
HOUSE BILL 2948

State of Washington

66th Legislature

2020 Regular Session

By Representatives Springer and Macri

Read first time 02/21/20. Referred to Committee on Finance.

1 AN ACT Relating to granting additional and progressive tax
2 authority for counties with populations exceeding two million and
3 cities therein to impose an excise tax on businesses that addresses
4 the affordable housing crisis and reduces homelessness through
5 evidence-based practices that will save lives and improve public
6 safety, while also ensuring certainty and predictability for
7 businesses; adding a new section to chapter 43.31 RCW; adding a new
8 chapter to Title 82 RCW; and declaring an emergency.

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

10 NEW SECTION. **Sec. 1.** INTENT. The legislature finds that more
11 than twenty-two thousand five hundred households experienced
12 homelessness in 2018 in King county alone. In addition, over the past
13 ten years, King county has lost more than one hundred twelve thousand
14 units, over forty percent, of the housing affordable to those living
15 below eighty percent of area median income. Only one-third of
16 medicaid enrollees in King county and statewide with an identified
17 need for substance use disorder treatment receive treatment, and only
18 one-half of those needing mental health treatment receive treatment.
19 The legislature further finds that the crisis of homelessness and
20 lack of affordable housing is growing in our communities. To combat
21 this crisis, the legislature finds there is need for a comprehensive

1 approach that provides shelter and services for those experiencing
2 homelessness, increases the supply of affordable housing, addresses
3 public safety challenges, and increases access to behavioral health
4 services.

5 NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this
6 section apply throughout this chapter, unless the context clearly
7 requires otherwise.

8 (1) "Affiliate" and "affiliated" means a person that directly or
9 indirectly, through one or more intermediaries, controls, is
10 controlled by, or is under common control, with another person.

11 (2) "Affiliated group" means a group of two or more persons that
12 are affiliated with each other.

13 (3) "Business" has the meaning provided in RCW 82.04.140.
14 Depending on the context, "business" may also mean an employer
15 engaging in business in the county.

16 (4) "City" means a city in the county that meets the requirements
17 in section 9(2)(b) or (c) of this act or is a participating city.

18 (5)(a) "Compensation" means remuneration as that term is defined
19 in RCW 50A.05.010, net distributions, incentive payments, including
20 guaranteed payments, whether based on profit or otherwise, earned for
21 services rendered or work performed, whether paid directly or through
22 an agent, and whether in cash or paid in any medium other than cash.

23 (b) "Compensation" does not include payments to an owner of a
24 pass-through entity that is not earned for services rendered or work
25 performed, such as return of capital, investment income, or other
26 income from passive activities.

27 (6) "Control" means the possession, directly or indirectly, of
28 more than eighty percent of the power to direct or cause the
29 direction of the management and policies of a person, whether through
30 the ownership of voting shares, by contract, or otherwise.

31 (7) "County" means a county with a population of at least two
32 million organized under the laws of the state of Washington and
33 includes the entire county, including the incorporated and
34 unincorporated areas.

35 (8)(a) "Employee" has the meaning provided in RCW 50A.05.010.

36 (b) "Employee" also includes individuals who are:

37 (i) Members of limited liability companies;

38 (ii) Members of professional limited liability companies;

39 (iii) Partners; and

1 (iv) Other owners of pass-through entities.

2 (9) "Employer" has the meaning provided in RCW 50A.05.010.

3 (10)(a) "Employment" has the meaning provided in RCW 50A.05.010.

4 (b) "Employment" also includes self-employed individuals.

5 (11) "Engaging in business" has the meaning provided in RCW

6 82.04.150.

