
HOUSE BILL 1536

State of Washington

65th Legislature

2017 Regular Session

By Representatives McBride, Springer, Macri, Robinson, Frame, Kloba, Doglio, Chapman, Gregerson, and Stanford

Read first time 01/23/17. Referred to Committee on Community Development, Housing & Tribal Affairs.

1 AN ACT Relating to local option tools to promote, preserve, and
2 incentivize affordable housing; amending RCW 82.02.020, 82.46.010,
3 82.46.035, and 82.14.530; adding a new section to chapter 82.46 RCW;
4 adding a new chapter to Title 84 RCW; adding a new chapter to Title
5 82 RCW; adding a new chapter to Title 35 RCW; providing an effective
6 date; and declaring an emergency.

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

8 **PART I**

9 **Providing Local Governments with Options to Preserve Affordable**
10 **Housing in their Communities**

11 NEW SECTION. **Sec. 101.** The legislature finds that:

12 (1) Families, senior citizens, and workers with fewer financial
13 resources are more likely to experience unhealthy and unsafe housing
14 conditions;

15 (2) Healthy homes promote good physical and mental health. When
16 adequate housing protects individuals and families from harmful
17 exposures and provides them with a sense of privacy, security,
18 stability, and control, it can make important contributions to health
19 and well-being;

1 (3) Affordable housing is a necessary component of strong,
2 thriving neighborhoods with healthy physical and social environments;

3 (4) Very low-income household renters should have the opportunity
4 to live in homes in neighborhoods close to major infrastructure
5 investments like transit, quality schools for children, and vital
6 services such as health care, grocery shopping, and employment;

7 (5) Community members with critical occupations, senior citizens,
8 and families are struggling to afford rent around the state;

9 (6) Rising rents are causing the displacement of very low-income
10 household renters and long-time community members, risking the loss
11 of cultural communities;

12 (7) Property owners require additional resources to make health,
13 safety, and quality improvements to buildings without raising rents
14 to pay for repairs; and

15 (8) Communities need a wide range of local tools to create
16 healthy, affordable homes and address affordable housing needs.

17 NEW SECTION. **Sec. 102.** It is the purpose of this chapter to
18 give communities a local option to preserve and increase healthy,
19 high-quality affordable rental housing opportunities for very low-
20 income households for which the governing authority has found that
21 there are insufficient healthy affordable housing opportunities. It
22 is also the purpose of this chapter to ensure that housing
23 opportunities are affordable to renters at below market rent levels,
24 as determined by the governing authority, with consideration of
25 community needs, market rental costs, and income levels of renters.

26 NEW SECTION. **Sec. 103.** The definitions in this section apply
27 throughout this chapter unless the context clearly requires
28 otherwise.

29 (1) "Accessory dwelling unit" means one or more rooms that are
30 located within a single-family dwelling unit or within an accessory
31 structure on the same lot as a single-family dwelling unit.

32 (2) "Energy and water efficiency standards" means standards
33 substantially equivalent to evergreen sustainable development
34 standards, as established by the Washington state department of
35 commerce.

36 (3) "Governing authority" means the local legislative authority
37 of a city or county having jurisdiction over the property for which
38 an exemption is sought under this chapter.

1 (4) "Health and quality standards" means standards substantially
2 equivalent to uniform physical condition standards, as established by
3 the United States department of housing and urban development, or the
4 national healthy housing standard, as established by the national
5 center for healthy housing and the American public health
6 association. The governing authority may use a residential housing
7 inspection program within the jurisdiction that has established the
8 tax exemption, as long as the standards are substantially equivalent
9 to the uniform physical condition standards or the national healthy
10 housing standard.

11 (5) "High cost area" means a county where the third quarter
12 median house price for the previous year, as reported by the Runstad
13 center for real estate studies at the University of Washington, is
14 equal to or greater than one hundred thirty percent of the statewide
15 median house price published during the same time period.

16 (6) "Household" means a single person, a family, or unrelated
17 persons living together.

18 (7) "Multifamily dwelling" means a building consisting of more
19 than one dwelling unit. The governing authority may adopt additional
20 criteria for a building to be considered a multifamily dwelling under
21 this definition.

22 (8) "Owner" means the property owner of record.

23 (9) "Permanent residential occupancy" means housing that provides
24 rental occupancy on a nontransient basis. "Permanent residential
25 occupancy" includes a rental accommodation that is leased for a
26 period of at least one month. "Permanent residential occupancy"
27 excludes hotels and motels that predominately offer rental
28 accommodation on a daily or weekly basis.

29 (10) "Property" means a multifamily dwelling not designed as
30 transient accommodations, and the land upon which the dwelling is
31 located. "Property" excludes hotels or motels. "Property" may also
32 include a single-family dwelling and the land upon which the dwelling
33 is located if the governing authority adopts a program for such
34 property as provided in section 109 of this act.

35 (11) "Rehabilitation improvements" means modifications to
36 existing property made to achieve substantial compliance with energy
37 and water efficiency standards.

38 (12) "Single-family dwelling unit" means an individual detached
39 dwelling. The governing authority may adopt additional criteria for

1 an individual detached dwelling to be considered a "single-family
2 dwelling unit" under this definition.

3 (13) "Very low-income household" means a single person, family,
4 or unrelated persons living together whose adjusted income is at or
5 below fifty percent of the median family income adjusted for family
6 size, for the county in which the project is located, as reported by
7 the United States department of housing and urban development. For
8 cities located in high cost areas, "very low-income household" means
9 a household that has an income at or below sixty percent of the
10 median family income adjusted for family size, for the county in
11 which the project is located.

12 NEW SECTION. **Sec. 104.** Pursuant to the provisions of this
13 chapter:

14 (1) A city governing authority may adopt a property tax exemption
15 program to preserve affordable housing that meets health and quality
16 standards for very low-income households at risk of displacement or
17 that cannot afford market rate housing; and

18 (2) A county governing authority may adopt a property tax
19 exemption program for unincorporated areas of the county to preserve
20 affordable housing that meets health and quality standards for very
21 low-income households at risk of displacement or that cannot afford
22 market rate housing.

23 NEW SECTION. **Sec. 105.** (1) Upon adoption of a property tax
24 exemption program under this chapter, the governing authority must
25 establish standards for rental housing for very low-income households
26 as provided in this chapter, including rent limits and income
27 guidelines consistent with local housing needs, to assist very low-
28 income households that cannot afford market rate housing. Affordable
29 housing units must be:

30 (a) Below market rent levels as determined by the governing
31 authority; and

32 (b) Affordable to households with an income of fifty percent or
33 less of the county median family income, adjusted for family size.

