

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE HOUSE BILL 1070

67th Legislature
2021 Regular Session

Passed by the House February 25, 2021
Yeas 56 Nays 42

**Speaker of the House of
Representatives**

Passed by the Senate March 30, 2021
Yeas 36 Nays 13

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 1070** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE HOUSE BILL 1070

Passed Legislature - 2021 Regular Session

State of Washington

67th Legislature

2021 Regular Session

By House Finance (originally sponsored by Representatives Ryu, Macri, Walen, Chopp, Santos, Fitzgibbon, Ramel, Wylie, Ramos, Bateman, Tharinger, Simmons, Kloba, Peterson, Gregerson, Goodman, Sells, Bronoske, Valdez, Callan, Hackney, Cody, Ormsby, Riccelli, Springer, Fey, Davis, Pollet, and Harris-Talley)

READ FIRST TIME 02/01/21.

1 AN ACT Relating to modifying allowed uses of local tax revenue
2 for affordable housing and related services to include the
3 acquisition and construction of affordable housing and facilities;
4 amending RCW 82.14.530 and 67.28.180; and declaring an emergency.

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

6 **Sec. 1.** RCW 82.14.530 and 2020 c 222 s 1 are each amended to
7 read as follows:

8 (1)(a)(i) A county legislative authority may submit an
9 authorizing proposition to the county voters at a special or general
10 election and, if the proposition is approved by a majority of persons
11 voting, impose a sales and use tax in accordance with the terms of
12 this chapter. The title of each ballot measure must clearly state the
13 purposes for which the proposed sales and use tax will be used. The
14 rate of tax under this section may not exceed one-tenth of one
15 percent of the selling price in the case of a sales tax, or value of
16 the article used, in the case of a use tax.

17 (ii) As an alternative to the authority provided in (a)(i) of
18 this subsection, a county legislative authority may impose, without a
19 proposition approved by a majority of persons voting, a sales and use
20 tax in accordance with the terms of this chapter. The rate of tax
21 under this section may not exceed one-tenth of one percent of the

1 selling price in the case of a sales tax, or value of the article
2 used, in the case of a use tax.

3 (b) (i) If a county does not impose the full tax rate authorized
4 under (a) of this subsection by September 30, 2020, any city
5 legislative authority located in that county may:

6 (A) Submit an authorizing proposition to the city voters at a
7 special or general election and, if the proposition is approved by a
8 majority of persons voting, impose the whole or remainder of the
9 sales and use tax rate in accordance with the terms of this chapter.
10 The title of each ballot measure must clearly state the purposes for
11 which the proposed sales and use tax will be used; or

12 (B) Impose, without a proposition approved by a majority of
13 persons voting, the whole or remainder of the sales and use tax rate
14 in accordance with the terms of this chapter.

15 (ii) The rate of tax under this section may not exceed one-tenth
16 of one percent of the selling price in the case of a sales tax, or
17 value of the article used, in the case of a use tax.

18 (iii) A county with a population of greater than one million five
19 hundred thousand may impose the tax authorized under (a) (ii) of this
20 subsection only if the county plans to spend at least thirty percent
21 of the moneys collected under this section that are attributable to
22 taxable activities or events within any city with a population
23 greater than sixty thousand located in that county within that city's
24 boundaries.

25 (c) If a county imposes a tax authorized under (a) of this
26 subsection after a city located in that county has imposed the tax
27 authorized under (b) of this subsection, the county must provide a
28 credit against its tax for the full amount of tax imposed by a city.

29 (d) The taxes authorized in this subsection are in addition to
30 any other taxes authorized by law and must be collected from persons
31 who are taxable by the state under chapters 82.08 and 82.12 RCW upon
32 the occurrence of any taxable event within the county for a county's
33 tax and within a city for a city's tax.

34 (2) (a) Notwithstanding subsection (4) of this section, a minimum
35 of sixty percent of the moneys collected under this section must be
36 used for the following purposes:

37 (i) Constructing or acquiring affordable housing, which may
38 include emergency, transitional, and supportive housing and new units
39 of affordable housing within an existing structure, and facilities

1 providing housing-related services, or acquiring land for these
2 purposes; or

3 (ii) Constructing (~~(mental and)~~) or acquiring behavioral health-
4 related facilities, or acquiring land for these purposes; or

5 (iii) Funding the operations and maintenance costs of new units
6 of affordable housing and facilities where housing-related programs
7 are provided, or newly constructed evaluation and treatment centers.

