

WASHINGTON STATE DEPARTMENT OF REVENUE

SPECIAL NOTICE

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Sales and Use Tax Exemption for Farm Worker Housing Revision of Notice Issued March 20, 1996

This notice supersedes a March 20, 1996, special notice discussing the new sales and use tax exemption for farm worker housing as provided by Substitute House Bill 2778. This notice clarifies the earlier notice and includes a revised Farm Worker Housing Exemption Certificate.

Effective March 20, 1996, Substitute House Bill 2778 provides a sales and use tax exemption for agricultural employers making purchases of materials and labor for use in constructing, repairing, decorating, or improving new or existing buildings or other structures that will be used to provide housing to the employer's agricultural employees. The exemption also applies to purchases of mobile homes, mobile bunkhouses, modular homes, or prefabricated components of housing when such items are mounted on a permanent foundation and connected to utilities (water, electricity, sewer, gas, phone, etc.).

The buildings or other structures must be used to house agricultural employees (RCW 19.30.010(5)) for at least five years from the date approved for occupancy. Agricultural employee housing for year-round agricultural employees must be constructed to meet the state building code (Chapter 19.27 RCW) for single-family or multi-family dwellings.

“Agricultural employee housing” means facilities provided by an agricultural employer on a year-round or seasonal basis to the employer's agricultural employees. It includes single and multi-family dwellings, dormitories, and camps as identified by RCW 70.54.110. It also includes bathing, food handling, hand washing, laundry, and toilet facilities.

The exemption does not include housing regularly provided to the general public on a commercial basis, such as hotels, motels, apartments, rooming houses, and so forth. Nor does it apply to buildings or other structures used to house an agricultural employer (RCW 19.30.010(4)), family members of the employer, or persons owning stock or shares in a farm partnership or corporation.

Agricultural employers must give the seller a Farm Worker Housing Exemption Certificate in the same form as the sample certificate attached to this notice. The seller must retain the certificate for five years. In addition,

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persons making tax exempt sales of mobile homes, mobile bunkhouses, modular homes, or prefabricated components of housing to agricultural employers must provide a copy of the completed certificate to the Department of Licensing or its agent (county auditors or licensing agency outlets). An agricultural employer who wishes to retitle a used mobile home or title a new mobile home acquired from an out-of-state seller must also give a completed certificate to the Department of Licensing or its agent. Agricultural employers should also maintain a copy of the certificate in their files.

Sellers should also be aware that there is no comparable business and occupation (B&O) tax exemption. Consequently, income from sales of material and labor to agricultural employers continues to be subject to B&O tax under the retailing classification. When reporting such sales on the Combined Excise Tax Return, sellers will report using lines 20 (retailing B&O tax) and 21 (retail sales tax). The amount of the sale may then be deducted in Column 2 on line 21. On the deduction detail pages, the amount of the exempt sale must be identified in the column for line 21 on page four. Use the line for "Other" and write in "farm worker housing."