34 (2)(a) The governing authority, after holding a public hearing,
35 may also establish lower income levels or lower rent levels adjusted
36 to serve very low-income household renters in the community.

37 (b) The governing authority of a high cost area, after holding a
38 public hearing, may also establish higher income levels. The higher

1 income level may not exceed sixty percent of the county area median
2 family income, adjusted for family size.

3 (3) Rent levels for affordable housing units may not exceed
4 thirty percent of the income limit for the low-income housing unit,
5 as established by the governing authority, and must include tenant
6 paid utilities other than telephone and any mandatory fees required
7 as a condition of tenancy.

8 NEW SECTION. **Sec. 106.** (1) The value of residential real
9 property qualifying under this chapter is exempt from ad valorem
10 property taxation, except taxes levied by the state, for a period of
11 fifteen successive years beginning January 1st of the calendar year
12 immediately following the calendar year in which a certificate of tax
13 exemption is filed with the county assessor in accordance with
14 section 112 of this act.

15 (2) The governing authority may extend the duration of the
16 exemption period under this section by three years for properties
17 meeting energy and water efficiency standards.

18 (3) The exemption provided in this section is in addition to any
19 tax credits, grants, or other incentives provided by law.

20 (4) This chapter neither applies to increases in assessed
21 valuation made by the assessor on nonqualifying portions of building
22 or land nor to increases made by lawful order of a county board of
23 equalization, the department of revenue, or a county, to a class of
24 property throughout the county or specific area of the county to
25 achieve the uniformity of assessment or appraisal required by law.

26 (5) The exemption in this section does not apply to any county
27 property tax unless the governing authority of the county adopts a
28 resolution and notifies the governing authority of the jurisdiction
29 within the county that has established a tax exempt program of its
30 intent to allow the property to be exempt.

31 (6) The governing authority shall notify local taxing districts
32 in the designated exemption area when a tax exemption program is
33 established under this chapter.

34 NEW SECTION. **Sec. 107.** To be eligible for the exemption from
35 property taxation under this chapter, in addition to other
36 requirements set forth in this chapter, the property must be in
37 compliance with the following applicable requirements for the entire
38 exemption period:

1 (1) Except as provided otherwise in this subsection, a minimum of
2 twenty-five percent of the units in a multiple unit property for
3 which a tax exemption has been applied for under this chapter, must
4 be affordable. To address local market conditions, a governing
5 authority may require that more than twenty-five percent of the units
6 in a multiple unit property are affordable. Affordable units must be
7 comparable in terms of quality and living conditions to market rate
8 units in the building. For the purposes of this subsection,
9 "affordable" has the meaning described in section 105 of this act for
10 "affordable housing units";

11 (2) At least ninety percent of the units of multiple unit
12 property must be occupied by tenants at the time of application;

13 (3) The property must be part of a residential or mixed-use
14 project. For purposes of this section, "mixed-use" means residential
15 and commercial;

16 (4) The property must provide for a minimum of fifty percent of
17 the space in each building for permanent residential occupancy;

18 (5) The property must meet guidelines as adopted by the governing
19 authority that may include height, density, public benefit features,
20 number and size of proposed development, parking, income limits for
21 occupancy, limits on rents, health and quality standards, and other
22 adopted requirements indicated as necessary by the governing
23 authority. The required amenities must be relative to the size of the
24 project and tax benefit to be obtained; and

25 (6) The property owner must enter into a contract with the city
26 or county approved by the governing authority, or an administrative
27 official or commission authorized by the governing authority, under
28 which the property owner has agreed to terms and conditions
29 satisfactory to the governing authority.

30 NEW SECTION. **Sec. 108.** (1) To be eligible for the tax exemption
31 under this chapter, the property must also comply with all applicable
32 land use regulations, zoning requirements, and building and housing
33 code requirements, including space and occupancy, structural,
34 mechanical, fire, safety, and security standards, and health and
35 quality standards. The governing authority may establish additional
36 standards to meet local needs.

37 (2) The property must be inspected for compliance with subsection
38 (1) of this section at the time of application for a tax exemption

1 under this chapter and, thereafter, at least once every three years
2 as established by the governing authority.

3 (3) The governing authority or its duly authorized representative
4 may deny an application for a tax exemption under this chapter or
5 revoke an existing tax exemption under this chapter for failure to
6 comply with health and quality standards.

7 NEW SECTION. **Sec. 109.** (1) A governing authority may establish
8 additional requirements for tax exemption eligibility or program
9 rules under this chapter including, but not limited to:

10 (a) A limit on the total number of affordable housing units
11 eligible for a tax exemption under this chapter;

12 (b) The designation of targeted residential areas for property to
13 align with community needs, including to prevent displacement,
14 preserve cultural communities, and provide affordable housing options
15 near community infrastructure such as transportation or public
16 schools;

17 (c) Standards for property size, unit size, unit type, mix of
18 unit types, or mix of unit sizes;

19 (d) An extension for a tax exemption under this chapter for
20 property meeting minimum energy and water efficiency standards
21 substantially equivalent to evergreen sustainable development
22 building performance standards;

23 (e) A program for single-family dwelling rental units or
24 accessory dwelling units occupied by tenants complying with
25 affordability requirements under this chapter as adopted by the
26 governing authority;

27 (f) Any additional requirements to reduce displacement of very
28 low-income household tenants.

29 (2) The governing authority must adopt and implement standards
30 and guidelines to be utilized in considering applications and making
31 the determinations required under this chapter. The standards and
32 guidelines must establish basic requirements to include:

33 (a) An application process and procedures;

34 (b) Guidelines that may include height, density, public benefit
35 features, number and size of proposed development, parking, income
36 limits for occupancy, limits on rents, health and quality standards,
37 and other adopted requirements indicated as necessary by the
38 governing authority. The required amenities should be relative to the
39 size of the project and tax benefit to be obtained;

1 (c) An inspection policy and procedures to ensure the property
2 complies with health and quality standards;

3 (d) Income and rent limits as required under section 105 of this
4 act; and

5 (e) Documentation necessary to establish income eligibility of
6 households in affordable housing units.