7 (12) "Grocery business" means:

8 (a) A business whose primary business is making retail sales of

9 food and food ingredients to consumers that are exempt from the

10 retail sales tax under RCW 82.08.0293; or

11 (b) A business whose primary business is making wholesale sales

12 of food and food ingredients that will be exempt from the retail

13 sales tax under RCW 82.08.0293 when resold by the purchaser. For

14 purposes of this subsection, "primary business" means that seventy-

15 five percent of the gross income of the business for purposes of

16 calculating the state business and occupation tax under chapter 82.04

17 RCW is attributable to that business activity.

18 (13) "Grocery worker" means an individual employed at a grocery

19 business whose primary duties:

20 (a) Include: (i) The selling, stocking, or handling of food and

21 food ingredients that, when sold at retail, are exempt from the

22 retail sales tax under RCW 82.08.0293; or (ii) providing janitorial

23 services to the grocery business; or

24 (b) Consist of directly supervising the individuals described in

25 (a) of this subsection.

26 (14) "Gross receipts" means the value proceeding or accruing by

27 reason of the transaction of business engaged in and includes gross

28 proceeds of sales, compensation for rendition of services, gains

29 realized from trading in stocks, bonds, or other evidences of

30 indebtedness, interest, discount, rents, royalties, fees,

31 commissions, dividends, and other emoluments however designated, all

32 without any deduction on account of the cost of tangible property

33 sold, the cost of materials used, labor cost, interest, discount,

34 delivery costs, taxes, or any other expenses whatsoever paid or

35 accrued and without any deduction on account of losses.

36 (15) "Implementation plan" means a six-year plan adopted by the

37 county that guides investments funded from the tax. The plan: (a)

38 Includes priorities, goals, and performance measures for the revenue

39 allocation consistent with the restrictions identified in this

40 chapter; (b) does not include specific projects that should or should

1 not be funded; and (c) is developed by the county executive based on
2 recommendations from a majority of the advisory committee.

3 (16) "Local government entity" has the meaning provided in RCW
4 4.96.010.

5 (17) "Net distribution" means the draws from net income by any
6 owner of a pass-through entity. Taxable distributions are limited by
7 the amount of draws or net income for that owner, whichever is less.
8 If the owner's draw exceeds that individual's net profit, the excess
9 draw is a return of capital. A return of capital is not taxable
10 because it is a liquidation of an owner's assets.

11 (18) "Participating city" is a city with a population of at least
12 sixty thousand that is located in the county and meets the
13 requirements in section 8 of this act.

14 (19) "Pass-through entity" includes a trust, partnership,
15 corporation described in subchapter S of the internal revenue code of
16 1986, as amended, limited liability company, limited liability
17 partnership, professional corporation, and any other person or entity
18 which is not subject to the income tax imposed by subtitle A, chapter
19 1 of the internal revenue code of 1986, as amended, or which is
20 allowed a deduction in computing such tax for distributions to the
21 owners or beneficiaries of such person or entity.

22 (20) "Payroll expense" means the compensation paid in the county
23 to an employee if:

24 (a) The employee is primarily assigned within the county;

25 (b) The employee is not primarily assigned to any place of
26 business for the tax year and the employee performs fifty percent or
27 more of his or her service for the tax year in the county; or

28 (c) The employee is not primarily assigned to any place of
29 business for the tax year, the employee does not perform fifty
30 percent or more of his or her service in any county, and the employee
31 resides in the county.

32 (21) "Person" has the meaning provided in RCW 82.04.030.

33 (22) "Regional homelessness authority" means the entity created
34 by the county to address the homelessness crisis in a unified,
35 comprehensive, and equity-centered matter, or its successor entity.

36 (23) "Small business" means any business:

37 (a) With fifty employees or fewer; and

38 (b) That reports gross receipts of no more than three million
39 dollars in the immediately preceding tax year, unless (i) the person
40 is affiliated with one or more persons, or (ii) the aggregate gross

1 receipts of the business subject to the tax imposed under this
2 chapter for all affiliated persons was greater than or equal to three
3 million dollars for the immediately preceding tax year.

4 (24) "Subregion" means the three areas of the county, as
5 determined by the county, each having one of the three most populous
6 cities as those populations existed on the effective date of this
7 section.

