

SHB 1406 - S COMM AMD

By Committee on Housing Stability & Affordability

OUT OF ORDER 04/28/2019

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

7 (a) "Nonparticipating city" is a city that does not impose a
8 sales and use tax in accordance with the terms of this section.

9 (b) "Nonparticipating county" is a county that does not impose a
10 sales and use tax in accordance with the terms of this section.

11 (c) "Participating city" is a city that imposes a sales and use
12 tax in accordance with the terms of this section.

13 (d) "Participating county" is a county that imposes a sales and
14 use tax in accordance with the terms of this section.

15 (e) "Qualifying local tax" means the following tax sources, if
16 the tax source is instated no later than twelve months after the
17 effective date of this section:

18 (i) The affordable housing levy authorized under RCW 84.52.105;

19 (ii) The sales and use tax for housing and related services
20 authorized under RCW 82.14.530;

21 (iii) The sales tax for chemical dependency and mental health
22 treatment services or therapeutic courts authorized under RCW
23 82.14.460; and

24 (iv) The levy authorized under RCW 84.55.050, if used solely for
25 affordable housing.

26 (2) (a) A county or city legislative authority may authorize, fix,
27 and impose a sales and use tax in accordance with the terms of this
28 section.

29 (b) The tax under this section is assessed on the selling price
30 in the case of a sales tax, or value of the article used, in the case
31 of a use tax.

1 (c) The rate of the tax under this section for an individual
2 participating city and an individual participating county may not
3 exceed:

4 (i) Beginning on the effective date of this section until twelve
5 months after the effective date of this section:

6 (A) One one-hundredth percent for a:

7 (I) Participating city, unless the participating city levies a
8 qualifying local tax; and

9 (II) Participating county, within the limits of nonparticipating
10 cities within the county;

11 (B) Two one-hundredths percent for a:

12 (I) Participating city that currently levies a qualifying local
13 tax;

14 (II) Participating city if the county in which it is located
15 declares they will not levy the sales and use tax authorized under
16 this section; and

17 (III) Participating county within the unincorporated areas of the
18 county and any city that declares they will not levy the sales and
19 use tax authorized under this section;

20 (ii) Beginning twelve months after the effective date of this
21 section:

22 (A) One one-hundredth percent for a:

23 (I) Participating city that is located within a participating
24 county if the participating city is not levying a qualifying local
25 tax; and

26 (II) Participating county, within the limits of a participating
27 city if the participating city is not levying a qualifying local tax;

28 (B) Two one-hundredths percent within the limits of a:

29 (I) Participating city that is levying a qualifying local tax;
30 and

31 (II) Participating county within the unincorporated area of the
32 county and within the limits of any nonparticipating city that is
33 located within the county.

34 (d) A county may not levy the tax authorized under this section
35 within the limits of a participating city that levies a qualifying
36 local tax.

37 (e) (i) In order for a county or city legislative authority to
38 impose the tax under this section, the authority must adopt:

1 (A) A resolution of intent to adopt legislation to authorize the
2 maximum capacity of the tax in this section within six months of the
3 date in which this section takes effect; and

4 (B) Legislation to authorize the maximum capacity of the tax in
5 this section within one year of the date on which this section takes
6 effect.

7 (ii) Adoption of the resolution of intent and legislation
8 requires simple majority approval of the enacting legislative
9 authority.

10 (iii) If a county or city has not adopted a resolution of intent
11 in accordance with the terms of this section, the county or city may
12 not authorize, fix, and impose the tax.

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

18 (4) By December 31, 2019, or within thirty days of a county or
19 city authorizing the tax under this section, whichever is later, the
20 department must calculate the maximum amount of tax distributions for
21 each county and city authorizing the tax under this section as
22 follows:

23 (a) The maximum amount for a participating county equals the
24 taxable retail sales within the county in state fiscal year 2019
25 multiplied by the tax rate imposed under this section. If a county
26 imposes a tax authorized under this section after a city located in
27 that county has imposed the tax, the taxable retail sales within the
28 city in state fiscal year 2019 must be subtracted from the taxable
29 retail sales within the county for the calculation of the maximum
30 amount; and

31 (b) The maximum amount for a city equals the taxable retail sales
32 within the city in state fiscal year 2019 multiplied by the tax rate
33 imposed under subsection (1) of this section.

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

1 (6) (a) If a county has a population greater than four hundred
2 thousand or a city has a population greater than one hundred
3 thousand, the moneys collected or bonds issued under this section may
4 only be used for the following purposes:

5 (i) Acquiring, rehabilitating, or constructing affordable
6 housing, which may include new units of affordable housing within an
7 existing structure or facilities providing supportive housing
8 services under RCW 71.24.385; or

9 (ii) Funding the operations and maintenance costs of new units of
10 affordable or supportive housing.

11 (b) If a county has a population of four hundred thousand or less
12 or a city has a population of one hundred thousand or less, the
13 moneys collected under this section may only be used for the purposes
14 provided in (a) of this subsection or for providing rental assistance
15 to tenants.

16 (7) The housing and services provided pursuant to subsection (6)
17 of this section may only be provided to persons whose income is at or
18 below sixty percent of the median income of the county or city
19 imposing the tax.

20 (8) In determining the use of funds under subsection (6) of this
21 section, a county or city must consider the income of the individuals
22 and families to be served, the leveraging of the resources made
23 available under this section, and the housing needs within the
24 jurisdiction of the taxing authority.

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

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

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

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

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

EFFECT: (1) Adds a voter approved property tax levy used solely
for affordable housing is eligible to be a qualifying local tax
source.

(2) Removes provisions regarding calculation of median income for
certain cities whose median income is not available from the United
States Census Bureau.

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