7 (3) Standards may apply to part or all of a jurisdiction and
8 different standards may be applied to different areas within a
9 jurisdiction or to different types of development. Programs
10 authorized under this section may be modified to meet local needs and
11 may include provisions not expressly provided in this section.

12 NEW SECTION. **Sec. 110.** An owner of property making an
13 application under this chapter must apply by August 1st of the year
14 prior to the first calendar year in which the taxes for collection
15 are to be considered for a tax exemption and must meet the following
16 requirements:

17 (1) The applicant must apply to the city or county on forms
18 adopted by the governing authority. The application must contain the
19 following:

20 (a) Information setting forth the grounds supporting the
21 requested exemption, including information indicated on the
22 application form or in the guidelines;

23 (b) A description of the project and site plan, including the
24 floor plan of units and other information requested;

25 (c) A statement that the applicant is aware of the potential tax
26 liability involved when the property ceases to be eligible for the
27 incentive provided under this chapter;

28 (d) When the governing authority finds that rehabilitation is
29 required to meet evergreen sustainable development building
30 performance standards, a rehabilitation plan outlining rehabilitation
31 improvements, budget, and proposed schedule for repairs; and

32 (e) A certification of family size and annual income in a form
33 acceptable to the governing authority for designated affordable
34 housing units;

35 (2) The applicant must verify the application by oath or
36 affirmation; and

37 (3) The applicant must submit a fee, if any, with the application
38 as required under this chapter. The governing authority may permit

1 the applicant to revise an application before final action by the
2 governing authority.

3 NEW SECTION. **Sec. 111.** (1) Upon receipt of an application
4 meeting the requirements of section 110 of this act, the governing
5 authority must inspect the property to certify compliance with health
6 and quality standards.

7 (2) The duly authorized administrative official or committee of
8 the governing authority may approve the application if it finds that:

9 (a) The property meets the affordable housing requirements as
10 described in section 105 of this act;

11 (b) The property meets health and quality standards; and

12 (c) The owner has complied with all standards and guidelines
13 adopted by the governing authority under this chapter.

14 NEW SECTION. **Sec. 112.** (1) The governing authority, or an
15 administrative official or commission authorized by the governing
16 authority, must approve or deny an application filed under this
17 chapter within one hundred twenty days. The governing authority may
18 adopt standards to extend the period to approve or deny an
19 application filed under this chapter for a property that does not
20 meet health and quality standards.

21 (2) If the application is approved, the governing authority must
22 issue the owner of the property a certificate of tax exemption and
23 file the certificate of tax exemption with the county assessor no
24 later than December 1st of the year prior to the first calendar year
25 in which the taxes for collection are to be exempt. If the
26 certificate of tax exemption is filed after December 1st and before
27 January 1st, the certificate of tax exemption is deemed filed in the
28 next calendar year. The certificate must contain a statement by a
29 duly authorized administrative official of the governing authority
30 that the property has complied with the required findings indicated
31 in this chapter.

32 (3)(a) If the application is denied by the authorized
33 administrative official or commission authorized by the governing
34 authority, the deciding administrative official or commission must
35 state in writing the reasons for denial and send the notice to the
36 applicant at the applicant's last known address within ten days of
37 the denial.

1 (b) Upon denial by the authorized administrative official or
2 commission, an applicant may appeal the denial to the governing
3 authority within thirty days after receipt of the denial. The appeal
4 before the governing authority must be based upon the record made
5 before the administrative official or commission with the burden of
6 proof on the applicant to show that there was no substantial evidence
7 to support the administrative official or commission's decision. The
8 decision of the governing body in denying or approving the
9 application is final.

10 NEW SECTION. **Sec. 113.** The governing authority may establish an
11 application fee or other fees to not exceed an amount determined to
12 be required to cover the cost to be incurred by the governing
13 authority and the assessor in administering this chapter. The
14 application fee, if established, must be paid at the time the
15 application is submitted. If the application is approved, the
16 governing authority must pay the application fee to the county
17 assessor for deposit in the county current expense fund, after first
18 deducting that portion of the fee attributable to its own
19 administrative costs in processing the application. If the
20 application is denied, the governing authority may retain that
21 portion of the application fee attributable to its own administrative
22 costs and refund the balance to the applicant.

23 NEW SECTION. **Sec. 114.** The authorized representative of the
24 governing authority must notify the applicant that a certificate of
25 tax exemption will be denied or canceled if the authorized
26 representative determines that:

- 27 (1) The affordable housing requirements as described in section
28 105 of this act were not met;
29 (2) The property did not meet health and quality standards; or
30 (3) The owner's property is otherwise not qualified for limited
31 exemption under this chapter.

32 NEW SECTION. **Sec. 115.** (1) The owner of property receiving a
33 tax exemption under this chapter must obtain from each tenant living
34 in designated affordable housing units, no less than annually, a
35 certification of family size and annual income in a form acceptable
36 to the governing authority.

1 (2) The property owner must file a report at least annually by a
2 date established by the governing authority indicating the following:

3 (a) Family size and annual income for each tenant living in
4 designated affordable housing rental units and a statement that the
5 property is in compliance with affordable housing requirements
6 described in section 105 of this act;

7 (b) A statement of occupancy and vacancy;

8 (c) A schedule of rents charged in market rate units;

9 (d) A certification that the property has not changed use;

10 (e) A description of changes or improvements;

11 (f) When rehabilitation is required to meet evergreen sustainable
12 development building performance standards, a progress report on
13 compliance with the rehabilitation plan, budget, and proposed
14 schedule for repairs; and

15 (g) Any other information required to determine compliance with
16 program requirements or to measure program performance.

17 (3) A governing authority that issues certificates of tax
18 exemption for property that conform to the requirements of this
19 chapter must report annually by July 1st to the department of
20 commerce the following information:

21 (a) The number of tax exemption certificates granted;

22 (b) The number and type of units in building properties receiving
23 a tax exemption;

24 (c) The number and type of units meeting affordable housing
25 requirements;

26 (d) The total monthly rent amount for each affordable and market
27 rate unit; and

28 (e) The value of the tax exemption for each project receiving a
29 tax exemption and the total value of tax exemptions granted.

30 NEW SECTION. **Sec. 116.** (1) After a certificate of exemption has
31 been filed with the county assessor, a tax exemption, for which a
32 certificate of tax exemption has been filed with the county assessor,
33 must be canceled by the authorized representative of the governing
34 authority if any of the following circumstances occur:

35 (a) The owner intends to convert the property to another use that
36 is not residential or the owner intends to discontinue compliance
37 with affordable housing requirements;

38 (b) The owner fails to file annual reports;

1 (c) The owner fails to maintain the property in substantial
2 compliance with all applicable local building, safety, and health
3 code requirements;

4 (d) The owner fails to meet affordable housing requirements.

