

FINAL BILL REPORT

SHB 2778

C 117 L 96

Synopsis as Enacted

Brief Description: Providing sales and use tax exemptions for farmworker housing.

Sponsors: By House Committee on Agriculture & Ecology (originally sponsored by Representatives Mastin, Chappell, Chandler, Honeyford, Foreman, Mulliken, Lisk, Clements, Sheldon and Thompson; by request of Department of Health and Department of Agriculture).

House Committee on Agriculture & Ecology

House Committee on Finance

Senate Committee on Financial Institutions & Housing

Senate Committee on Ways & Means

Background: The sales tax is imposed on retail sales of most items of tangible personal property and some services. The state sales tax rate is 6.5 percent and is applied to the selling price of the article or service. The use tax is imposed on the use of an item in this state when the acquisition of the item has not been subject to sales tax. The use tax is imposed at the same rate as the sales tax and is applied against the value of the property used.

There are a number of exemptions from the sales and use taxes. For example, the sales tax does not apply to labor and services rendered in respect to constructing or improving ferry vessels. Sales and use taxes do not apply to sales to or use of form lumber by a person engaged in constructing, repairing, decorating, or improving new or existing building or structures.

There is no exemption from the sales tax for labor and services rendered on agricultural employee housing. Tangible personal property that becomes an ingredient or component of agricultural employee housing is not exempt from the sales or use taxes.

Summary: The sales tax does not apply to labor and services rendered in constructing, repairing, decorating, or improving new or existing buildings or other structures used as agricultural employee housing.

The sales tax does not apply to sales of tangible personal property that become ingredients or components of new or existing agricultural employee housing, if the buyer provides the seller with an exemption certificate prescribed by the Department

of Revenue. The use tax does not apply to sales of tangible personal property that become ingredients or components of new or existing agricultural employee housing.

The sales and use tax exemptions apply only to year-round housing for agricultural employees, if that housing is built according to the state building code. Agricultural employee housing must be used to house agricultural employees for at least five years from the date the housing is approved for occupancy. Housing built for family members and people with an ownership in the farm is not eligible for the tax exemptions. Agricultural employee housing is defined to include year-round and seasonal housing.

Votes on Final Passage:

House	92	0
Senate	49	0

Effective: March 20, 1996