8 (25) "Tax year" means a twelve-month period from January 1st to
9 December 31st.

10 (26) "Taxpayer" means any employer who engages in any business in
11 the county or who performs any act for which a tax is imposed under
12 this chapter.

13 NEW SECTION. **Sec. 3.** COUNTY PAYROLL TAX. (1) Subject to this
14 chapter, a county may, by ordinance enacted by its county legislative
15 authority, impose a payroll expense tax on employers engaging in
16 business. The tax imposed by this chapter is levied on employers and
17 must be paid quarterly. The employer is responsible for paying the
18 tax required under this chapter, and the employer may not make any
19 deductions from the employees' compensation to pay for this tax.

20 (2) (a) The tax is measured by the employer's payroll expense for
21 the tax year attributable to work performed or services rendered by
22 the employer's employees in the county, less any deductions
23 authorized under subsection (3) of this section, multiplied by a rate
24 of twenty-five hundredths of one percent.

25 (b) The tax rates must be the same for all businesses subject to
26 the tax, except the county may impose graduated tax rates that
27 increase based on employee compensation.

28 (3) Taxpayers may deduct the following from the measure of the
29 tax, as adjusted under section 4 of this act:

30 (a) The payroll expense attributable to any employee with annual
31 compensation that is less than one hundred fifty thousand dollars;
32 and

33 (b) The payroll expense attributable to any employee who is
34 employed as a grocery worker.

35 (4) (a) The following are exempt from the payroll expense tax
36 authorized by this chapter:

37 (i) Businesses that only sell, manufacture, or distribute motor
38 vehicle fuel as defined in RCW 82.38.020 and exempted under RCW
39 82.38.080;

1 (ii) Businesses that only sell, manufacture, or distribute liquor
2 as defined in RCW 66.04.010 and exempted in RCW 66.08.120;

3 (iii) Federal and state government agencies and subdivisions, and
4 any local governmental entity;

5 (iv) Other businesses that a county does not have authority to
6 tax based on federal or state law;

7 (v) A small business;

8 (vi) A comprehensive cancer center as defined in RCW 82.04.4265;
9 and

10 (vii) Businesses that are subject to taxes imposed under chapter
11 48.14 RCW.

12 (b) The county may also grant an employer a one-year exemption
13 from the tax due to extreme financial hardship.

14 (5) A county imposing the tax under this section may not enact
15 any exemptions, deductions, or credits not authorized by this
16 chapter.

17 (6) Nothing in this chapter may be construed as requiring the
18 payment of any tax for engaging in business when such payment would
19 be in violation of any federal or state law. If imposition of the tax
20 would place an undue burden on interstate commerce or violate other
21 constitutional requirements, a taxpayer is allowed a credit to the
22 extent necessary to preserve the validity of the tax, and still apply
23 the tax to as much of the taxpayer's activities as may be subject to
24 the taxing authority.

25 (7) A limited liability company, a professional liability
26 company, a partnership, or any other pass-through entity, shall
27 report and pay the tax on payroll expense with respect to employees
28 defined in section 2(8)(b) of this act. Self-employed individuals
29 shall report and pay the tax on the payroll expense with respect to
30 themselves.

31 (8) Temporary employment agencies that supply temporary employees
32 to businesses engaging in business within the county, and pay the
33 temporary employee's compensation, shall report and pay the tax on
34 all such temporary employees. Businesses engaging temporary employees
35 who are on the business' payroll shall report and pay the tax on the
36 payroll expense of such temporary employees, whether or not they are
37 from an employment agency.

38 NEW SECTION. **Sec. 4.** ADJUSTMENTS. Beginning on January 1, 2021,
39 and on January 1st of every odd year thereafter, the county must

1 adjust the amounts in section 3(3) of this act and the dollar
2 threshold used to define small business in section 2(23) of this act
3 as follows:

4 (1) The amounts shall increase commensurate with the rate of
5 growth of the prior year's June-to-June consumer price index (CPI-U)
6 for the Seattle-Tacoma-Bellevue area as published by the United
7 States department of labor;

8 (2) If the annual change in the CPI-U is negative, no adjustment
9 to the amounts must be made; and

10 (3) The amounts calculated must be rounded to the nearest whole
11 dollar.