5 (2)(a) Notification of a canceled certificate of tax exemption
6 must be made by the governing authority or authorized representative
7 of the governing authority to the county assessor within thirty days
8 of the cancellation. Upon notice of a canceled certificate of tax
9 exemption, additional real property tax must be imposed upon the
10 value of the improvements and land that no longer qualify for
11 exemption under this chapter in the amount that would have been
12 imposed had the property not been exempt under this act, plus a
13 penalty of twenty percent of the additional tax. This additional tax
14 is calculated from January 1st of the year the certificate of tax
15 exemption first became effective.

16 (b) Interest must be included upon the amounts of the additional
17 tax at the same rate charged on delinquent property taxes from the
18 dates on which the additional tax could have been paid without
19 penalty if the property had been assessed at a value without regard
20 to this chapter.

21 (c) The additional tax, penalty, and interest must be collected
22 by the county treasurer. The additional tax must be distributed by
23 the county treasurer in the same manner in which current property
24 taxes applicable to the subject property are distributed. The
25 additional taxes, penalty, and interest must be payable in full
26 thirty days following the date on which the treasurer's statement of
27 additional tax due is issued.

28 (d) The additional tax owed together with the interest and
29 penalty becomes a lien on the land and attaches at the time the
30 property or portion of the property is removed from use as affordable
31 housing or the amenities no longer meet applicable requirements, and
32 has priority to and must be fully paid and satisfied before a
33 recognizance, mortgage, judgment, debt, obligation, or responsibility
34 to or with which the land may become charged or liable. The lien may
35 be foreclosed upon the expiration of the same period after
36 delinquency and in the same manner provided by law for foreclosure of
37 liens for delinquent real property taxes. An additional tax unpaid on
38 its due date is delinquent.

39 (e) The county auditor may not accept an instrument of conveyance
40 unless the additional tax, interest, and penalty has been paid or the

1 governing authority or authorized representative has determined that
2 the property is not subject to the additional tax, interest, or
3 penalty.

4 (f) A certificate of tax exemption may be continued for the
5 remainder of the tax exemption period upon sale or transfer of all or
6 a portion of the exempt property to a new owner, if the new owner has
7 signed a notice of exemption continuance. The notice of exemption
8 continuance must be in a form approved by the governing authority or
9 its authorized representative. If the notice of exemption continuance
10 is not signed by the new owner and attached to the real estate excise
11 tax affidavit, all additional tax, penalty, and interest calculated
12 in accordance with this section become due and payable by the owner,
13 including the seller or transferor, at time of sale.

14 (3) Upon a determination that a property tax exemption is to be
15 canceled for any reason stated in this section, the governing
16 authority or authorized representative of the governing authority
17 must notify the record owner of the property as shown by the tax
18 rolls by mail, return receipt requested, of the determination to
19 cancel the exemption. The owner may appeal the determination to the
20 governing authority or authorized representative within thirty days
21 by filing a notice of appeal with the clerk of the governing
22 authority, which must specify the factual and legal basis on which
23 the determination of cancellation is alleged to be erroneous. The
24 governing authority or a hearing examiner or other official
25 authorized by the governing authority may hear the appeal. At the
26 hearing, all affected parties may be heard and all competent evidence
27 received. After the hearing, the deciding body or officer must either
28 affirm, modify, or repeal the decision of cancellation of exemption
29 based on the evidence received. An aggrieved party may appeal the
30 decision of the deciding body or officer to the superior court under
31 RCW 34.05.510 through 34.05.598.

32 (4) Upon the expiration of the tax exemption period or upon
33 cancellation of the exemption, the value of rehabilitation
34 improvements to the property, not previously considered as new
35 construction during the exemption period, must be considered as new
36 construction for purposes of calculating levies under chapter 84.55
37 RCW.

38 NEW SECTION. **Sec. 117.** Tenant identifying information and
39 income data obtained by the governing authority and the assessor may

1 be used only to administer this affordable housing exemption.
2 Notwithstanding any provision of law to the contrary, absent written
3 consent by the person about whom the information or facts have been
4 obtained, the tenant identifying information and income data may not
5 be disclosed by the jurisdiction or assessor or their agents or
6 employees to anyone other than their agents or employees except in an
7 administrative or judicial proceeding pertaining to the taxpayer's
8 entitlement to the tax exemption.

9 NEW SECTION. **Sec. 118.** The exemption in this chapter is
10 effective for taxes levied for collection in 2018 and thereafter.

11 **PART II**
12 **New Local Incentives to Generate Multifamily Development and Support**
13 **Public Infrastructure**

14 NEW SECTION. **Sec. 201.** The definitions in this section apply
15 throughout this chapter unless the context clearly requires
16 otherwise.

17 (1) "Affordable housing" means residential housing units for
18 rental occupancy that are rented or owned by a person or household
19 whose monthly housing costs, including utilities other than
20 telephone, do not exceed thirty-percent of the person's or
21 household's monthly income.

22 (2) "City" means any first-class city as defined in RCW 35.01.010
23 or any second-class city as defined in RCW 35.01.020.

24 (3) "Department" means the department of commerce.

25 (4) "Local infrastructure" has the same meaning as provided for
26 "public improvements" under RCW 39.104.020(18).

27 (5) "Local sales and use tax" means the local revenue derived
28 from the imposition of taxes authorized in RCW 82.14.030.

29 (6) "Low-income housing" means residential housing units that are
30 available to persons with annual incomes at or below sixty percent of
31 the county's median income as determined by the office of financial
32 management.

33 NEW SECTION. **Sec. 202.** (1) Subject to the requirements of this
34 chapter, a city that acquires or builds affordable housing may
35 receive a one-time remittance from the department of revenue that is
36 the equivalent of 4.37 percent of the sales or use tax on the

1 construction or purchase of such affordable housing. The remittance
2 received by a city under this section must be credited against the
3 sales or use tax due to the state under chapter 82.08 RCW on the same
4 sales. The remittance under this section is subject to the city's
5 application and approval under section 204 of this act. The
6 residential units for which the city's remittance application was
7 approved must remain affordable housing for at least twenty-five
8 years after the date of the application approval.

