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**SENATE BILL 6317**

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**State of Washington**

**68th Legislature**

**2024 Regular Session**

**By** Senator Fortunato

1 AN ACT Relating to a new proposal to promote housing  
2 affordability by incentivizing the construction of American dream  
3 homes; adding a new section to chapter 36.70A RCW; adding a new  
4 section to chapter 82.08 RCW; adding a new section to chapter 82.04  
5 RCW; adding a new section to chapter 84.36 RCW; creating new  
6 sections; providing an effective date; and providing expiration  
7 dates.

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

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

11 (1) Until December 31, 2034, a person may request a permit for an  
12 American dream home in order to encourage the development of  
13 residential housing for low-income households.

14 (2) A permit for a new American dream home must be approved in a  
15 city or county according to the following criteria:

16 (a) Each American dream home is eligible to have impact fees  
17 imposed under RCW 82.02.050 offset by payments made to the city or  
18 county from the department pursuant to section 5 of this act;

19 (b) The city or county may not charge cumulative permitting fees  
20 for each American dream home that exceed \$1,250, which must be offset

1 by the distribution received by the city or county under section 2 of  
2 this act;

3 (c) Provisions, such as covenants or other restrictions, are  
4 applied to ensure that each American dream home remains reserved for  
5 low-income households for a period of seven years from the date of  
6 the first sale of the home to an owner who will occupy the home. The  
7 covenant or restriction must provide that the American dream home is  
8 occupied by the owner that is qualified under this section. If an  
9 American dream home is resold any time within seven years after  
10 purchase of the home by the first owner-occupier, the price must be  
11 affordable for low-income households; however, this resale price  
12 requirement does not apply in the case of foreclosure if all permit  
13 fees, impact fees, and taxes, related to the American dream home have  
14 been paid in full to the appropriate authority;

15 (d) An American dream home must conform to the applicable  
16 building codes in effect in the jurisdiction where the home is built;

17 (e) A city or county may not impose stormwater conditions that  
18 exceed the stringency of the department of ecology's construction  
19 stormwater general permit in effect on the date a complete  
20 application is received for the construction of an American dream  
21 home.

22 (3) (a) This section does not prohibit a county planning under RCW  
23 36.70A.040 from authorizing the extension of public facilities and  
24 utilities to serve residential building sites for an American dream  
25 home.

26 (b) A city or county may authorize the siting of an American  
27 dream home outside of the urban growth area, even where otherwise  
28 prohibited by a multicounty planning policy. If the city or county  
29 authorized the siting of a school outside of the urban growth area  
30 under this chapter, the city or county may determine that an American  
31 dream home must be connected to utilities or other similar  
32 infrastructure that was installed to serve the school.

33 (4) A city or county must annually report to the department until  
34 March 1, 2034, regarding the number of American dream home permits  
35 issued in its jurisdiction. The department must compile the data and  
36 report to the appropriate committees of the legislature regarding the  
37 participation by jurisdiction in the program.

38 (5) For the purposes of this section:

39 (a) "Affordable" means residential housing which, as long as the  
40 same is occupied by low-income households, requires payment of

1 monthly housing costs, including utilities other than telephone, of  
2 no more than 30 percent of the family's income, for a family earning  
3 80 percent of the area median income.

4 (b) "American dream home" means an owner-occupied single-family  
5 residential detached dwelling of 1,500 square feet or less serving  
6 low-income households.

7 (c) "Low-income household" means a single person, family, or  
8 unrelated persons living together whose adjusted income is less than  
9 70 percent of the median family income adjusted for household size,  
10 for the city or county where the project is located.

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

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

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

18 (b) Sales of tangible personal property that will be incorporated  
19 as a component of dwellings designated as American dream homes,  
20 during the course of construction; and

21 (c) Charges made for labor and services rendered in respect to  
22 installing, during the course of constructing such dwellings,  
23 fixtures not otherwise eligible for the exemption under RCW  
24 82.08.02565.

25 (2) This section applies only to American dream homes meeting the  
26 requirements and conditions described in section 1 of this act.

27 (3)(a) The department must at least once annually remit to the  
28 city or county an estimated amount, as determined by the department,  
29 of state taxes collected during the prior calendar year with respect  
30 to subsection (1) of this section.

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

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

38 (4) The legislature intends for the distribution authorized under  
39 this section to be applied to the permitting costs incurred by the

1 city or county related to the permitting of American dream homes, as  
2 defined in section 1 of this act.

3 (5) This section expires July 1, 2035.

4 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.04  
5 RCW to read as follows:

6 (1)(a) The builder of an American dream home is allowed an annual  
7 credit against the tax due under this chapter as provided in this  
8 section. The credit equals four percent of the gross selling price of  
9 the American dream home.

10 (b) Credits under this section may only be earned on the sale of  
11 American dream homes meeting the requirements and conditions  
12 described in section 1 of this act.

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

17 (3) Credits earned under this section may be claimed only on  
18 returns filed electronically with the department using the  
19 department's online tax filing service or other method of electronic  
20 reporting as the department may authorize. The taxpayer must keep  
21 records necessary for the department to determine eligibility under  
22 this section including records establishing the sale of an American  
23 dream home.

24 (4) Credits allowed under this section can be earned for tax  
25 reporting periods through June 30, 2035. No credits can be claimed  
26 after June 30, 2036.

27 (5) For the purposes of this section, "American dream home" has  
28 the same meaning as in section 1 of this act.

29 (6) This section expires July 1, 2037.

30 NEW SECTION. **Sec. 4.** A new section is added to chapter 84.36  
31 RCW to read as follows:

32 (1)(a) The value of an American dream home is exempt from  
33 property taxation for a period of seven years beginning January 1st  
34 of the year immediately following the calendar year in which  
35 construction of the American dream home is completed.

36 (b) The exemption under this section applies only to American  
37 dream homes meeting the requirements and conditions described in  
38 section 1 of this act.

1 (c) An American dream home receiving an exemption under this  
2 section is immediately subject to property taxation if at any point  
3 during the exemption period the home no longer meets the requirements  
4 and conditions in section 1 of this act.

5 (2) Claims for an exemption under this section must be filed with  
6 the county assessor on forms provided by the department and furnished  
7 by the county assessor.

8 (3) The department may promulgate such rules, pursuant to chapter  
9 34.05 RCW, as necessary to properly administer this section.

10 (4) At the conclusion of the exemption period, the value of the  
11 new housing must be considered as new construction for the purposes  
12 of chapters 84.55 and 36.21 RCW as though the property was not exempt  
13 under this section.

14 (5) For the purposes of this section, "American dream home" has  
15 the same meaning as in section 1 of this act.

16 NEW SECTION. **Sec. 5.** The legislature intends to appropriate  
17 amounts to the department of commerce sufficient to provide down  
18 payment assistance to buyers of American dream homes as defined in  
19 section 1 of this act and to reimburse cities and counties for  
20 revenue forgone under section 1 of this act.

21 NEW SECTION. **Sec. 6.** RCW 82.32.805 and 82.32.808 do not apply  
22 to this act.

23 NEW SECTION. **Sec. 7.** This act applies for taxes levied for  
24 collection in 2025 and thereafter.

25 NEW SECTION. **Sec. 8.** This act takes effect July 1, 2024.

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