

ESHB 2437 - S COMM AMD

By Committee on Ways & Means

1 Strike everything after the enacting clause and insert the  
2 following:

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

5 (1)(a) A county legislative authority may authorize, fix, and  
6 impose a sales and use tax in accordance with the terms of this  
7 chapter. The rate of the tax under this section may not exceed 0.01  
8 percent of the selling price in the case of a sales tax, or value of  
9 the article used, in the case of a use tax.

10 (b)(i) If a county with a population of one million five hundred  
11 thousand or less has not imposed the full tax rate authorized under  
12 (a) of this subsection by July 1, 2020, any city legislative  
13 authority in that county may authorize, fix, and impose the sales and  
14 use tax in accordance with the terms of this chapter. The rate of tax  
15 under this section may not exceed 0.01 percent of the selling price  
16 in the case of a sales tax, or value of the article used, in the case  
17 of a use tax.

18 (ii) If a county with a population of greater than one million  
19 five hundred thousand has not imposed the full tax rate authorized  
20 under (a) of this subsection by July 1, 2021, any city legislative  
21 authority in that county may authorize, fix, and impose the sales and  
22 use tax in accordance with the terms of this chapter. The rate of tax  
23 under this section may not exceed 0.01 percent of the selling price  
24 in the case of a sales tax, or value of the article used, in the case  
25 of a use tax.

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

28 (d) If a county imposes a tax authorized under (a) of this  
29 subsection after a city located in that county has imposed the tax  
30 authorized under (b) of this subsection, the county must provide a

1 credit against its tax for the full amount of tax imposed by the  
2 city.

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

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

11 (3) A county or city imposing a tax under subsection (1) of this  
12 section must provide annual matching funds for the purposes in  
13 subsection (6) of this section. The matching funds must not be  
14 derived from the state-subsidized portion of any state loan or grant,  
15 any local tax that is credited against state retail sales and use  
16 taxes, or any other state funds. The matching funds must equal at  
17 least fifteen percent of the annual maximum amount of tax  
18 distributions as calculated in subsection (4) of this section.

19 (4) By December 31, 2018, or within thirty days of a county or  
20 city authorizing the tax under subsection (1) of this section,  
21 whichever is later, the department must calculate the maximum amount  
22 of tax distributions for each county and city authorizing the tax  
23 under subsection (1) of this section as follows:

24 (a) The maximum amount for a county equals the taxable retail  
25 sales within the county in state fiscal year 2018 multiplied by the  
26 tax rate imposed under subsection (1) of this section. If a county  
27 imposes a tax authorized under subsection (1) of this section after a  
28 city located in that county has imposed the tax, the taxable retail  
29 sales within the city in state fiscal year 2018 must be subtracted  
30 from the taxable retail sales within the county for the calculation  
31 of the maximum amount.

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

35 (5) The tax must cease to be distributed to a county or city for  
36 the remainder of any fiscal year in which the amount of tax exceeds  
37 the maximum amount in subsection (4) of this section. The department  
38 must remit any annual tax revenues above the maximum to the state  
39 treasurer for deposit in the general fund. Distributions to a county

1 or city meeting the maximum amount must resume at the beginning of  
2 the next fiscal year.

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

5 (a) Acquiring, rehabilitating, or constructing facilities  
6 providing supportive housing services;

7 (b) Funding the operations and maintenance costs of new units of  
8 supportive housing; or

9 (c) Providing rental assistance to tenants.

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

14 (8) In determining the use of funds under subsection (6) of this  
15 section, a county or city must consider the income of the individuals  
16 and families to be served, the leveraging of the resources made  
17 available under this section, and the housing needs within the  
18 jurisdiction of the taxing authority.

19 (9) To carry out the purposes of this section including, but not  
20 limited to, financing loans or grants to nonprofit organizations or  
21 public housing authorities, the legislative authority of the county  
22 or city imposing the tax has the authority to issue general  
23 obligation or revenue bonds within the limitations now or hereafter  
24 prescribed by the laws of this state, and may use, and is authorized  
25 to pledge, the moneys collected under this section for repayment of  
26 such bonds.

27 (10) A county with a population of greater than one million five  
28 hundred thousand imposing a tax under this section must distribute  
29 funds in an equitable manner throughout the county in furtherance of  
30 a regional implementation plan. The county must produce an annual  
31 report on the geographic distribution of funds across the county,  
32 including the location of affordable or supportive housing by  
33 jurisdiction, and identify barriers, if any, to distributing funds in  
34 certain communities.

35 (11) A county or city may enter into an interlocal agreement with  
36 one or more counties, cities, or public housing authorities in  
37 accordance with chapter 39.34 RCW. The agreement may include, but is  
38 not limited to, pooling the tax receipts received under this section,  
39 pledging those taxes to bonds issued by one or more parties to the  
40 agreement, and allocating the proceeds of the taxes levied or the

1 bonds issued in accordance with such interlocal agreement and this  
2 section.

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

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

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13 On page 1, line 2 of the title, after "housing;" strike the  
14 remainder of the title and insert "and adding a new section to  
15 chapter 82.14 RCW."

EFFECT: Lowers the maximum tax rate to 0.01 percent. Restricts  
the use of funds to supportive housing. Changes the tiered local  
match requirements to a uniform 15 percent match requirement.  
Eliminates the requirements for King County to distribute funds  
pursuant to a regional implementation plan that has been submitted to  
a regional committee for review and recommendation.

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