9 (2) A city that builds approved local infrastructure to
10 facilitate the development of affordable housing may receive a one-
11 time remittance that is the equivalent of a 4.37 percent sales or use
12 tax on the construction of such local infrastructure. The remittance
13 received by the city under this section must be credited against the
14 sales tax due to the state under chapter 82.08 RCW on the same sales.
15 The remittance under this section is subject to application and
16 approval under section 204 of this act.

17 NEW SECTION. **Sec. 203.** If a city's application for a remittance
18 is approved under section 204 of this act:

19 (1) The city must create an affordable housing and local
20 infrastructure account to be used solely for the city's acquisition
21 or construction of affordable housing or local infrastructure; and

22 (2) The city must deposit into the affordable housing and local
23 infrastructure account created in subsection (1) of this section 0.85
24 percent of any local sales and use taxes collected by the city on
25 sales or uses related to the acquisition or construction of
26 affordable housing or local infrastructure by taxpayers within the
27 city's taxing jurisdiction.

28 NEW SECTION. **Sec. 204.** (1) Prior to applying to receive a
29 remittance under this chapter, a city must apply and be approved for
30 the city's project to acquire or construct affordable housing or
31 local infrastructure. The project may include affordable housing
32 only, local infrastructure only, or a combination of the two. The
33 application must be in the manner and form prescribed by the
34 department and must include, but not be limited to:

35 (a) In the case of the affordable housing program:

36 (i) Information establishing the need for affordable housing in
37 that city;

1 (ii) The anticipated cost of acquiring or building the affordable
2 housing;

3 (iii) The estimated annual operating costs for the affordable
4 housing for twenty-five years;

5 (iv) The amount of the remittance it is requesting; and
6 (v) The date of expected remittance; and
7 (b) In the case of the local infrastructure program:
8 (i) Information establishing that the local infrastructure is
9 needed for an approved private project that will provide affordable
10 residential development;
11 (ii) The anticipated cost of the project;
12 (iii) The amount of remittance it is requesting; and
13 (iv) The date of the expected remittance.
14 (2) Remittance awards must be determined based on:
15 (a) For affordable housing:
16 (i) The immediate need for affordable housing in the requesting
17 city;
18 (ii) The number of affordable housing units that will be created;
19 (iii) The city's rental vacancy rate for residential units; and
20 (iv) The speed with which the project can begin; and
21 (b) For local infrastructure projects:
22 (i) The speed with which the project can begin;
23 (ii) The type of residential development being attracted by the
24 infrastructure investment, prioritized as follows:
25 (A) Low-income rental residential units;
26 (B) Affordable rental residential units;
27 (C) Low-income homeownership projects; and
28 (D) Affordable homeownership projects; and
29 (iii) The extent the project will leverage the public funds with
30 private investment.
31 (3)(a) The department must notify the city of approval or denial
32 within sixty days of receipt of application. Determination by the
33 department is final.
34 (b) Upon approval by the department, the city may apply to the
35 department of revenue for a remittance under this chapter.
36 (4) The department must accept applications and begin approving
37 project awards as of January 1, 2018.
38 (5) No applications may be submitted under this chapter after
39 January 1, 2023.

1 NEW SECTION. **Sec. 303.** (1) The governing body of a city may, by
2 resolution or ordinance, fix and impose a demolition fee for a city
3 permit issued for the demolition of residential dwellings within the
4 city, in accordance with the terms of this chapter.

5 (2) The demolition fee may be applied at a rate of:

6 (a) Not more than five thousand dollars per single-family
7 residential dwelling; or

8 (b) For any multifamily residential dwelling, up to two thousand
9 five hundred dollars multiplied by the number of units in the
10 structure, but not more than a total of twenty-five thousand dollars.

11 (3) The moneys collected under this section must be deposited in
12 an affordable housing fund established by the city and used for
13 affordable housing development.

14 (4) In addition to the fee imposed in subsection (1) of this
15 section, any city that imposes a demolition fee authorized under this
16 section must apply the fee to the demolition of any residential
17 dwelling owned by the city, unless the city has adopted an affordable
18 housing development plan on the same property, or at a suitable
19 alternative location, to replace the demolished residential dwelling.

20 (5) No demolition fee may apply to permits issued under the
21 following circumstances:

22 (a) For the demolition of a residential dwelling that will be
23 replaced by one or more residential dwellings that are affordable to
24 households with an adjusted gross income of up to one hundred twenty
25 percent of the area median income, adjusted for household size, for
26 the county where the dwelling is located;

27 (b) For the demolition of a residential dwelling whose owner has
28 owned and occupied the residential dwelling for a minimum of five
29 years preceding the date of issuance of the permit and will be
30 replaced by a residential dwelling that will be owned and occupied by
31 the same owner for a minimum of five years after the date of issuance
32 of the permit;

33 (c) For demolition of a residential dwelling whose owner meets
34 the following criteria:

35 (i) Provides documentation that the demolition is necessary due
36 to medical reasons;

37 (ii) Has an adjusted gross income of up to one hundred twenty
38 percent of the area median income, adjusted for household size, for
39 the county where the dwelling is located; and

40 (iii) Will occupy the replacement residential dwelling;

1 (d) For demolition of a residential dwelling that is deemed
2 necessary due to an act of God or other factors beyond the owner's
3 control and reasonable ability to remedy; and

4 (e) Permits issued to a local housing authority, nonprofit
5 community or neighborhood-based organization, or regional or
6 statewide nonprofit housing assistance organization, engaged in
7 affordable housing development.

8 (6) Moneys collected under this section may not be used to
9 supplant existing federal, state, or local funds.

10 **Sec. 304.** RCW 82.02.020 and 2013 c 243 s 4 are each amended to
11 read as follows:

12 (1) Except only as expressly provided in chapters 67.28, 81.104,
13 and 82.14 RCW, the state preempts the field of imposing retail sales
14 and use taxes and taxes upon parimutuel wagering authorized pursuant
15 to RCW 67.16.060, conveyances, and cigarettes, and no county, town,
16 or other municipal subdivision (~~shall have~~) has the right to impose
17 taxes of that nature. Except as provided in RCW 64.34.440, section
18 303 of this act, and 82.02.050 through 82.02.090, no county, city,
19 town, or other municipal corporation (~~shall~~) may impose any tax,
20 fee, or charge, either direct or indirect, on the construction or
21 reconstruction of residential buildings, commercial buildings,
22 industrial buildings, or on any other building or building space or
23 appurtenance thereto, or on the development, subdivision,
24 classification, or reclassification of land. However, this section
25 does not preclude dedications of land or easements within the
26 proposed development or plat which the county, city, town, or other
27 municipal corporation can demonstrate are reasonably necessary as a
28 direct result of the proposed development or plat to which the
29 dedication of land or easement is to apply.