12 NEW SECTION. **Sec. 5.** IMPLEMENTATION. (1) A county may enact
13 ordinances, or rely on existing laws, to implement any measures it
14 deems necessary to facilitate:

15 (a) The imposition, collection, and administration of the tax
16 authorized by this chapter, including measures to govern the timing,
17 form, content, and filing of returns;

18 (b) The allocation and apportionment of payroll expense;

19 (c) Recordkeeping;

20 (d) Audits;

21 (e) Assessments;

22 (f) Appeals;

23 (g) Refunds;

24 (h) The adoption of administrative rules;

25 (i) Enforcement and remedies; and

26 (j) The imposition of interest and penalties.

27 (2) A county must enter into an interlocal agreement with the
28 employment security department for the administration and collection
29 of the tax authorized by this chapter. The agreement shall allow for
30 full cost recovery and require the same confidentiality protections
31 as established in section 6 of this act.

32 (3) (a) To aid in the effective administration of this chapter,
33 the county may require a person claiming an exemption under section
34 3(4) of this act to identify all of the person's affiliates,
35 including their department tax registration number or unified
36 business identifier number, as may be applicable, or to certify that
37 the person is not affiliated with any other person. Requests under
38 this subsection (3) must be in writing and may be made
39 electronically.

1 (b) If the county establishes, by clear, cogent, and convincing
2 evidence, that a person, with intent to evade the payroll expense tax
3 authorized by this chapter, failed to provide the county with
4 complete and accurate information in response to a written request
5 under (a) of this subsection within thirty days of such request, the
6 person is ineligible for an exemption under section 3(4) of this act
7 for the entire current calendar year and the following four calendar
8 years. However, the department must waive the provisions of this
9 subsection (3)(b) for any tax reporting period that the person is
10 otherwise eligible for an exemption in section 3(4) of this act if
11 (i) the county has not previously determined that the person failed
12 to fully comply with (a) of this subsection, and (ii) within thirty
13 days of the notice of additional tax due as a result of the person's
14 failure to fully comply with (a) of this subsection, the county
15 determines that the person has come into full compliance with (a) of
16 this subsection.

17 (c) If a taxpayer is subject to the reconciliation provisions of
18 RCW 82.04.462(4), and calculates payroll expense of the business
19 subject to the tax imposed under section 3 of this act for the
20 immediately preceding calendar year, or aggregate payroll expense of
21 the business subject to the tax imposed under section 3 of this act
22 for the immediately preceding calendar year for all affiliated
23 persons, based on incomplete information, the taxpayer must correct
24 the reporting for the current calendar year when complete information
25 for the immediately preceding calendar year is available.

26 (d) To ensure administrative ease and efficiency, the county must
27 allow collection through the same program that cities use to report
28 taxes or fees on a business' gross receipts.

29 NEW SECTION. **Sec. 6.** CONFIDENTIALITY. A county imposing the tax
30 shall, by ordinance, provide that return and tax information are
31 confidential, privileged, and only subject to disclosure in the
32 manner provided by RCW 82.32.330.

33 NEW SECTION. **Sec. 7.** USE OF FUNDS. (1) A county imposing the
34 tax authorized under this chapter may use the money collected to
35 cover the necessary costs of imposition, collection, and
36 administration of the tax, including recovery of amounts used to
37 initially set up the administration system. Following the second full
38 year of collection of the tax, a county imposing the tax must not use

1 more than five percent of the money collected each year to cover
2 costs of imposition, collection, and administration of the tax.
3 Remaining money or bonds issued under this chapter may only be used
4 for the following purposes:

