

SENATE BILL REPORT

SB 6173

As of January 17, 2024

Title: An act relating to affordable and supportive housing sales and use taxes and encouraging investments in affordable homeownership unit development.

Brief Description: Encouraging investments in affordable homeownership unit development.

Sponsors: Senators Nobles, Trudeau, Kuderer, Lovelett, Mullet, Nguyen, Randall, Torres and Wilson, C..

Brief History:

Committee Activity: Housing: 1/19/24.

Brief Summary of Bill

- Allows revenue from the affordable and supportive housing sales and use tax to be used for housing and services provided to persons whose income is at or below 80 percent of the median income if it is supporting the development of affordable housing intended for owner occupancy.

SENATE COMMITTEE ON HOUSING

Staff: Melissa Van Gorkom (786-7491)

Background: Retail Sales and Use Tax. Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and cities levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent.

Affordable and Supportive Housing. Local jurisdictions may impose a local state-shared

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sales and use tax to fund affordable or supportive housing. The maximum rate imposed may not exceed either 0.0146 percent or 0.0073 percent. The tax is credited against the state sales tax collected in the jurisdiction. To impose the tax, the local jurisdiction must adopt both of the following:

- a resolution of intent to adopt legislation by January 28, 2020; and
- legislation to authorize the tax by July 28, 2020.

Funds from this tax must be used for the following:

- acquisition, rehabilitation, or construction of affordable housing;
- funding the operations and maintenance costs of new units of affordable or supportive housing; or
- providing rental assistance to tenants.

Counties or cities may retain up to 10 percent of the affordable and supportive housing tax for administrative costs.

Housing and services may only be provided to persons whose income is at or below 60 percent of the county median income.

Counties and cities imposing the tax must submit annual reports on the collection and uses of the revenue to the Department of Commerce (Commerce), and Commerce must submit a report annually to the appropriate legislative committees. The tax expires 20 years after the jurisdiction first imposes the tax.

Summary of Bill: Local jurisdictions imposing an affordable and supportive housing sales and use tax may provide housing and services to persons whose income is at or below 80 percent of the median income of the county or city imposing the tax if it is supporting the development of affordable housing intended for owner occupancy.

Appropriation: None.

Fiscal Note: Requested on January 11, 2024.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.