8 (b) The affordable housing and facilities providing housing-
9 related programs in (a) (i) of this subsection may only be provided to
10 persons within any of the following population groups whose income is
11 at or below sixty percent of the median income of the county imposing
12 the tax:

13 (i) Persons with behavioral health disabilities;

14 (ii) Veterans;

15 (iii) Senior citizens;

16 (iv) (~~(Homeless,)~~) Persons who are homeless or at-risk of being
17 homeless, including families with children;

18 (v) Unaccompanied homeless youth or young adults;

19 (vi) Persons with disabilities; or

20 (vii) Domestic violence survivors.

21 (c) The remainder of the moneys collected under this section must
22 be used for the operation, delivery, or evaluation of (~~(mental and)~~)
23 behavioral health treatment programs and services or housing-related
24 services.

25 (3) (a) A county that imposes the tax under this section must
26 consult with a city before the county may construct or acquire any of
27 the facilities authorized under subsection (2) (a) of this section
28 within the city limits.

29 (b) Among other priorities, a county that acquires a facility
30 under subsection (2) (a) of this section must provide an opportunity
31 for 15 percent of the units provided at that facility to be provided
32 to individuals who are living in or near the city in which the
33 facility is located, or have ties to that community. The provisions
34 of this subsection (3) (b) do not apply if the county is unable to
35 identify sufficient individuals within the city in need of services
36 that meet the criteria provided in subsection (2) (b) of this section.
37 This prioritization must not jeopardize United States department of
38 housing and urban development funding for the continuum of care
39 program.

1 (4) A county that has not imposed the tax authorized under RCW
2 82.14.460 prior to October 9, 2015, but imposes the tax authorized
3 under this section after a city in that county has imposed the tax
4 authorized under RCW 82.14.460 prior to October 9, 2015, must enter
5 into an interlocal agreement with that city to determine how the
6 services and provisions described in subsection (2) of this section
7 will be allocated and funded in the city.

8 (5) To carry out the purposes of subsection (2)(a) and (b) of
9 this section, the legislative authority of the county or city
10 imposing the tax has the authority to issue general obligation or
11 revenue bonds within the limitations now or hereafter prescribed by
12 the laws of this state, and may use, and is authorized to pledge, up
13 to fifty percent of the moneys collected under this section for
14 repayment of such bonds, in order to finance the provision or
15 construction of affordable housing, facilities where housing-related
16 programs are provided, or evaluation and treatment centers described
17 in subsection (2)(a)(iii) of this section.

18 (6)(a) Moneys collected under this section may be used to offset
19 reductions in state or federal funds for the purposes described in
20 subsection (2) of this section.

21 (b) No more than ten percent of the moneys collected under this
22 section may be used to supplant existing local funds.

23 **Sec. 2.** RCW 67.28.180 and 2015 c 102 s 3 are each amended to
24 read as follows:

25 (1) Subject to the conditions set forth in subsections (2) and
26 (3) of this section, the legislative body of any county or any city,
27 is authorized to levy and collect a special excise tax of not to
28 exceed two percent on the sale of or charge made for the furnishing
29 of lodging that is subject to tax under chapter 82.08 RCW.

30 (2) Any levy authorized by this section is subject to the
31 following:

32 (a) Any county ordinance or resolution adopted pursuant to this
33 section must contain, in addition to all other provisions required to
34 conform to this chapter, a provision allowing a credit against the
35 county tax for the full amount of any city tax imposed pursuant to
36 this section upon the same taxable event.

37 (b)(i) In the event that any county has levied the tax authorized
38 by this section and has, prior to June 26, 1975, either pledged the
39 tax revenues for payment of principal and interest on city revenue or

