

CERTIFICATION OF ENROLLMENT

ENGROSSED HOUSE BILL 1219

Chapter 73, Laws of 2019

(partial veto)

66th Legislature
2019 Regular Session

REAL ESTATE EXCISE TAXES--AFFORDABLE HOUSING AND HOMELESSNESS
PROJECTS

EFFECTIVE DATE: July 28, 2019

Passed by the House March 5, 2019
Yeas 74 Nays 24

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 10, 2019
Yeas 34 Nays 13

KAREN KEISER

President of the Senate

Approved April 19, 2019 11:10 AM with
the exception of section 1, which is
vetoed.

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the
House of Representatives of the
State of Washington, do hereby
certify that the attached is
ENGROSSED HOUSE BILL 1219 as passed
by House of Representatives and the
Senate on the dates hereon set
forth.

BERNARD DEAN

Chief Clerk

FILED

April 22, 2019

**Secretary of State
State of Washington**

ENGROSSED HOUSE BILL 1219

Passed Legislature - 2019 Regular Session

State of Washington

66th Legislature

2019 Regular Session

By Representatives Walen, Springer, Kloba, Goodman, Slatter, Stanford, Fey, Jenkins, Fitzgibbon, Ortiz-Self, Valdez, Lekanoff, Doglio, Frame, Wylie, Tharinger, Gregerson, and Macri

Read first time 01/17/19. Referred to Committee on Housing, Community Development & Veterans.

1 AN ACT Relating to providing cities and counties authority to use
2 real estate excise taxes to support affordable housing and
3 homelessness projects; amending RCW 82.46.035 and 82.46.037; and
4 creating a new section.

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

6 ***NEW SECTION. Sec. 1. The legislature finds that homelessness**
7 **has reached a crisis level across Washington state. Every community**
8 **has felt the impact as affordable housing continues to be out of**
9 **reach for many residents of the state. Therefore, the legislature**
10 **intends to help provide cities and counties with the flexibility and**
11 **tools to take on this crisis by investing in facilities and projects**
12 **that keep people in homes, provide the services that can help prevent**
13 **people from entering homelessness, and ensure affordable housing in**
14 **every community.**

**Sec. 1 was vetoed. See message at end of chapter.*

15 **Sec. 2.** RCW 82.46.035 and 2011 c 354 s 3 are each amended to
16 read as follows:

17 (1) The legislative authority of any county or city must identify
18 in the adopted budget the capital projects funded in whole or in part
19 from the proceeds of the tax authorized in this section, and must

1 indicate that such tax is intended to be in addition to other funds
2 that may be reasonably available for such capital projects.

3 (2) The legislative authority of any county or any city that
4 plans under RCW 36.70A.040(1) may impose an additional excise tax on
5 each sale of real property in the unincorporated areas of the county
6 for the county tax and in the corporate limits of the city for the
7 city tax at a rate not exceeding one-quarter of one percent of the
8 selling price. Any county choosing to plan under RCW 36.70A.040(2)
9 and any city within such a county may only adopt an ordinance
10 imposing the excise tax authorized by this section if the ordinance
11 is first authorized by a proposition approved by a majority of the
12 voters of the taxing district voting on the proposition at a general
13 election held within the district or at a special election within the
14 taxing district called by the district for the purpose of submitting
15 such proposition to the voters.

16 (3) Revenues generated from the tax imposed under subsection (2)
17 of this section must be used by such counties and cities solely for
18 financing capital projects specified in a capital facilities plan
19 element of a comprehensive plan. However, revenues (a) pledged by
20 such counties and cities to debt retirement prior to March 1, 1992,
21 may continue to be used for that purpose until the original debt for
22 which the revenues were pledged is retired, or (b) committed prior to
23 March 1, 1992, by such counties or cities to a project may continue
24 to be used for that purpose until the project is completed.

25 (4) Revenues generated by the tax imposed by this section must be
26 deposited in a separate account.

27 (5) As used in this section, "city" means any city or town and
28 "capital project" means those public works projects of a local
29 government for:

30 (a) Planning, acquisition, construction, reconstruction, repair,
31 replacement, rehabilitation, or improvement of streets, roads,
32 highways, sidewalks, street and road lighting systems, traffic
33 signals, bridges, domestic water systems, storm and sanitary sewer
34 systems (~~, and~~);

35 (b) Planning, construction, reconstruction, repair,
36 rehabilitation, or improvement of parks; and

37 (c) Until January 1, 2026, planning, acquisition, construction,
38 reconstruction, repair, replacement, rehabilitation, or improvement
39 of facilities for those experiencing homelessness and affordable
40 housing projects.

1 (6) A county or city may use the greater of one hundred thousand
2 dollars or twenty-five percent of available funds, but not to exceed
3 one million dollars, for capital projects as defined in subsection
4 (5)(c) of this section. The limits in this subsection do not apply to
5 any county or city that used revenue under this section for the
6 acquisition, construction, improvement, or rehabilitation of
7 facilities to provide housing for the homeless prior to June 30,
8 2019.

9 (7) A county or city using funds for uses in subsection (5)(c) of
10 this section must document in its plan under RCW 36.70A.070(3) that
11 it has funds during the next two years for capital projects in
12 subsection (5)(a) of this section.

13 (8) When the governor files a notice of noncompliance under RCW
14 36.70A.340 with the secretary of state and the appropriate county or
15 city, the county or city's authority to impose the additional excise
16 tax under this section is temporarily rescinded until the governor
17 files a subsequent notice rescinding the notice of noncompliance.

