
ENGROSSED SUBSTITUTE HOUSE BILL 2437

State of Washington

65th Legislature

2018 Regular Session

By House Finance (originally sponsored by Representatives Robinson, Tharinger, Macri, Ryu, Kagi, Pollet, Ormsby, Doglio, Santos, and Tarleton)

READ FIRST TIME 02/06/18.

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)(a) A county legislative authority may authorize, fix, and
7 impose a sales and use tax in accordance with the terms of this
8 chapter. The rate of the tax under this section may not exceed 0.03
9 percent of the selling price in the case of a sales tax, or value of
10 the article used, in the case of a use tax.

11 (b)(i) If a county with a population of one million five hundred
12 thousand or less has not imposed the full tax rate authorized under
13 (a) of this subsection by July 1, 2020, any city legislative
14 authority in that county may authorize, fix, and impose the sales and
15 use tax in accordance with the terms of this chapter. The rate of tax
16 under this section may not exceed 0.03 percent of the selling price
17 in the case of a sales tax, or value of the article used, in the case
18 of a use tax.

19 (ii) If a county with a population of greater than one million
20 five hundred thousand has not imposed the full tax rate authorized
21 under (a) of this subsection by July 1, 2021, any city legislative

1 authority in that county may authorize, fix, and impose the sales and
2 use tax in accordance with the terms of this chapter. The rate of tax
3 under this section may not exceed 0.03 percent of the selling price
4 in the case of a sales tax, or value of the article used, in the case
5 of a use tax.

6 (c) The effective date of a tax imposed under this section must
7 be the first day of a state fiscal year.

8 (d) If a county imposes a tax authorized under (a) of this
9 subsection after a city located in that county has imposed the tax
10 authorized under (b) of this subsection, the county must provide a
11 credit against its tax for the full amount of tax imposed by the
12 city.

13 (e) If a county or city has not imposed the tax under this
14 subsection by July 1, 2023, the county or city may not authorize,
15 fix, and impose the tax.

16 (2) The tax imposed under subsection (1) of this section must be
17 deducted from the amount of tax otherwise required to be collected or
18 paid to the department of revenue under chapter 82.08 or 82.12 RCW.
19 The department must perform the collection of such taxes on behalf of
20 the county or city at no cost to the county or city.

21 (3) A county or city imposing a tax under subsection (1) of this
22 section must provide annual matching funds for the purposes in
23 subsection (6) of this section. The matching funds must not be
24 derived from the state-subsidized portion of any state loan or grant,
25 any local tax that is credited against state retail sales and use
26 taxes, or any other state funds. The amount of the matching funds is
27 determined by the rate imposed as follows:

28 (a) If the rate imposed is 0.0125 percent or less, the matching
29 funds must equal at least ten percent of the annual maximum amount of
30 tax distributions as calculated in subsection (4) of this section;

31 (b) If the rate imposed is greater than 0.0125 percent but no
32 more than 0.025 percent, the matching funds must equal at least
33 fifteen percent of the annual maximum amount of tax distributions as
34 calculated in subsection (4) of this section; and

35 (c) If the rate imposed is greater than 0.025 percent, the
36 matching funds must equal at least thirty-five percent of the annual
37 maximum amount of tax distributions as calculated in subsection (4)
38 of this section.

39 (4) By December 31, 2018, or within thirty days of a county or
40 city authorizing the tax under subsection (1) of this section,

1 whichever is later, the department must calculate the maximum amount
2 of tax distributions for each county and city authorizing the tax
3 under subsection (1) of this section as follows:

4 (a) The maximum amount for a county equals the taxable retail
5 sales within the county in state fiscal year 2018 multiplied by the
6 tax rate imposed under subsection (1) of this section. If a county
7 imposes a tax authorized under subsection (1) of this section after a
8 city located in that county has imposed the tax, the taxable retail
9 sales within the city in state fiscal year 2018 must be subtracted
10 from the taxable retail sales within the county for the calculation
11 of the maximum amount.

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

15 (5) The tax must cease to be distributed to a county or city for
16 the remainder of any fiscal year in which the amount of tax exceeds
17 the maximum amount in subsection (4) of this section. The department
18 must remit any annual tax revenues above the maximum to the state
19 treasurer for deposit in the general fund. Distributions to a county
20 or city meeting the maximum amount must resume at the beginning of
21 the next fiscal year.

22 (6) The moneys collected or bonds issued under this section may
23 only be used for the following purposes:

24 (a) Acquiring, rehabilitating, or constructing affordable
25 housing, which may include new units of affordable housing within an
26 existing structure or facilities providing supportive housing
27 services;

28 (b) Funding the operations and maintenance costs of new units of
29 affordable or supportive housing; or

30 (c) Providing rental assistance to tenants.

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

35 (8) In determining the use of funds under subsection (6) of this
36 section, a county or city must consider the income of the individuals
37 and families to be served, the leveraging of the resources made
38 available under this section, and the housing needs within the
39 jurisdiction of the taxing authority.

1 (9) To carry out the purposes of this section including, but not
2 limited to, financing loans or grants to nonprofit organizations or
3 public housing authorities, the legislative authority of the county
4 or city imposing the tax has the authority to issue general
5 obligation or revenue bonds within the limitations now or hereafter
6 prescribed by the laws of this state, and may use, and is authorized
7 to pledge, the moneys collected under this section for repayment of
8 such bonds.

9 (10) A county with a population of greater than one million five
10 hundred thousand imposing a tax under this section must distribute
11 funds in an equitable manner throughout the county in furtherance of
12 a regional implementation plan. The county legislative authority must
13 refer the plan to a regional committee for review and recommendation
14 pursuant to, and consistent with, county charter regional committee
15 provisions. The county must produce an annual report on the
16 geographic distribution of funds across the county, including the
17 location of affordable or supportive housing by jurisdiction, and
18 identify barriers, if any, to distributing funds in certain
19 communities.

20 (11) A county or city may enter into an interlocal agreement with
21 one or more counties, cities, or public housing authorities in
22 accordance with chapter 39.34 RCW. The agreement may include, but is
23 not limited to, pooling the tax receipts received under this section,
24 pledging those taxes to bonds issued by one or more parties to the
25 agreement, and allocating the proceeds of the taxes levied or the
26 bonds issued in accordance with such interlocal agreement and this
27 section.

28 (12) Counties and cities imposing the tax under this section must
29 report annually to the housing finance commission on the collection
30 and use of the revenue. The commission must adopt rules prescribing
31 content of such reports. By December 1, 2019, and annually
32 thereafter, and in compliance with RCW 43.01.036, the housing finance
33 commission must submit a report annually to the appropriate
34 legislative committees with regard to such uses.

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

--- END ---