5 (a) Acquire, rehabilitate, preserve, or construct affordable
6 housing, which may include units of affordable housing within an
7 existing structure or facilities providing supportive housing
8 services under RCW 71.24.385 and fund the operations and maintenance
9 costs of units of affordable or supportive housing including services
10 in supportive housing;

11 (b) Provide for housing, shelter, and evidence-based
12 interventions that address and prevent homelessness, which prioritize
13 serving youth and young adults while also serving families and
14 adults, including but not limited to: Operating, repairing, and
15 staffing shelters; transitional housing and supportive housing; and
16 providing assistance that is designated for victims of human
17 trafficking and their families, emergency shelter, or rental
18 payments;

19 (c) Acquire, construct, start up, or operate community-based
20 behavioral health-related facilities including, but not limited to,
21 facilities serving people who meet or are at risk of meeting
22 involuntary behavioral health commitment criteria under chapter 71.05
23 or 71.34 RCW; and

24 (d) Support operations or services that improve public safety by
25 providing supportive services that prioritize diversion to persons
26 with behavioral health conditions with frequent criminal justice
27 system involvement.

28 (2) To carry out this section including, without limitation,
29 financing loans or grants to nonprofit organizations or public
30 housing authorities, the legislative authority of the county imposing
31 the tax and the legislative authority of the city receiving a share
32 of the tax proceeds may issue general obligation or revenue bonds
33 within the limitations prescribed by state law, and may use and
34 pledge the money collected under this section for repayment of the
35 bonds. The costs of issuance may not be considered imposition,
36 collection, and administration costs of the tax authorized under this
37 chapter for the purposes of subsection (1) of this section.

38 NEW SECTION. **Sec. 8.** PARTICIPATING CITY DESIGNATION. (1) Before
39 July 1, 2022, a city within a county imposing the payroll expense tax

1 authorized by this chapter with a population of more than sixty
2 thousand, may by the majority vote of the legislative authority
3 become a participating city.

4 (2) A participating city is entitled to distributions from the
5 county based on the following calculations:

6 (a) The county must determine the amount of payroll expense
7 reported by an employer attributable to work performed or services
8 rendered by the employer's employees in the boundaries of the
9 participating city or otherwise attributable to the city's
10 jurisdiction.

11 (b) The county must multiply the payroll expense allocated in (a)
12 of this subsection by one-tenth of one percent.

13 NEW SECTION. **Sec. 9.** FUND DISTRIBUTIONS AND DISBURSEMENTS. (1)
14 Prior to any disbursements under this section, the following
15 distributions must be made:

16 (a) One one-thousandths of one percent of the revenue collected
17 from the imposition of the tax authorized under this chapter must be
18 deposited into the payroll tax oversight account created in section
19 12 of this act.

20 (b) Distributions to any participating cities based on the
21 calculations in section 8(2) of this act must be made.

22 (c) The funds necessary for the imposition, collection, and
23 administration of the tax by the county as authorized in section 7 of
24 this act.

25 (2) The remaining funds must be disbursed by the county
26 consistent with the adopted implementation plan as follows:

27 (a)(i) Sixty percent of the funds must be allocated to the
28 purposes identified in section 7(1)(a) of this act which may only be
29 provided to persons whose income is at or below eighty percent of the
30 median income of the county. At least fifty percent of the funds
31 allocated under this subsection (2)(a)(i) must be provided to persons
32 whose income is at or below thirty percent of the median income of
33 the county.

34 (ii) Except as otherwise provided in (a)(iii) of this subsection,
35 these funds must be appropriated by the county such that forty-five
36 percent of the revenue will be spent in the subregion with the most
37 populous city, and twenty-seven and one-half percent of the revenue
38 will be spent in each of the two other subregions. The county shall

1 seek to ensure that representatives of the various subregions of the
2 county are given a strong role in investment decisions.

3 (iii) If there are insufficient applications in a subregion that
4 meet the minimum requirements of the county's request for proposals
5 during a county funding cycle, funds may be allocated to a project in
6 another subregion.

