
HOUSE BILL 1406

State of Washington

66th Legislature

2019 Regular Session

By Representatives Robinson, Macri, Chapman, Valdez, Senn, Peterson, Kloba, Tharinger, Gregerson, Stanford, Walen, Doglio, Frame, Jinkins, Riccelli, Slatter, Ormsby, and Santos

Read first time 01/21/19. Referred to Committee on Housing, Community Development & Veterans.

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 chapter.

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

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

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

16 (e) "Qualifying local tax" means the following tax sources, if
17 the tax source was instated within one year after the effective date
18 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 chapter.

7 (b) The tax under this chapter 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 chapter for an individual
11 participating city and an individual participating county may not
12 exceed:

13 (i) Until twelve months after the effective date of this section:

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

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

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

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

20 (I) Participating city that levies a qualifying local tax;

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

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

27 (ii) Beginning twelve months after the effective date of this
28 section:

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

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

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

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

36 (I) Participating city that is levying a qualifying local tax;
37 and

38 (II) Participating county within the unincorporated area of the
39 county and within the limits of any nonparticipating city that is
40 located within the county.

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

4 (e)(i) In order for a county or city legislative authority to
5 impose the tax under this chapter, the authority must adopt:

6 (A) A resolution of intent to adopt legislation to authorize the
7 maximum capacity of the tax in this chapter within six months of the
8 date in which this section takes effect; and

9 (B) Legislation to authorize the maximum capacity of the tax in
10 this chapter within one year of the date on which this section takes
11 effect.

12 (ii) Adoption of the resolution of intent and legislation
13 requires simple majority approval of the enacting legislative
14 authority.

15 (iii) If a county or city has not adopted a resolution of intent
16 in accordance with the terms of this chapter, the county or city may
17 not authorize, fix, and impose the tax.

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

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

28 (a) The maximum amount for a participating county equals the
29 taxable retail sales within the county in state fiscal year 2019
30 multiplied by the tax rate imposed under this section. If a county
31 imposes a tax authorized under this section after a city located in
32 that county has imposed the tax, the taxable retail sales within the
33 city in state fiscal year 2018 must be subtracted from the taxable
34 retail sales within the county for the calculation of the maximum
35 amount; and

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

39 (5) The tax must cease to be distributed to a county or city for
40 the remainder of any fiscal year in which the amount of tax exceeds

1 the maximum amount in subsection (4) of this section. The department
2 must remit any annual tax revenues above the maximum to the state
3 treasurer for deposit in the general fund. Distributions to a county
4 or city meeting the maximum amount must resume at the beginning of
5 the next fiscal year.

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

10 (i) Acquiring, rehabilitating, or constructing affordable
11 housing, which may include new units of affordable housing within an
12 existing structure or facilities providing supportive housing
13 services under RCW 71.24.385; or

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

16 (b) If a county has a population of four hundred thousand or less
17 or a city has a population of one hundred thousand or less, the
18 moneys collected under this section may only be used for the purposes
19 provided in (a) of this subsection or for providing rental assistance
20 to tenants.

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

25 (8) In determining the use of funds under subsection (6) of this
26 section, a county or city must consider the income of the individuals
27 and families to be served, the leveraging of the resources made
28 available under this section, and the housing needs within the
29 jurisdiction of the taxing authority.

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

38 (10) A county or city may enter into an interlocal agreement with
39 one or more counties, cities, or public housing authorities in
40 accordance with chapter 39.34 RCW. The agreement may include, but is

1 not limited to, pooling the tax receipts received under this section,
2 pledging those taxes to bonds issued by one or more parties to the
3 agreement, and allocating the proceeds of the taxes levied or the
4 bonds issued in accordance with such interlocal agreement and this
5 section.

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

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

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