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HOUSE BILL 1406

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State of Washington

66th Legislature

2019 Regular Session

By Representatives Robinson, Macri, Chapman, Valdez, Senn, Peterson, Kloba, Tharinger, Gregerson, Stanford, Walen, Doglio, and Frame

1 AN ACT Relating to encouraging investments in affordable and  
2 supportive housing; and adding a new section to chapter 82.14 RCW.

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

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.14  
5 RCW to read as follows:

6 (1) The definitions in this subsection apply throughout this  
7 section unless the context clearly requires otherwise.

8 (a) "Nonparticipating city" is a city that does not impose a  
9 sales and use tax in accordance with the terms of this chapter.

10 (b) "Nonparticipating county" is a county that does not impose a  
11 sales and use tax in accordance with the terms of this chapter.

12 (c) "Participating city" is a city that imposes a sales and use  
13 tax in accordance with the terms of this chapter.

14 (d) "Participating county" is a county that imposes a sales and  
15 use tax in accordance with the terms of this chapter.

16 (e) "Qualifying local tax" means the following tax sources, if  
17 the tax source was instated within one year after the effective date  
18 of this section:

19 (i) The affordable housing levy authorized under RCW 84.52.105;

20 (ii) The sales and use tax for housing and related services  
21 authorized under RCW 82.14.530; and

1 (iii) The sales tax for chemical dependency and mental health  
2 treatment services or therapeutic courts authorized under RCW  
3 82.14.460.

4 (2) (a) A county or city legislative authority may authorize, fix,  
5 and impose a sales and use tax in accordance with the terms of this  
6 chapter.

7 (b) The tax under this chapter is assessed on the selling price  
8 in the case of a sales tax, or value of the article used, in the case  
9 of a use tax.

10 (c) The rate of the tax under this chapter for an individual  
11 participating city and an individual participating county may not  
12 exceed:

13 (i) Until twelve months after the effective date of this section:

14 (A) One one-hundredth percent for a:

15 (I) Participating city, unless the participating city levies a  
16 qualifying local tax; and

17 (II) Participating county, within the limits of nonparticipating  
18 cities within the county;

19 (B) Two one-hundredths percent for a:

20 (I) Participating city that levies a qualifying local tax;

21 (II) Participating city if the county in which it is located  
22 declares they will not levy the sales and use tax authorized under  
23 this section; and

24 (III) Participating county within the unincorporated areas of the  
25 county and any city that declares they will not levy the sales and  
26 use tax authorized under this section;

27 (ii) Beginning twelve months after the effective date of this  
28 section:

29 (A) One one-hundredth percent for a:

30 (I) Participating city that is located within a participating  
31 county if the participating city is not levying a qualifying local  
32 tax; and

33 (II) Participating county, within the limits of a participating  
34 city if the participating city is not levying a qualifying local tax;

35 (B) Two one-hundredths percent within the limits of a:

36 (I) Participating city that is levying a qualifying local tax;  
37 and

38 (II) Participating county within the unincorporated area of the  
39 county and within the limits of any nonparticipating city that is  
40 located within the county.

1 (d) A county may not levy the tax authorized under this section  
2 within the limits of a participating city that levies a qualifying  
3 local tax.

4 (e)(i) In order for a county or city legislative authority to  
5 impose the tax under this chapter, the authority must adopt:

6 (A) A resolution of intent to adopt legislation to authorize the  
7 maximum capacity of the tax in this chapter within six months of the  
8 date in which this section takes effect; and

9 (B) Legislation to authorize the maximum capacity of the tax in  
10 this chapter within one year of the date on which this section takes  
11 effect.

12 (ii) Adoption of the resolution of intent and legislation  
13 requires simple majority approval of the enacting legislative  
14 authority.

15 (iii) If a county or city has not adopted a resolution of intent  
16 in accordance with the terms of this chapter, the county or city may  
17 not authorize, fix, and impose the tax.

