

WAC 458-20-262 Retail sales and use tax exemptions for farmworker housing. (1) **Introduction.** RCW 82.08.02745 and 82.12.02685 provide a retail sales and use tax exemption for farmworker housing. This section also explains the exemptions, who is entitled to the exemptions and how to obtain an exemption certificate.

(2) **Definitions.** The following definitions apply throughout this section.

(a) "Farmworker" means a single person, or all members of a household, whether such persons are related or not, if the combined household income earned from farm work is at least \$3,000 per calendar year.

(b) "Farm work" means services relating to:

(i) Cultivating the soil, raising or harvesting, or catching, netting, handling, planting, drying, packing, grading, storing, or preserving in its unmanufactured state any agricultural or aquacultural commodity;

(ii) Delivering to storage, market, or a carrier for transportation to market or to processing any agricultural or aquacultural commodity; or

(iii) Working in a processing plant and directly handling agricultural or aquacultural product.

(c) "Agricultural employer" means any person engaged in agricultural activity, including the growing, producing, or harvesting of farm or nursery products, or engaged in the forestation or reforestation of lands, which includes but is not limited to the planting, transplanting, tubing, precommercial thinning, and thinning of trees and seedlings, the clearing, piling and disposal of brush and slash, the harvest of Christmas trees, and other related activities as defined in RCW 19.30.010; and including any employer engaged in aquaculture as defined in RCW 15.85.020.

(d) "Farmworker housing" means all facilities provided by an agricultural employer, housing authority, local government, state or federal agency, nonprofit community or neighborhood-based organization that is exempt from income tax under section 501(c) of the Internal Revenue Code of 1986 (26 U.S.C. sec. 501(c)), or for-profit provider of housing for housing farmworkers on a year-round or seasonal basis, including bathing, food handling, hand washing, laundry, and toilet facilities, single-family and multifamily dwelling units and dormitories; and including labor camps as defined under RCW 70.114A.110.

(i) "Farmworker housing" may include the following:

(A) Mobile homes, travel trailers, mobile bunkhouses, modular homes, fabricated components of a house, and tents; and

(B) Housing occupied by a household with at least one member who is a farmworker; and

(C) Housing occupied by a farmworker on a seasonal basis, where the housing is not used as farmworker housing for a portion of the year, such as when it is rented to the general public when not being used for farmworker housing.

(ii) "Farmworker housing" does not include:

(A) Housing regularly provided on a commercial basis to the general public; and

(B) Housing provided by a housing authority unless at least 80 percent of the occupants are farmworkers whose adjusted income is less than 50 percent of median family income, adjusted for household size, for the county where the housing is provided; and

(C) Housing provided to farmworkers providing services related to the growing, raising, or producing of cannabis.

(e) "Person" means any individual, receiver, administrator, executor, assignee, trustee in bankruptcy, trust, estate, firm, copartnership, joint venture, club, company, joint stock company, business trust, municipal corporation, political subdivision of the state of Washington, corporation, limited liability company, association, society, or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, nonprofit, or otherwise and the United States or any instrumentality thereof. RCW 82.04.030.

(f) "Agricultural land" has the same meaning as "farm and agricultural land" in RCW 84.34.020(2).

(3) **Retail sales and use tax exemptions for farmworker housing.** RCW 82.08.02745 and 82.12.02685, respectively, provide retail sales tax and use tax exemptions for the purchase, construction, and use of farmworker housing.

(a) Retail sales tax levied under RCW 82.08.020 does not apply to charges for labor and services rendered by any person in respect to the constructing, repairing, decorating, or improving of new or existing buildings or other structures, in which at least 50 percent of housing units in the development are used as farmworker housing, or to sales of tangible personal property that becomes an ingredient or component of the buildings or other structures during the course of the constructing, repairing, decorating, or improving the buildings or other structures.

(b) Use tax levied under RCW 82.12.020 does not apply to the use of tangible personal property that becomes an ingredient or component of buildings or other structures, in which at least 50 percent of the housing units in the development are used as farmworker housing, during the course of constructing, repairing, decorating, or improving the buildings or other structures by any person.

(i) The use tax exemption for tangible personal property incorporated into buildings or other structures used as farmworker housing also applies to persons/consumers constructing these buildings or structures for the federal government or county housing authorities. See also WAC 458-20-17001 on government contracting.

(ii) An agricultural employer claiming the exemption who retitles a used mobile home or titles a new mobile home acquired from an out-of-state seller must provide a completed exemption certificate to the department of licensing or its agent to substantiate the exempt nature of the home.