1 general obligation bonds authorized and issued pursuant to RCW
2 67.28.150 (~~(through [and])~~) and 67.28.160 or has authorized and
3 issued revenue or general obligation bonds pursuant to the provisions
4 of RCW 67.28.150 (~~(through [and])~~) and 67.28.160, such county is
5 exempt from the provisions of (a) of this subsection, to the extent
6 that the tax revenues are pledged for payment of principal and
7 interest on bonds issued at any time pursuant to the provisions of
8 RCW 67.28.150 (~~(through [and])~~) and 67.28.160. However, so much of
9 such pledged tax revenues, together with any investment earnings
10 thereon, not immediately necessary for actual payment of principal
11 and interest on such bonds may be used: (A) In any county with a
12 population of one million five hundred thousand or more, for
13 repayment either of limited tax levy general obligation bonds or of
14 any county fund or account from which a loan was made, the proceeds
15 from the bonds or loan being used to pay for constructing,
16 installing, improving, and equipping stadium capital improvement
17 projects, and to pay for any engineering, planning, financial, legal
18 and professional services incident to the development of such stadium
19 capital improvement projects, regardless of the date the debt for
20 such capital improvement projects was or may be incurred; (B) in any
21 county with a population of one million five hundred thousand or
22 more, for repayment or refinancing of bonded indebtedness incurred
23 prior to January 1, 1997, for any purpose authorized by this section
24 or relating to stadium repairs or rehabilitation, including but not
25 limited to the cost of settling legal claims, reimbursing operating
26 funds, interest payments on short-term loans, and any other purpose
27 for which such debt has been incurred if the county has created a
28 public stadium authority to develop a stadium and exhibition center
29 under RCW 36.102.030; or (C) in other counties, for county-owned
30 facilities for agricultural promotion until January 1, 2009, and
31 thereafter for any purpose authorized in this chapter.

32 (ii) A county is exempt under this subsection with respect to
33 city revenue or general obligation bonds issued after April 1, 1991,
34 only if such bonds mature before January 1, 2013. If any county
35 located east of the crest of the Cascade mountains has levied the tax
36 authorized by this section and has, prior to June 26, 1975, pledged
37 the tax revenue for payment of principal and interest on city revenue
38 or general obligation bonds, the county is exempt under this
39 subsection with respect to revenue or general obligation bonds issued
40 after January 1, 2007, only if the bonds mature before January 1,

1 2035. Such a county may only use funds under this subsection (2)(b)
2 for constructing or improving facilities authorized under this
3 chapter, including county-owned facilities for agricultural
4 promotion.

5 (iii) As used in this subsection (2)(b), "capital improvement
6 projects" may include, but not be limited to a stadium restaurant
7 facility, restroom facilities, artificial turf system, seating
8 facilities, parking facilities and scoreboard and information system
9 adjacent to or within a county owned stadium, together with
10 equipment, utilities, accessories and appurtenances necessary
11 thereto. The stadium restaurant authorized by this subsection (2)(b)
12 must be operated by a private concessionaire under a contract with
13 the county.

14 (c)(i) No city within a county exempt under (b) of this
15 subsection may levy the tax authorized by this section so long as
16 said county is so exempt.

17 (ii) No city within a county with a population of one million
18 five hundred thousand or more may levy the tax authorized by this
19 section.

20 (iii) However, in the event that any city in a county described
21 in (c)(i) or (ii) of this subsection (2) has levied the tax
22 authorized by this section and has, prior to June 26, 1975,
23 authorized and issued revenue or general obligation bonds pursuant to
24 the provisions of RCW 67.28.150 (~~((through [and]))~~) and 67.28.160, such
25 city may levy the tax so long as the tax revenues are pledged for
26 payment of principal and interest on bonds issued at any time
27 pursuant to the provisions of RCW 67.28.150 (~~((through [and]))~~) and
28 67.28.160.

29 (3) Any levy authorized by this section by a county that has a
30 population of one million five hundred thousand or more is subject to
31 the following:

32 (a) Taxes collected under this section in any calendar year
33 before 2013 in excess of five million three hundred thousand dollars
34 may only be used as follows:

35 (i) Seventy percent from January 1, 2001, through December 31,
36 2012, for art museums, cultural museums, heritage museums, the arts,
37 and the performing arts. Moneys spent under this subsection (3)(a)(i)
38 must be used for the purposes of this subsection (3)(a)(i) in all
39 parts of the county.

1 (ii) Thirty percent from January 1, 2001, through December 31,
2 2012, for the following purposes and in a manner reflecting the
3 following order of priority: Stadium purposes as authorized under
4 subsection (2)(b) of this section; acquisition of open space lands;
5 youth sports activities; and tourism promotion. If all or part of the
6 debt on the stadium is refinanced, all revenues under this subsection
7 (3)(a)(ii) must be used to retire the debt.

8 (b) From January 1, 2013, through December 31, 2015, all revenues
9 under this section must be used to retire the debt on the stadium,
10 until the debt on the stadium is retired. On and after the date the
11 debt on the stadium is retired, and through December 31, 2015, all
12 revenues under this section in a county of one million five hundred
13 thousand or more must be deposited in the special account under (e)
14 of this subsection.

