

SENATE BILL REPORT

SB 6649

As Reported By Senate Committee On:
Financial Institutions & Housing, February 1, 1996

Title: An act relating to sales and use tax exemptions for farmworker housing.

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

Sponsors: Senators Loveland, Prentice, Rasmussen, Deccio, Newhouse and Sellar; by request of Department of Health and Department of Agriculture.

Brief History:

Committee Activity: Financial Institutions & Housing: 1/30/96, 2/1/96 [DPS-WM].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & HOUSING

Majority Report: That Substitute Senate Bill No. 6649 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Prentice, Chair; Fraser, Vice Chair; Hale, Roach, Sellar, Smith and Sutherland.

Staff: David Cheal (786-7576)

Background: This state faces a serious shortage of housing for farmworkers and their families. The magnitude of the shortage is so large that it seems unlikely that either the public or private sector can meet the need by itself.

Sales and use taxes are applicable to both the material and labor that goes into any housing construction, repair, or remodel.

Summary of Substitute Bill: Charges made for labor and material used to construct, repair, decorate, or improve new or existing buildings or other structures used as agricultural employee housing are made exempt from sales and use tax.

"Agricultural employee" is defined as any person who renders personal services to, or under the direction of, an agricultural employer in connection with the employer's agricultural activity.

To qualify for the exemption, the housing must be used for agricultural employees for a minimum of five years.

Substitute Bill Compared to Original Bill: The substitute bill provides more precise definitions and adds a requirement that the housing be used for agricultural employees for at least five years in order to qualify for the exemption.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: The serious shortage of decent farmworker housing can only be remedied if incentives are provided to stimulate production by growers. There is no loss of revenue from this exemption because virtually no farmworker housing is currently being built.

Testimony Against: None.

Testified: PRO: Chris Cheney, WA Growers League; Pat Boss, Hop Growers of WA; Rebecca Smith, Columbia Legal Services; Jim Halstrom, WA State Horticulture Assn.; Maureen Morris, Assoc. of Cities.