7 (iv) For the five years after revenue is first collected, these
8 funds may also be allocated for purposes identified in section
9 7(1)(b) of this act, except rental assistance, which may be funded on
10 an ongoing basis.

11 (b)(i) Ten percent of the funds must be allocated for the
12 purposes identified in section 7(1)(d) of this act. The county must
13 distribute the funds equitably throughout the county.

14 (ii) The cities in the county must work with the county so that
15 any new facilities funded by this chapter are sited equitably in each
16 subregion.

17 (c) Subject to the requirements of this subsection (2)(c), twenty
18 percent of the funds must be directly appropriated to any city in the
19 county with a population greater than sixty thousand residents. The
20 funds must be allocated proportionally based on population.

21 (i) Within three months of the effective date of this section,
22 the legislative authority of the city must pass a resolution in favor
23 of the county imposing the tax authorized by this chapter and
24 requesting direct appropriation.

25 (ii) Funds may be used for any of the purposes identified by
26 section 7(1)(a), (b) or (d) of this act, consistent with the
27 implementation plan. A city may not spend more than twenty-five
28 percent of the funds for the purpose identified by section 7(1)(d) of
29 this act. A city may only spend funds for the purposes identified by
30 section 7(1)(b) of this act if the city has a contract with the
31 regional homelessness authority.

32 (iii) Funds must be used by the city within the biennial budget
33 calendar of the county. If a city is unable to spend its full
34 appropriation, the funds will be returned to the county for the
35 purposes identified by section 7(1)(a) of this act.

36 (d) Subject to the requirements of section 7(1)(d) of this act,
37 ten percent of the funds must be set aside for a grant program, to be
38 created by the county, to provide grants to any city in the county
39 with a population less than sixty thousand residents.

1 (i) Within three months of the effective date of this section,
2 the legislative authority of the city must pass a resolution in favor
3 of the county imposing the tax authorized by this chapter and
4 identifying an interest in receiving grant funds.

5 (ii) Funds may be used for any of the purposes identified by
6 section 7(1) (a), (b) or (d) of this act, consistent with the
7 implementation plan. A city may not spend more than twenty-five
8 percent of the funds for the purpose identified by section 7(1)(d) of
9 this act. A city may only spend funds for the purposes identified by
10 section 7(1)(b) of this act if that city has a contract with the
11 regional homelessness authority.

12 (iii) Funds must be used by the city within the biennial budget
13 calendar of the county. If a city is unable to spend its full
14 appropriation, the funds will be returned to the county for the
15 purposes identified by section 7(1)(a) of this act.

16 (3) A participating city must disburse the revenue collected
17 consistent with the implementation plan as follows:

18 (a) Sixty percent of the funds must be allocated to the purposes
19 identified in section 7(1)(a) of this act which may only be provided
20 to persons whose income is at or below eighty percent of the median
21 income of the county. At least fifty percent of the funds allocated
22 under this subsection (3)(a) must be provided to persons whose income
23 is at or below thirty percent of the median income of the county.

24 (b) No more than twenty-five percent of the funds may be
25 allocated to purposes identified in section 7(1)(d) of this act.

26 (c) In order to ensure a regional approach, funds may be
27 allocated to the purposes identified in section 7(1)(b) of this act
28 only if the city has a contract with the regional homelessness
29 authority, or its successor entity, operating in the county.

30 (4)(a) Subject to the provisions of (b) of this subsection,
31 moneys collected from the tax imposed by this section and received by
32 the county or any city may not supplant existing funds. For the
33 purposes of this section, existing funds means the actual capital and
34 operating expenditures for the 2018 calendar year. The requirement in
35 this subsection does not apply to one-time transfers, expired grant,
36 loans, lost local revenue as a result of an action by another
37 government, or lost local revenue as the result of an expiring levy.
38 Baseline budgets must be reviewed and approved by the department of
39 commerce.

1 (b) Beginning six years after the tax is imposed, moneys
2 collected from the tax may be used to supplant existing funds as
3 defined in (a) of this subsection if recommended by a supermajority
4 vote of the advisory committee established in section 10 of this act.