30 (2) This section does not prohibit voluntary agreements with
31 counties, cities, towns, or other municipal corporations that allow a
32 payment in lieu of a dedication of land or to mitigate a direct
33 impact that has been identified as a consequence of a proposed
34 development, subdivision, or plat. A local government (~~shall~~) may
35 not use such voluntary agreements for local off-site transportation
36 improvements within the geographic boundaries of the area or areas
37 covered by an adopted transportation program authorized by chapter
38 39.92 RCW. Any such voluntary agreement is subject to the following
39 provisions:

1 ~~((1))~~ (a) The payment ~~((shall))~~ must be held in a reserve
2 account and may only be expended to fund a capital improvement agreed
3 upon by the parties to mitigate the identified, direct impact;

4 ~~((2))~~ (b) The payment ~~((shall))~~ must be expended in all cases
5 within five years of collection; and

6 ~~((3))~~ (c) Any payment not so expended ~~((shall))~~ must be
7 refunded with interest to be calculated from the original date the
8 deposit was received by the county and at the same rate applied to
9 tax refunds pursuant to RCW 84.69.100; however, if the payment is not
10 expended within five years due to delay attributable to the
11 developer, the payment ~~((shall))~~ must be refunded without interest.

12 (3) No county, city, town, or other municipal corporation
13 ~~((shall))~~ may require any payment as part of such a voluntary
14 agreement which the county, city, town, or other municipal
15 corporation cannot establish is reasonably necessary as a direct
16 result of the proposed development or plat.

17 (4) Nothing in this section prohibits cities, towns, counties, or
18 other municipal corporations from collecting reasonable fees from an
19 applicant for a permit or other governmental approval to cover the
20 cost to the city, town, county, or other municipal corporation of
21 processing applications, inspecting and reviewing plans, or preparing
22 detailed statements required by chapter 43.21C RCW, including
23 reasonable fees that are consistent with RCW 43.21C.420(6),
24 43.21C.428, and beginning July 1, 2014, RCW 35.91.020.

25 (5) This section does not limit the existing authority of any
26 county, city, town, or other municipal corporation to impose special
27 assessments on property specifically benefited thereby in the manner
28 prescribed by law.

29 (6) Nothing in this section prohibits counties, cities, or towns
30 from imposing or permits counties, cities, or towns to impose water,
31 sewer, natural gas, drainage utility, and drainage system charges.
32 However, no such charge ~~((shall))~~ may exceed the proportionate share
33 of such utility or system's capital costs which the county, city, or
34 town can demonstrate are attributable to the property being charged.
35 Furthermore, these provisions may not be interpreted to expand or
36 contract any existing authority of counties, cities, or towns to
37 impose such charges.

38 (7) Nothing in this section prohibits a transportation benefit
39 district from imposing fees or charges authorized in RCW 36.73.120
40 nor prohibits the legislative authority of a county, city, or town

1 from approving the imposition of such fees within a transportation
2 benefit district.

3 (8) Nothing in this section prohibits counties, cities, or towns
4 from imposing transportation impact fees authorized pursuant to
5 chapter 39.92 RCW.

6 (9) Nothing in this section prohibits counties, cities, or towns
7 from requiring property owners to provide relocation assistance to
8 tenants under RCW 59.18.440 and 59.18.450.

9 (10) Nothing in this section limits the authority of counties,
10 cities, or towns to implement programs consistent with RCW
11 36.70A.540, nor to enforce agreements made pursuant to such programs.

12 (11) This section does not apply to special purpose districts
13 formed and acting pursuant to Title 54, 57, or 87 RCW, nor is the
14 authority conferred by these titles affected.

15 (12) Nothing in this section limits the authority of cities to
16 implement the demolition fee described in section 303 of this act.

17 **SUBPART B**

18 **Concerning Local Real Estate Excise Tax**

19 NEW SECTION. **Sec. 305.** A new section is added to chapter 82.46
20 RCW to read as follows:

21 (1) The legislative authority of a city or county, as permitted
22 under subsection (2) of this section, may impose an additional excise
23 tax on the sale of real property in the city at the rate of up to
24 one-quarter of one percent of the selling price. The proceeds of the
25 tax must be used exclusively for the development of affordable
26 housing, including the acquisition, building, rehabilitation, and
27 maintenance of the housing, except up to three percent of the
28 proceeds may be used for the administration of affordable housing
29 programs by the affordable housing entity receiving the proceeds of
30 the tax. Any tax imposed by a city under this subsection must be
31 credited against the same tax imposed by a county.

32 (2) Any city or county with a population of less than one million
33 residents may impose the excise tax upon the enactment of this
34 chapter. Any county with a population greater than one million
35 residents may impose the excise tax after October 1, 2020.

36 (3)(a) Within three months after the tax has been authorized, the
37 affordable housing entity designated by the city or county must

1 establish a mechanism for receiving grant and loan applications, and
2 criteria by which the applications will be approved and funded.

3 (b) The city or county enacting the tax imposed under this
4 section must hold at least one public hearing in respect to the
5 mechanism and criteria to be established under (a) of this
6 subsection.

7 (4) Revenues generated from the tax imposed under this section
8 must be placed in an affordable housing account administered by the
9 affordable housing entity. Disbursements from the account must be in
10 accordance with criteria adopted under subsection (3) of this
11 section.

12 (5) The tax authorized under this section is imposed in the same
13 manner and on the same occurrences, and is subject to the same
14 conditions, as the tax under chapter 82.45 RCW for taxable events
15 occurring within the city or county imposing the tax. The imposition
16 of the tax is effective no sooner than sixty days after the ordinance
17 establishing the tax is authorized by the city or county legislative
18 body and the effective date must be on the first day of a calendar
19 quarter.

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

22 (a) "Affordable housing" means housing units in which rent levels
23 may not exceed thirty percent of the income limit for the low-income
24 housing unit.

25 (i) Rental housing units must be affordable to and occupied by
26 households with an income of sixty percent or less of the county
27 median family income, adjusted for family size.

