
SUBSTITUTE SENATE BILL 5189

State of Washington

67th Legislature

2021 Regular Session

By Senate Housing & Local Government (originally sponsored by Senator Fortunato)

READ FIRST TIME 02/12/21.

1 AN ACT Relating to promoting housing affordability by
2 incentivizing the construction of American dream homes; adding a new
3 section to chapter 36.70A RCW; adding a new section to chapter 82.08
4 RCW; adding a new section to chapter 82.12 RCW; adding a new section
5 to chapter 82.04 RCW; and providing an expiration date.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 36.70A
8 RCW to read as follows:

9 (1) Until December 31, 2031, a person may request a permit for an
10 American dream home in order to encourage the development of
11 residential housing for low-income households.

12 (2) A new American dream home must be approved in a city or
13 county if the following criteria are met:

14 (a) Each American dream home is exempt from impact fees under RCW
15 82.02.050;

16 (b) The city or county does not charge cumulative permitting fees
17 for each American dream home that equal more than \$1,250;

18 (c) Provisions, such as covenants or other restrictions, are
19 included to ensure that each American dream home remains reserved for
20 low-income households. The covenant or restriction must provide that
21 the American dream home is occupied by the owner that is qualified

1 under this section. If an American dream home is resold any time
2 before December 31, 2031, the price must be affordable for low-income
3 households;

4 (d) An American dream home must conform to the residential
5 building code in effect in the jurisdiction where the home is built.

6 (3) For the purposes of this section:

7 (a) "Affordable" means residential housing which, as long as the
8 same is occupied by low-income households, requires payment of
9 monthly housing costs, including utilities other than telephone, of
10 no more than 30 percent of the family's income, for a family earning
11 80 percent of the area median income.

12 (b) "American dream home" means an owner-occupied single-family
13 residential detached dwelling of 1,700 square feet or less serving
14 low-income households.

15 (c) "Low-income household" means a single person, family, or
16 unrelated persons living together whose adjusted income is less than
17 80 percent of the median family income adjusted for household size,
18 for the city or county where the project is located.

19 (4) A city or county must report to the department by March 1,
20 2031, regarding the number of American dream home permits issued in
21 its jurisdiction. The department must compile the data and report to
22 the appropriate committees of the legislature regarding the
23 participation by jurisdiction of the program.

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

26 (1) A city or county may receive a distribution equal to the
27 state portion of the tax levied by RCW 82.08.020 in respect to:

28 (a) Charges for labor and services rendered in respect to the
29 constructing of dwellings designated American dream homes, as
30 provided in section 1 of this act;

31 (b) Sales of tangible personal property that will be incorporated
32 as an ingredient or component of such dwellings during the course of
33 the constructing; or

34 (c) Charges made for labor and services rendered in respect to
35 installing, during the course of constructing such dwellings,
36 fixtures not otherwise eligible for the exemption under RCW
37 82.08.02565.

38 (2)(a) The department must at least once annually remit to the
39 city or county an estimated amount, as determined by the department,

1 of state taxes collected during the prior calendar year with respect
2 to section 1 of this act.

3 (b) The department must determine eligibility under this section
4 based on information provided by the city or county and through audit
5 and other administrative records.

6 (c) The city or county must, on an annual basis, submit an
7 application, in a form and manner as required by the department by
8 rule, containing any information the department deems necessary in
9 determining remittance amounts under this section.

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

12 (1) The provisions of this chapter do not apply with respect to
13 the use of:

14 (a) Tangible personal property that will be incorporated as an
15 ingredient or component in constructing of dwellings designated as
16 American dream homes, as provided in section 1 of this act; or

17 (b) Labor and services rendered in respect to installing, during
18 the course of constructing such dwellings, fixtures not otherwise
19 eligible for the exemption under RCW 82.08.02565.

20 (2) The eligibility requirements and conditions in section 2 of
21 this act apply to this section.

22 (3) This section is exempt from the provisions of RCW 82.32.805
23 and 82.32.808.

24 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.04
25 RCW to read as follows:

26 (1) The builder of an American dream home is allowed an annual
27 credit against the tax due under this chapter as provided in this
28 section. The credit equals four percent of the gross selling price of
29 the home.

30 (2) The credit may be used against any tax due under this
31 chapter, and may be carried over until used, except as provided in
32 subsection (4) of this section. No refund may be granted for credits
33 under this section.

34 (3) Credits earned under this section may be claimed only on
35 returns filed electronically with the department using the
36 department's online tax filing service or other method of electronic
37 reporting as the department may authorize. The taxpayer must keep
38 records necessary for the department to determine eligibility under

1 this section including records establishing the sale of an American
2 dream home.

3 (4) Credits allowed under this section can be earned for tax
4 reporting periods through June 30, 2031. No credits can be claimed
5 after June 30, 2032.

6 (5) This section is exempt from the provisions of RCW 82.32.808.

7 (6) This section expires July 1, 2032.

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