18 (3) The tax imposed under this chapter must be deducted from the  
19 amount of tax otherwise required to be collected or paid to the  
20 department of revenue under chapter 82.08 or 82.12 RCW. The  
21 department must perform the collection of such taxes on behalf of the  
22 county or city at no cost to the county or city.

23 (4) By December 31, 2019, or within thirty days of a county or  
24 city authorizing the tax under this chapter, whichever is later, the  
25 department must calculate the maximum amount of tax distributions for  
26 each county and city authorizing the tax under this chapter as  
27 follows:

28 (a) The maximum amount for a participating county equals the  
29 taxable retail sales within the county in state fiscal year 2019  
30 multiplied by the tax rate imposed under this section. If a county  
31 imposes a tax authorized under this section after a city located in  
32 that county has imposed the tax, the taxable retail sales within the  
33 city in state fiscal year 2018 must be subtracted from the taxable  
34 retail sales within the county for the calculation of the maximum  
35 amount; and

36 (b) The maximum amount for a city equals the taxable retail sales  
37 within the city in state fiscal year 2018 multiplied by the tax rate  
38 imposed under subsection (1) of this section.

39 (5) The tax must cease to be distributed to a county or city for  
40 the remainder of any fiscal year in which the amount of tax exceeds

1 the maximum amount in subsection (4) of this section. The department  
2 must remit any annual tax revenues above the maximum to the state  
3 treasurer for deposit in the general fund. Distributions to a county  
4 or city meeting the maximum amount must resume at the beginning of  
5 the next fiscal year.

6 (6) (a) If a county has a population greater than four hundred  
7 thousand or a city has a population greater than one hundred  
8 thousand, the moneys collected or bonds issued under this section may  
9 only be used for the following purposes:

10 (i) Acquiring, rehabilitating, or constructing affordable  
11 housing, which may include new units of affordable housing within an  
12 existing structure or facilities providing supportive housing  
13 services under RCW 71.24.385; or

14 (ii) Funding the operations and maintenance costs of new units of  
15 affordable or supportive housing.

16 (b) If a county has a population of four hundred thousand or less  
17 or a city has a population of one hundred thousand or less, the  
18 moneys collected under this section may only be used for the purposes  
19 provided in (a) of this subsection or for providing rental assistance  
20 to tenants.

21 (7) The housing and services provided pursuant to subsection (6)  
22 of this section may only be provided to persons whose income is at or  
23 below sixty percent of the median income of the county imposing the  
24 tax.

25 (8) In determining the use of funds under subsection (6) of this  
26 section, a county or city must consider the income of the individuals  
27 and families to be served, the leveraging of the resources made  
28 available under this section, and the housing needs within the  
29 jurisdiction of the taxing authority.

30 (9) To carry out the purposes of this section including, but not  
31 limited to, financing loans or grants to nonprofit organizations or  
32 public housing authorities, the legislative authority of the county  
33 or city imposing the tax has the authority to issue general  
34 obligation or revenue bonds within the limitations now or hereafter  
35 prescribed by the laws of this state, and may use, and is authorized  
36 to pledge, the moneys collected under this section for repayment of  
37 such bonds.

38 (10) A county or city may enter into an interlocal agreement with  
39 one or more counties, cities, or public housing authorities in  
40 accordance with chapter 39.34 RCW. The agreement may include, but is

1 not limited to, pooling the tax receipts received under this section,  
2 pledging those taxes to bonds issued by one or more parties to the  
3 agreement, and allocating the proceeds of the taxes levied or the  
4 bonds issued in accordance with such interlocal agreement and this  
5 section.

6 (11) Counties and cities imposing the tax under this section must  
7 report annually to the department of commerce on the collection and  
8 use of the revenue. The department of commerce must adopt rules  
9 prescribing content of such reports. By December 1, 2019, and  
10 annually thereafter, and in compliance with RCW 43.01.036, the  
11 department of commerce must submit a report annually to the  
12 appropriate legislative committees with regard to such uses.

13 (12) The tax imposed by a county or city under this section  
14 expires twenty years after the date on which the tax is first  
15 imposed.

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