28 (ii) Owner occupancy housing units must be affordable to and
29 occupied by households with an income of eighty percent or less of
30 the county median family income, adjusted for family size.

31 (b) "Affordable housing entity" means local governments, local
32 housing authorities, nonprofit community or neighborhood-based
33 organizations, federally recognized Indian tribes in the state of
34 Washington, and regional or statewide housing assistance nonprofit
35 organizations or cooperatives.

36 (7) Affordable housing units funded by the tax authorized under
37 this section must constitute affordable housing for a minimum of
38 fifty years.

39 **SUBPART C**

1 **Providing Authority to Utilize Existing Real Estate Excise Tax**

2 **Sec. 306.** RCW 82.46.010 and 2015 2nd sp.s. c 10 s 1 are each
3 amended to read as follows:

4 (1) The legislative authority of any county or city must identify
5 in the adopted budget the capital projects funded in whole or in part
6 from the proceeds of the tax authorized in this section, and must
7 indicate that such tax is intended to be in addition to other funds
8 that may be reasonably available for such capital projects.

9 (2)(a) The legislative authority of any county or any city may
10 impose an excise tax on each sale of real property in the
11 unincorporated areas of the county for the county tax and in the
12 corporate limits of the city for the city tax at a rate not exceeding
13 one-quarter of one percent of the selling price. The revenues from
14 this tax must be used by any city or county with a population of five
15 thousand or less and any city or county that does not plan under RCW
16 36.70A.040 for:

17 (i) Any capital purpose identified in a capital improvements plan
18 and local capital improvements, including those listed in RCW
19 35.43.040; or

20 (ii) The development of affordable housing including acquisition,
21 building, rehabilitation, and maintenance and operation of housing
22 for very low, low, and moderate-income persons and those with special
23 needs.

24 (b) After April 30, 1992, revenues generated from the tax imposed
25 under this subsection (2) in counties over five thousand population
26 and cities over five thousand population that are required or choose
27 to plan under RCW 36.70A.040 must be used solely for financing
28 capital projects specified in a capital facilities plan element of a
29 comprehensive plan and housing relocation assistance under RCW
30 59.18.440 and 59.18.450. However, revenues (i) pledged by such
31 counties and cities to debt retirement prior to April 30, 1992, may
32 continue to be used for that purpose until the original debt for
33 which the revenues were pledged is retired, or (ii) committed prior
34 to April 30, 1992, by such counties or cities to a project may
35 continue to be used for that purpose until the project is completed.

36 (3) In lieu of imposing the tax authorized in RCW 82.14.030(2),
37 the legislative authority of any county or any city may impose an
38 additional excise tax on each sale of real property in the
39 unincorporated areas of the county for the county tax and in the

1 corporate limits of the city for the city tax at a rate not exceeding
2 one-half of one percent of the selling price.

3 (4) Taxes imposed under this section must be collected from
4 persons who are taxable by the state under chapter 82.45 RCW upon the
5 occurrence of any taxable event within the unincorporated areas of
6 the county or within the corporate limits of the city, as the case
7 may be.

8 (5) Taxes imposed under this section must comply with all
9 applicable rules, regulations, laws, and court decisions regarding
10 real estate excise taxes as imposed by the state under chapter 82.45
11 RCW.

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

14 (a) "City" means any city or town.

15 (b) "Capital project" means those public works projects of a
16 local government for planning, acquisition, construction,
17 reconstruction, repair, replacement, rehabilitation, or improvement
18 of streets; roads; highways; sidewalks; street and road lighting
19 systems; traffic signals; bridges; domestic water systems; storm and
20 sanitary sewer systems; parks; recreational facilities; law
21 enforcement facilities; fire protection facilities; trails;
22 libraries; administrative facilities; judicial facilities; river
23 flood control projects; waterway flood control projects by those
24 jurisdictions that, prior to June 11, 1992, have expended funds
25 derived from the tax authorized by this section for such purposes;
26 until December 31, 1995, housing projects for those jurisdictions
27 that, prior to June 11, 1992, have expended or committed to expend
28 funds derived from the tax authorized by this section or the tax
29 authorized by RCW 82.46.035 for such purposes; and technology
30 infrastructure that is integral to the capital project.

31 (7) From July 22, 2011, until December 31, 2016, a city or county
32 may use the greater of one hundred thousand dollars or thirty-five
33 percent of available funds under this section, but not to exceed one
34 million dollars per year, for the operations and maintenance of
35 existing capital projects as defined in subsection (6) of this
36 section.

37 **Sec. 307.** RCW 82.46.035 and 2011 c 354 s 3 are each amended to
38 read as follows:

1 (1) The legislative authority of any county or city must identify
2 in the adopted budget the capital projects funded in whole or in part
3 from the proceeds of the tax authorized in this section, and must
4 indicate that such tax is intended to be in addition to other funds
5 that may be reasonably available for such capital projects.

6 (2) The legislative authority of any county or any city that
7 plans under RCW 36.70A.040(1) may impose an additional excise tax on
8 each sale of real property in the unincorporated areas of the county
9 for the county tax and in the corporate limits of the city for the
10 city tax at a rate not exceeding one-quarter of one percent of the
11 selling price. Any county choosing to plan under RCW 36.70A.040(2)
12 and any city within such a county may only adopt an ordinance
13 imposing the excise tax authorized by this section if the ordinance
14 is first authorized by a proposition approved by a majority of the
15 voters of the taxing district voting on the proposition at a general
16 election held within the district or at a special election within the
17 taxing district called by the district for the purpose of submitting
18 such proposition to the voters.

19 (3) Revenues generated from the tax imposed under subsection (2)
20 of this section must be used by such counties and cities (~~solely~~)
21 for financing capital projects specified in a capital facilities plan
22 element of a comprehensive plan or for the development of affordable
23 housing including acquisition, building, rehabilitation, and
24 maintenance and operation of housing for very low, low, and moderate-
25 income persons and those with special needs. However, revenues (a)
26 pledged by such counties and cities to debt retirement prior to March
27 1, 1992, may continue to be used for that purpose until the original
28 debt for which the revenues were pledged is retired, or (b) committed
29 prior to March 1, 1992, by such counties or cities to a project may
30 continue to be used for that purpose until the project is completed.

31 (4) Revenues generated by the tax imposed by this section must be
32 deposited in a separate account.