18 ~~((7) From June 30, 2012, until December 31, 2016, a city or~~
19 ~~county may use the greater of one hundred thousand dollars or~~
20 ~~thirty-five percent of available funds under this section, but not to~~
21 ~~exceed one million dollars per year, for operations and maintenance~~
22 ~~of existing capital projects as defined in subsection (5) of this~~
23 ~~section, and counties may use available funds under this section for~~
24 ~~the payment of existing debt service incurred for capital projects as~~
25 ~~defined in RCW 82.46.010. If a county uses available funds for~~
26 ~~payment of existing debt service under RCW 82.46.010, the total~~
27 ~~amount used for payment of debt service and any amounts used for~~
28 ~~operations and maintenance is subject to the limits in this~~
29 ~~subsection.))~~

30 **Sec. 3.** RCW 82.46.037 and 2017 3rd sp.s. c 16 s 6 are each
31 amended to read as follows:

32 (1) A city or county that meets the requirements of subsection
33 (2) of this section may use the greater of one hundred thousand
34 dollars or twenty-five percent of available funds, but not to exceed
35 one million dollars per year, from revenues collected under RCW
36 82.46.035 for:

37 (a) The maintenance of capital projects, as defined in RCW
38 82.46.035(5); and

1 (b) (~~From July 1, 2017, until June 30, 2019, the acquisition,~~
2 ~~construction, improvement, or rehabilitation of facilities to provide~~
3 ~~housing for the homeless; or~~

4 ~~(e))~~) The planning, acquisition, construction, reconstruction,
5 repair, replacement, rehabilitation, improvement, or maintenance of
6 capital projects as defined in RCW 82.46.010(6)(b) that are not also
7 included within the definition of capital projects in RCW
8 82.46.035(5).

9 (2) A city or county may use revenues pursuant to subsection (1)
10 of this section if:

11 (a) The city or county prepares a written report demonstrating
12 that it has or will have adequate funding from all sources of public
13 funding to pay for all capital projects, as defined in RCW
14 82.46.035(5), identified in its capital facilities plan for the
15 succeeding two-year period; and

16 (b)(i) The city or county has not enacted, after June 9, 2016,
17 any requirement on the listing or sale of real property; or any
18 requirement on landlords, at the time of executing a lease, to
19 perform or provide physical improvements or modifications to real
20 property or fixtures, except if necessary to address an immediate
21 threat to health or safety;

22 (ii) Any local requirement adopted by the city or county under
23 (b)(i) of this subsection is: Specifically authorized by RCW
24 35.80.030, 35A.11.020, chapter 7.48 RCW, or chapter 19.27 RCW;
25 specifically authorized by other state or federal law; or a seller or
26 landlord disclosure requirement pursuant to RCW 64.06.080; or

27 (iii) For a city or county using funds under subsection (1)(b) of
28 this section, the requirements of this subsection apply, except that
29 the date for such enactment under (b)(i) of this subsection is ninety
30 days after October 19, 2017.

31 (3) The report prepared under subsection (2)(a) of this section
32 must: (a) Include information necessary to determine compliance with
33 the requirements of subsection (2)(a) of this section; (b) identify
34 how revenues collected under RCW 82.46.035 were used by the city or
35 county during the prior two-year period; (c) identify how funds
36 authorized under subsection (1) of this section will be used during
37 the succeeding two-year period; and (d) identify what percentage of
38 funding for capital projects within the city or county is
39 attributable to revenues under RCW 82.46.035 compared to all other

1 sources of capital project funding. The city or county must prepare
2 and adopt the report as part of its regular, public budget process.

3 (4) For purposes of this section, "maintenance" means the use of
4 funds for labor and materials that will preserve, prevent the decline
5 of, or extend the useful life of a capital project. "Maintenance"
6 does not include labor or material costs for routine operations of a
7 capital project.

Passed by the House March 5, 2019.

Passed by the Senate April 10, 2019.

Approved by the Governor April 19, 2019, with the exception of
certain items that were vetoed.

Filed in Office of Secretary of State April 22, 2019.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith, without my approval as to Section 1,
Engrossed House Bill No. 1219 entitled:

"AN ACT Relating to providing cities and counties authority to
use real estate excise taxes to support affordable housing and
homelessness projects."

We are indeed facing a severe housing shortage in this state and
across our nation, and I strongly support this bill. Some towns have
already used this increased flexibility in the use of Real Estate
Excises Taxes to provide critical shelters and services for families.
Extending the timeline for the use of these funds provides cities and
counties one of the tools necessary to plan for, acquire, and
construct additional shelters and affordable housing in their
communities.

However, I am concerned that the language in Section 1, the intent
section, could be construed to imply that the use of the Real Estate
Excise Tax is sufficient for every community to develop affordable
housing and prevent people from entering homelessness. Much more work
needs to be done in the areas of zoning and permitting;
infrastructure development fees; tax incentives for affordable
housing development; and innovative approaches to increase density,
improve efficiency and reduce costs. I will work with interested
members of the legislature on developing a comprehensive package of
tools to help cities and counties adequately address these housing
shortages.

For these reasons I have vetoed Section 1 of Engrossed House Bill No.
1219.

With the exception of Section 1, Engrossed House Bill No. 1219 is
approved."

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