15 (c) From January 1, 2016, through December 31, 2020, all revenues
16 under this section must be deposited in the stadium and exhibition
17 center account under RCW 43.99N.060.

18 (d) On and after January 1, 2021, the revenues under this section
19 must be used as follows:

20 (i) At least thirty-seven and one-half percent of the revenues
21 under this section must be deposited in the special account under (e)
22 of this subsection.

23 (ii) At least thirty-seven and one-half percent of the revenues
24 under this section must be used:

25 (A) For contracts, loans, or grants to nonprofit organizations or
26 public housing authorities for affordable workforce housing within
27 one-half mile of a transit station, as described under RCW 9.91.025
28 or for housing, facilities, or services for homeless youth; or

29 (B) To repay:

30 (I) General obligation bonds issued pursuant to RCW 67.28.150 to
31 finance such contracts, loans, or grants; or

32 (II) Revenue bonds issued pursuant to RCW 67.28.160 to finance a
33 fund to make such contracts, loans, or grants; or

34 (III) Revenue bonds issued pursuant to RCW 67.28.160 to finance
35 projects authorized by an authority under chapter 43.167 RCW to
36 promote sustainable workplace opportunities near a community impacted
37 by the construction or operation of tourism-related facilities.

38 (iii) The remainder must be used for capital or operating
39 programs that promote tourism and attract tourists to the county.

1 (e) At least forty percent of the revenues distributed pursuant
2 to (a)(i) of this subsection must be deposited in a special account.
3 The account may only be used for the purposes of (a)(i) of this
4 subsection.

5 (f) School districts and schools may not receive revenues
6 distributed pursuant to (a)(i) of this subsection.

7 (g) Moneys distributed to art museums, cultural museums, heritage
8 museums, the arts, and the performing arts, and moneys distributed
9 for tourism promotion must be in addition to and may not be used to
10 replace or supplant any other funding by the legislative body of the
11 county.

12 (h) For the purposes of this section:

13 (i) "Affordable workforce housing" means housing for a single
14 person, family, or unrelated persons living together whose income is
15 (~~between thirty percent and eighty~~) at or below 80 percent of the
16 median income, adjusted for household size, for the county where the
17 housing is located; and

18 (ii) "Tourism promotion" includes activities intended to attract
19 visitors for overnight stays, arts, heritage, and cultural events,
20 and recreational, professional, and amateur sports events. Moneys
21 allocated to tourism promotion in a county with a population of one
22 million or more must be allocated to local public organizations and
23 nonprofit organizations formed for the express purpose of tourism
24 promotion in the county. Such organizations must use moneys from the
25 taxes to promote events in all parts of the county.

26 (i) No taxes collected under this section may be used for the
27 operation or maintenance of a public stadium that is financed
28 directly or indirectly by bonds to which the tax is pledged.
29 Expenditures for operation or maintenance include all expenditures
30 other than expenditures that directly result in new fixed assets or
31 that directly increase the capacity, life span, or operating economy
32 of existing fixed assets.

33 (j) No ad valorem property taxes may be used for debt service on
34 bonds issued for a public stadium that is financed by bonds to which
35 the tax is pledged, unless the taxes collected under this section are
36 or are projected to be insufficient to meet debt service requirements
37 on such bonds.

38 (k) If a substantial part of the operation and management of a
39 public stadium that is financed directly or indirectly by bonds to
40 which the tax is pledged is performed by a nonpublic entity or if a

1 public stadium is sold that is financed directly or indirectly by
2 bonds to which the tax is pledged, any bonds to which the tax is
3 pledged shall be retired. This subsection (3)(k) does not apply in
4 respect to a public stadium under chapter 36.102 RCW transferred to,
5 owned by, or constructed by a public facilities district under
6 chapter 36.100 RCW or a stadium and exhibition center.

7 (1) The county may not lease a public stadium that is financed
8 directly or indirectly by bonds to which the tax is pledged to, or
9 authorize the use of the public stadium by, a professional major
10 league sports franchise unless the sports franchise gives the right
11 of first refusal to purchase the sports franchise, upon its sale, to
12 local government. This subsection (3)(l) does not apply to contracts
13 in existence on April 1, 1986.

14 (4) If a court of competent jurisdiction declares any provision
15 of subsection (3) of this section invalid, then that invalid
16 provision is null and void and the remainder of this section is not
17 affected.

18 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
19 preservation of the public peace, health, or safety, or support of
20 the state government and its existing public institutions, and takes
21 effect immediately.

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