd Legislature

1991 Regular Session

By House Committee on Housing (originally sponsored by Representatives Franklin, Mitchell, Nelson, Wood, Day, Edmondson, Prentice, Ferguson, Paris, Cole, Moyer, Zellinsky, Wynne, Winsley, Wineberry, Heavey, Ogden, P. Johnson, Ludwig, R. Meyers, Locke, Wilson, Jacobsen, R. Johnson, Leonard, Dellwo, Van Luven, Inslee, Riley, Miller, Phillips and Anderson).

Read first time March 6, 1991.

1 AN ACT Relating to tax credits for affordable housing; and adding
2 a new chapter to Title 82 RCW.

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

4 NEW SECTION. **Sec. 1.** The state of Washington has an acute
5 shortage of affordable housing. The reductions in federal funding have
6 hampered the ability of state and local governments to meet this need.
7 The provision of housing assistance through the state's tax system can
8 be used to provide an incentive for the development, preservation, or
9 acquisition of affordable housing. It is the purpose and intent of the
10 legislature to promote private financial assistance in meeting the
11 state's need for affordable housing by creating a tax incentive for
12 contributions.

1 NEW SECTION. **Sec. 2.** Unless the context clearly requires
2 otherwise, the definitions in this section apply throughout this
3 chapter.

4 (1) "Affordable housing projects" means residential rental housing
5 in which either: (a) Twenty percent or more of the dwelling units in
6 the structure are occupied by households with incomes at or below fifty
7 percent of the median income, adjusted for household size, for the
8 county where the project is located; or (b) forty percent or more of
9 the dwelling units in the structure are occupied by households with
10 incomes at or below sixty percent of the median income, adjusted for
11 household size, for the county where the project is located.

12 (2) "Business firm" means any incorporated or unincorporated
13 business entity authorized to do business in the state and subject to
14 the state's business and occupation taxes levied in chapter 82.04 RCW.

15 (3) "Contributions" means furnishing financial assistance, labor,
16 material, or technical assistance to aid in the construction,
17 rehabilitation, or acquisition of affordable housing projects.

18 (4) "Recipient" means the person or business firm receiving tax
19 credits under this chapter.

20 (5) "Tax year" or "taxable year" means either the calendar year, or
21 the taxpayer's fiscal year when permission is obtained from the
22 department to use a fiscal year in lieu of the calendar year.

23 NEW SECTION. **Sec. 3.** The department shall establish a program to
24 provide tax credits to business firms making contributions to
25 affordable housing projects developed, sponsored, or managed by
26 organizations that are eligible to receive housing trust fund
27 assistance as eligible organizations under RCW 43.185.060. The tax
28 credits may be used as a credit against any of the taxes imposed on the
29 business firm under chapter 82.04 RCW.

1 NEW SECTION. **Sec. 4.** (1) Application for tax credits under this
2 chapter must be made before the actual contribution to the affordable
3 housing project is made. The application shall be made to the
4 department of community development in a form and manner prescribed by
5 the department and department of community development.

6 (2) The department of community development shall transmit a copy
7 of the completed application for tax credits to the department, with
8 its recommendations, within ten working days after receipt thereof.
9 Within thirty days after receipt of the completed application from the
10 department of community development, the department shall determine the
11 amount of tax credits to be allocated to the business firm. The
12 department shall notify the department of community development of its
13 decision within ten days.

14 (3) The department, with approval of the department of community
15 development, shall adopt rules specifying the administrative procedures
16 applicable to applicants for tax credits, the form and manner in which
17 the applications shall be filed, the information to be contained
18 therein, and criteria for the approval or denial of requests for tax
19 credits under this chapter. The rule shall apply to administrative
20 procedure before both the department and the department of community
21 development.

22 (4) This section shall expire January 1, 2001, unless extended by
23 law for an additional period of time.

24 NEW SECTION. **Sec. 5.** In order to qualify for the tax credits in
25 section 3 of this act, the affordable housing project must meet the
26 following requirements:

27 (1) The housing project must be located in Washington.

1 (2) The housing project must be owned or managed by a nonprofit
2 corporation, a government entity, or a partnership the majority of
3 which is owned by a nonprofit corporation or government entity.

4 (3) The housing project is an affordable housing project as defined
5 in section 2 of this act. Rental units used on a transient basis shall
6 not be considered under this section.

7 (4) The gross rent paid by tenants in dwelling units identified in
8 subsection (3) of this section shall not exceed thirty percent of the
9 applicable qualifying income, adjusted for household size, for the
10 county where the project is located. As used in this subsection, gross
11 rent is considered to include all utilities, other than telephone
12 expenses, but does not include payments under a federal, state, or
13 local rent subsidy program designed to make the dwelling unit in the
14 structure affordable to low-income households.

15 (5) The dwelling units described in subsection (3) of this section
16 must be occupied by lower-income persons for a period of at least
17 fifteen years.

18 NEW SECTION. **Sec. 6.** (1) No tax credit for an affordable housing
19 project can be issued after January 1, 2001.

20 (2) The department shall grant a credit against the tax due under
21 chapter 82.04 RCW of an amount equal to twenty percent of the approved
22 amount contributed by the business firm for eligible housing activities
23 during the taxable year.

24 (3) The department shall keep a running total of all tax credits
25 granted under this chapter during each fiscal biennium. The department
26 shall not allow any credits which would cause the tabulation for a
27 biennium to exceed three million dollars. If all or part of an
28 application for credit is disallowed under this subsection, the

1 disallowed portion shall be carried over for approval the next
2 biennium.

3 (4) Any tax credit not used during the taxable year in which the
4 contribution was made may be carried forward for the five immediately
5 succeeding calendar or fiscal years until the full credit has been
6 used.

7 (5) No tax credit shall be granted to any bank, bank and trust
8 company, insurance company, trust company, national bank, savings
9 association, or building and loan association for activities that are
10 a part of its normal course of business.

11 (6) No recipient is eligible for tax credits in excess of five
12 hundred thousand dollars during the taxable year.

13 NEW SECTION. **Sec. 7.** Applications and any other information
14 received by the department under this chapter shall not be confidential
15 and shall be subject to disclosure.

16 NEW SECTION. **Sec. 8.** The department, in consultation with the
17 department of community development, shall report to the appropriate
18 committees of the legislature on the progress and status of the tax
19 credit program. The report shall be due on December 1, 1992, and every
20 December 1 thereafter and shall include but need not be limited to the
21 results of the individual affordable housing projects selected, the
22 number of dwelling units developed under the program, the amount of tax
23 credit awarded under the program, and recommendations for improving the
24 program.

25 NEW SECTION. **Sec. 9.** Sections 1 through 8 of this act shall
26 constitute a new chapter in Title 82 RCW.