S-1431.3

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**SUBSTITUTE SENATE BILL 5357**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** Senate Housing Stability & Affordability (originally sponsored by Senators Darneille, Kuderer, Nguyen, Saldaña, and Hunt)

AN ACT Relating to authorizing cities and counties to impose additional taxes for affordable housing; and amending RCW 82.46.075.

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

**Sec.**  RCW 82.46.075 and 2002 c 343 s 1 are each amended to read as follows:

(1) Subject to subsections ((~~(4) and (5)~~)) (6) and (7) of this section, the legislative authority of any county may impose an additional excise tax on the purchase and sale of real property in ((~~the county~~)) its jurisdiction at the rate of one-half of one percent of the selling price. ((~~The proceeds of the tax shall be used exclusively for the development of affordable housing including acquisition, building, rehabilitation, and maintenance and operation of housing for very low, low, and moderate-income persons and those with special needs.~~))

(2) Subject to subsection (8) of this section, the legislative authority of any city, or of any county that has not imposed the tax authorized in subsection (1) of this section, may impose an additional excise tax on the purchase and sale of real property in its jurisdiction at the rate of one-quarter of one percent of the selling price.

(3) The proceeds of the taxes imposed under this section must be used exclusively for the development of affordable housing including acquisition, building, rehabilitation, and maintenance and operation of housing for very low, low, and moderate-income persons and those with special needs.

(4) Revenues generated from the ((~~tax~~)) taxes imposed under this section ((~~shall~~)) must be placed in an affordable housing account administered by the ((~~county~~)) authorizing jurisdiction. Disbursements from the account ((~~shall~~)) must be made following a competitive grant and loan process. The ((~~county~~)) authorizing legislative authority ((~~shall~~)) must determine a mechanism for receiving grant and loan applications, and criteria by which the applications ((~~shall~~)) must be approved and funded. Eligible recipients of grants and loans from the account ((~~shall~~)) must be private nonprofit, affordable housing providers, the housing authority for the county, or other housing programs conducted or funded by a public agency, or by a public agency in partnership with a private nonprofit entity.

((~~(3)~~)) (5) The taxes imposed under this section ((~~shall~~)) must be imposed in the same manner and on the same occurrences, and are subject to the same conditions, as the taxes under chapter 82.45 RCW, except that the tax ((~~shall be~~)) is the obligation of both the purchaser and the seller, as determined by the ((~~county~~)) authorizing legislative authority, with at least one-half of the obligation being that of the purchaser. The ((~~county~~)) jurisdiction may enforce the obligation through an action of debt against the purchaser or seller or may foreclose the lien on the property in the same manner prescribed for the foreclosure of mortgages. The imposition of the ((~~tax~~)) taxes is effective thirty days after the election at which the tax is authorized.

((~~(4)~~)) (6)(a) No tax may be imposed under ((~~this section~~)) subsection (1) of this section unless approved by a majority of the voters of the county voting, for a specified period and for a specified maximum rate. ((~~This~~)) A vote must follow either:

(i) The adoption of a resolution by the county legislative authority proposing this action; or

(ii) The filing of a petition proposing this action with the county auditor, signed by county voters at least equal in number to ten percent of the total number of voters in the county who voted in the preceding general election.

(b) The ballot proposition ((~~shall~~)) must be submitted to the voters of the county at the next general election occurring at least sixty days after a petition is filed, or at any special election prior to this general election called for this purpose by the county legislative authority.

((~~(5)~~)) (7) No tax may be imposed under ((~~this section~~)) subsection (1) of this section unless the county imposes a tax under RCW 82.46.070 at the maximum rate and the tax was imposed by January 1, 2003.

((~~(6)~~)) (8) No tax may be imposed under subsection (2) of this section unless it is approved by a majority of the jurisdiction's legislative authority.

(9) A plan for the expenditure of the proceeds of the ((~~tax~~)) taxes imposed by this section ((~~shall~~)) must be prepared by the county authorizing legislative authority at least sixty days before the election or enactment if the proposal is initiated by resolution of the county or city legislative authority, or within six months after the tax has been authorized by the voters if the proposal is initiated by petition. Prior to ((~~the adoption of~~)) a county adopting this plan, the elected officials of cities located within the county ((~~shall~~)) must be consulted and at least one public hearing ((~~shall~~)) must be held to obtain public comment. The proceeds of the tax ((~~shall~~)) must be expended in conformance with this plan.

(10) If both a city and county exercise the authority provided in subsection (2) of this section, the city must collect the excise tax within its incorporated boundaries, and the county must collect the excise tax within the unincorporated areas.

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