5 (5) Beginning December 1, 2025, and every five years thereafter,
6 the county shall provide an implementation report to the appropriate
7 committees of the legislature. A participating city must provide to
8 the county all the information necessary to prepare this report. The
9 report must include an analysis of the results of the program
10 compared to the goals and measures identified in any implementation
11 plan to date, and, if necessary, why the goals are not being met.

12 (6) The county and city shall ensure a performance audit is
13 conducted by the state auditor no later than three years after the
14 date the tax is first collected and periodically thereafter.

15 (7) Any city or county receiving directly appropriated funds from
16 this tax must create a new account to receive these funds which must
17 be kept separate from any other revenues or expenses in their
18 budgets.

19 (8) The county and any participating city must provide adequate
20 staffing, of at least funds equal to one full-time equivalent staff,
21 to the advisory committee established in section 10 of this act.

22 NEW SECTION. **Sec. 10.** ADVISORY COMMITTEE. (1) The county must
23 designate a committee to act as an advisory and accountability
24 commission that will:

25 (a) Identify goals and priorities for a county-developed
26 implementation plan;

27 (b) Identify measures to evaluate the effectiveness of
28 allocations, including providing recommendations for corrective
29 actions that may be needed if established measures are not being met;

30 (c) Monitor the use of the funds to ensure that it remains
31 consistent with and is meeting the goals of this section;

32 (d) Receive biannual reports on the programs, services, projects,
33 measures, and outcomes funded by the tax; and

34 (e) Hold at least one public meeting to present the results of
35 the biennial report and to propose any corrective actions to the
36 implementation plan.

37 (2) The membership of the committee must consist of:

1 (a) Fifty percent who are members representing employers paying
2 the tax, of which one-half must include members who represent the
3 highest ten percent of taxpayers;

4 (b) Members who represent persons or communities served by the
5 tax, including representatives of people with lived experience and
6 communities disproportionately impacted by homelessness and the
7 affordable housing crisis; and

8 (c) One representative appointed by cities from each subregion
9 and one representative appointed by state officials from each
10 subregion.

11 NEW SECTION. **Sec. 11.** TIME PERIODS. (1) The county legislative
12 authority may impose the tax in accordance with the terms of this
13 chapter. Except as provided in subsection (2) of this section, the
14 tax may be imposed by ordinance for a period not to exceed ten years,
15 and may be reimposed by ordinance for one or more subsequent periods
16 each not to exceed ten years.

17 (2) If any portion of the tax is pledged within the first ten
18 years of any such period to pay debt service on bonds, that portion
19 of the tax must continue and that period must be extended until the
20 bonds are paid in full.

21 NEW SECTION. **Sec. 12.** A new section is added to chapter 43.31
22 RCW to read as follows:

23 PAYROLL TAX OVERSIGHT ACCOUNT. (1) The payroll tax oversight
24 account is created in the state treasury. Moneys in the account may
25 be spent only after appropriation.

26 (2) One one-thousandths of one percent of the revenue collected
27 from the tax imposed by a county pursuant to section 3 of this act
28 must be deposited in the payroll tax oversight account.

29 (3) Expenditures from the payroll tax oversight account must be
30 used exclusively for:

31 (a) Technical assistance and oversight coordination provided by
32 the department of commerce; and

33 (b) Audits of the county, participating cities, and any cities
34 receiving funds pursuant to section 9 of this act to ensure
35 compliance with this chapter, to be conducted by the state auditor.

36 NEW SECTION. **Sec. 13.** Sections 1 through 11 of this act
37 constitute a new chapter in Title 82 RCW.

1 NEW SECTION. **Sec. 14.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.

5 NEW SECTION. **Sec. 15.** This act is necessary for the immediate
6 preservation of the public peace, health, or safety, or support of
7 the state government and its existing public institutions, and takes
8 effect immediately.

--- END ---