(c) Both exemptions require that farmworker housing provided on a year-round basis only applies if that housing is built to the current building code for single-family or multifamily dwellings according to the state building code, chapter 19.27 RCW.

(d) Any farmworker housing built under this section must be used according to this section for at least five consecutive years from the date the housing is approved for occupancy.

(e) Neither of these exemptions apply to housing built for the occupancy of an employer, family members of an employer, or persons owning stock or shares in a farm partnership or corporation business.

(f) The exemption does not apply to housing built exclusively for workers in the United States on an H-2A visa under the United States citizenship and immigration services. If during any agricultural season in the qualifying five years the housing is occupied by a farmworker who does not have an H-2A visa, then the housing will be considered not to be exclusively built for workers on an H-2A visa.

(g) The exemption is provided for all housing units in the development and is available only if the buyer provides the seller with an

exemption certificate in a form and manner prescribed by the department by rule.

(h) Examples of tangible personal property that may become ingredients or components of buildings or other structures include, but are not limited to, cement, lumber, nails, paint, and wallpaper.

(i) Appliances and furniture including, but not limited to, stoves, refrigerators, bed frames, lamps and television sets, bolted or strapped directly to the building or structure are considered components of the building or structure. Additionally, appliances and furniture bolted or strapped to another item that is bolted or strapped directly to the building or structure (e.g., a television set bolted to a refrigerator that is strapped to the structure) are considered components of the building or structure.

(ii) Items that are not bolted or strapped directly to the building or structure, or to another item similarly bolted or strapped, do not qualify for this exemption. These items include, but are not limited to, kitchen utensils, mattresses, bedding, portable heating units, and throw rugs. Stoves, refrigerators, bed frames, lamps and television sets that are not bolted or strapped as discussed in (a)(i) of this subsection, also do not qualify as components of the building or structure.

(iii) Purchases of labor and transportation charges necessary to move and set up mobile homes, mobile bunkhouses, and other property and component parts as farmworker housing are exempt from retail sales tax.

(iv) As a condition for exemption, the seller must take from the buyer an exemption certificate completed by the buyer to document the exempt nature of the sale. This requirement may be satisfied by using the department of revenue's "Farmers' Certificate for Wholesale Purchases and Sales Tax Exemptions" which can be obtained through the following means:

- (A) From the department's internet site at <http://dor.wa.gov>;
- (B) By calling taxpayer services at 360-705-6705; or
- (C) By writing to:

Taxpayer Services
Washington State Department of Revenue
P.O. Box 47478
Olympia, WA 98504-7478

The seller may accept a legible fax or duplicate copy of an original exemption certificate. In all cases, the exemption certificate must be retained by the seller for a period of at least five years. An exemption certificate may be provided for a single purchase or for multiple purchases over a period of time. If the certificate is provided for multiple purchases over a period of time, the certificate is valid for as long as the buyer and seller have a recurring business relationship. A "recurring business relationship" means at least one sale transaction within a period of 12 consecutive months. RCW 82.08.050 (7)(c). Failure to comply with the provisions in this section may result in a denial of the exemption and the agricultural employer may be subject to use tax plus penalties and interest.

(4) Requirement to remit payment of tax if farmworker housing fails to continue to satisfy the conditions of exemption.

(a) Farmworker housing must be used for that purpose at least five consecutive years from the date the housing is approved for occupancy to retain the retail sales and use tax exemption. If this condition is not satisfied, the full amount of tax otherwise due is immedi-

ately due and payable together with interest, but not penalties, from the date the housing ceases to be used as farmworker housing until the date of payment.

(b) If at any time farmworker housing ceases to comply with the state's current building codes for single-family or multifamily dwellings, the full amount of tax otherwise due is immediately due and payable with interest, but not penalties, from the date the housing ceases to be used as farmworker housing until the date of payment.

[Statutory Authority: RCW 82.32.300 and 82.01.060. WSR 22-24-101, § 458-20-262, filed 12/6/22, effective 1/6/23. Statutory Authority: RCW 82.32.300, 82.01.060(2), 82.08.02745 and 82.12.02685. WSR 08-14-017, § 458-20-262, filed 6/20/08, effective 7/21/08. Statutory Authority: RCW 82.32.300 and 82.08.02745. WSR 98-24-069, § 458-20-262, filed 11/30/98, effective 12/31/98.]