
SUBSTITUTE HOUSE BILL 1406

State of Washington

66th Legislature

2019 Regular Session

By House Housing, Community Development & Veterans (originally sponsored by Representatives Robinson, Macri, Chapman, Valdez, Senn, Peterson, Kloba, Tharinger, Gregerson, Stanford, Walen, Doglio, Frame, Jinkins, Riccelli, Slatter, Ormsby, and Santos)

READ FIRST TIME 02/08/19.

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

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

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

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

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

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

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

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

1 (iii) The sales tax for chemical dependency and mental health
2 treatment services or therapeutic courts authorized under RCW
3 82.14.460.

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

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

10 (c) The rate of the tax under this section for an individual
11 participating city and an individual participating county may not
12 exceed:

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

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

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

18 (II) Participating county, within the limits of nonparticipating
19 cities within the county;

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

21 (I) Participating city that currently levies a qualifying local
22 tax;

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

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

29 (ii) Beginning twelve months after the effective date of this
30 section:

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

32 (I) Participating city that is located within a participating
33 county if the participating city is not levying a qualifying local
34 tax; and

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

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

38 (I) Participating city that is levying a qualifying local tax;
39 and

1 (II) Participating county within the unincorporated area of the
2 county and within the limits of any nonparticipating city that is
3 located within the county.

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

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

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

12 (B) Legislation to authorize the maximum capacity of the tax in
13 this section within one year of the date on which this section takes
14 effect.

15 (ii) Adoption of the resolution of intent and legislation
16 requires simple majority approval of the enacting legislative
17 authority.

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

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

26 (4) By December 31, 2019, or within thirty days of a county or
27 city authorizing the tax under this section, whichever is later, the
28 department must calculate the maximum amount of tax distributions for
29 each county and city authorizing the tax under this section as
30 follows:

31 (a) The maximum amount for a participating county equals the
32 taxable retail sales within the county in state fiscal year 2019
33 multiplied by the tax rate imposed under this section. If a county
34 imposes a tax authorized under this section after a city located in
35 that county has imposed the tax, the taxable retail sales within the
36 city in state fiscal year 2019 must be subtracted from the taxable
37 retail sales within the county for the calculation of the maximum
38 amount; and

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

4 (5) The tax must cease to be distributed to a county or city for
5 the remainder of any fiscal year in which the amount of tax exceeds
6 the maximum amount in subsection (4) of this section. The department
7 must remit any annual tax revenues above the maximum to the state
8 treasurer for deposit in the general fund. Distributions to a county
9 or city meeting the maximum amount must resume at the beginning of
10 the next fiscal year.

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

15 (i) Acquiring, rehabilitating, or constructing affordable
16 housing, which may include new units of affordable housing within an
17 existing structure or facilities providing supportive housing
18 services under RCW 71.24.385; or

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

21 (b) If a county has a population of four hundred thousand or less
22 or a city has a population of one hundred thousand or less, the
23 moneys collected under this section may only be used for the purposes
24 provided in (a) of this subsection or for providing rental assistance
25 to tenants.

26 (7) The housing and services provided pursuant to subsection (6)
27 of this section may only be provided to persons whose income is at or
28 below sixty percent of the median income of the county or city
29 imposing the tax. If the median income of a city enacting the tax
30 under this section is not available from the United States census
31 bureau, 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 in which the
34 city is located.

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 or city may enter into an interlocal agreement with
10 one or more counties, cities, or public housing authorities in
11 accordance with chapter 39.34 RCW. The agreement may include, but is
12 not limited to, pooling the tax receipts received under this section,
13 pledging those taxes to bonds issued by one or more parties to the
14 agreement, and allocating the proceeds of the taxes levied or the
15 bonds issued in accordance with such interlocal agreement and this
16 section.

17 (11) Counties and cities imposing the tax under this section must
18 report annually to the department of commerce on the collection and
19 use of the revenue. The department of commerce must adopt rules
20 prescribing content of such reports. By December 1, 2019, and
21 annually thereafter, and in compliance with RCW 43.01.036, the
22 department of commerce must submit a report annually to the
23 appropriate legislative committees with regard to such uses.

24 (12) The tax imposed by a county or city under this section
25 expires twenty years after the date on which the tax is first
26 imposed.

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