



PROPOSED STUDY QUESTIONS Farmworker Housing

State of Washington Joint Legislative Audit and Review Committee

December 2019

JLARC to review sales and use tax exemption for farmworker housing

The 2006 Legislature directed the Joint Legislative Audit and Review Committee (JLARC) staff to conduct performance audits of tax preferences. This preference is included in the 10-year review schedule set by the Citizen Commission for Performance Measurement of Tax Preferences.



The farmworker housing preference exempts the costs of building farmworker housing from sales and use tax. The tax savings must be repaid if the buildings are not used for farmworker housing for five consecutive years. The exemption applies to organizations that construct farmworker housing, including employers, governments, and certain nonprofits. Housing authorities are only eligible if at least 80% of occupants are agricultural employees earning less than 50% of the county's family median income.

Exemption to encourage building farmworker housing and alleviate a shortage

The Legislature did not state a public policy objective for the preference. JLARC staff infer two objectives:

1. Incentivize construction of farmworker housing.
2. Alleviate a shortage of farmworker housing in the state.

In 1996 when the preference was enacted, stakeholders testified that there was a shortage of 57,000 housing beds for farmworkers.

This study will address the following questions.

1. How much housing has been built using the exemption, where is it located, and what populations does it serve?
2. What types of organizations have used the exemption?
3. What is the value of the exemption, and to what extent does it incentivize farmworker housing construction?
4. What information exists to quantify a shortage in housing for farmworkers, and is there evidence this has changed since passage of the preference?

Study Timeframe

Preliminary Report: July 2020

Proposed Final Report: December 2020

Study Team

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JLARC Study Process



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