33 (5) As used in this section, "city" means any city or town and
34 "capital project" means those public works projects of a local
35 government for planning, acquisition, construction, reconstruction,
36 repair, replacement, rehabilitation, or improvement of streets,
37 roads, highways, sidewalks, street and road lighting systems, traffic
38 signals, bridges, domestic water systems, storm and sanitary sewer
39 systems, and planning, construction, reconstruction, repair,
40 rehabilitation, or improvement of parks.

1 (6) When the governor files a notice of noncompliance under RCW
2 36.70A.340 with the secretary of state and the appropriate county or
3 city, the county or city's authority to impose the additional excise
4 tax under this section is temporarily rescinded until the governor
5 files a subsequent notice rescinding the notice of noncompliance.

6 (7) From June 30, 2012, until December 31, 2016, a city or county
7 may use the greater of one hundred thousand dollars or thirty-five
8 percent of available funds under this section, but not to exceed one
9 million dollars per year, for operations and maintenance of existing
10 capital projects as defined in subsection (5) of this section, and
11 counties may use available funds under this section for the payment
12 of existing debt service incurred for capital projects as defined in
13 RCW 82.46.010. If a county uses available funds for payment of
14 existing debt service under RCW 82.46.010, the total amount used for
15 payment of debt service and any amounts used for operations and
16 maintenance is subject to the limits in this subsection.

17 SUBPART D

18 Making Certain Affordable Housing Sales Tax Authority Councilmanic

19 **Sec. 308.** RCW 82.14.530 and 2015 3rd sp.s. c 24 s 701 are each
20 amended to read as follows:

21 (1)(a) A county legislative authority may (~~submit an authorizing~~
22 ~~proposition to the county voters at a special or general election~~
23 ~~and, if the proposition is approved by a majority of persons~~
24 ~~voting,~~) impose a sales and use tax in accordance with the terms of
25 this chapter. (~~The title of each ballot measure must clearly state~~
26 ~~the purposes for which the proposed sales and use tax will be used.~~)
27 The rate of tax under this section may not exceed one-tenth of one
28 percent of the selling price in the case of a sales tax, or value of
29 the article used, in the case of a use tax.

30 (b)(i) If a county with a population of one million five hundred
31 thousand or less has not imposed the full tax rate authorized under
32 (a) of this subsection within two years of October 9, 2015, any city
33 legislative authority located in that county may (~~submit an~~
34 ~~authorizing proposition to the city voters at a special or general~~
35 ~~election and, if the proposition is approved by a majority of persons~~
36 ~~voting,~~) impose the whole or remainder of the sales and use tax rate
37 in accordance with the terms of this chapter. (~~The title of each~~
38 ~~ballot measure must clearly state the purposes for which the proposed~~

1 ~~sales and use tax will be used.~~) The rate of tax under this section
2 may not exceed one-tenth of one percent of the selling price in the
3 case of a sales tax, or value of the article used, in the case of a
4 use tax.

5 (ii) If a county with a population of greater than one million
6 five hundred thousand has not imposed the full tax authorized under
7 (a) of this subsection within three years of October 9, 2015, any
8 city legislative authority located in that county may (~~submit an~~
9 ~~authorizing proposition to the city voters at a special or general~~
10 ~~election and, if the proposition is approved by a majority of persons~~
11 ~~voting,~~) impose the whole or remainder of the sales and use tax rate
12 in accordance with the terms of this chapter. (~~The title of each~~
13 ~~ballot measure must clearly state the purposes for which the proposed~~
14 ~~sales and use tax will be used.~~) The rate of tax under this section
15 may not exceed one-tenth of one percent of the selling price in the
16 case of a sales tax, or value of the article used, in the case of a
17 use tax.

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

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

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

30 (i) Constructing affordable housing, which may include new units
31 of affordable housing within an existing structure, and facilities
32 providing housing-related services; or

33 (ii) Constructing mental and behavioral health-related
34 facilities; or

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

38 (b) The affordable housing and facilities providing housing-
39 related programs in (a)(i) of this subsection may only be provided to
40 persons within any of the following population groups whose income is

1 at or below sixty percent of the median income of the county imposing
2 the tax:

3 (i) Persons with mental illness;

4 (ii) Veterans;

5 (iii) Senior citizens;

6 (iv) Homeless, or at-risk of being homeless, families with
7 children;

8 (v) Unaccompanied homeless youth or young adults;

9 (vi) Persons with disabilities; or

10 (vii) Domestic violence survivors.

11 (c) The remainder of the moneys collected under this section must
12 be used for the operation, delivery, or evaluation of mental and
13 behavioral health treatment programs and services or housing-related
14 services.

15 (3) A county that imposes the tax under this section must consult
16 with a city before the county may construct any of the facilities
17 authorized under subsection (2)(a) of this section within the city
18 limits.

19 (4) A county that has not imposed the tax authorized under RCW
20 82.14.460 prior to October 9, 2015, but imposes the tax authorized
21 under this section after a city in that county has imposed the tax
22 authorized under RCW 82.14.460 prior to October 9, 2015, must enter
23 into an interlocal agreement with that city to determine how the
24 services and provisions described in subsection (2) of this section
25 will be allocated and funded in the city.

26 (5) To carry out the purposes of subsection (2)(a) and (b) of
27 this section, the legislative authority of the county or city
28 imposing the tax has the authority to issue general obligation or
29 revenue bonds within the limitations now or hereafter prescribed by
30 the laws of this state, and may use, and is authorized to pledge, up
31 to fifty percent of the moneys collected under this section for
32 repayment of such bonds, in order to finance the provision or
33 construction of affordable housing, facilities where housing-related
34 programs are provided, or evaluation and treatment centers described
35 in subsection (2)(a)(iii) of this section.

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

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

1 **PART IV**

2 **Miscellaneous Provisions**

3 NEW SECTION. **Sec. 401.** Sections 301 through 304 of this act are
4 necessary for the immediate preservation of the public peace, health,
5 or safety, or support of the state government and its existing public
6 institutions, and take effect July 1, 2017.

7 NEW SECTION. **Sec. 402.** Sections 101 through 118 of this act
8 constitute a new chapter in Title 84 RCW.

9 NEW SECTION. **Sec. 403.** Sections 201 through 204 of this act
10 constitute a new chapter in Title 82 RCW.

11 NEW SECTION. **Sec. 404.** Sections 301 through 303 and 401 of this
12 act constitute a new chapter in Title 35 RCW.

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