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**SUBSTITUTE HOUSE BILL 1070**

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**State of Washington****67th Legislature****2021 Regular Session**

**By** House Finance (originally sponsored by Representatives Ryu, Macri, Walen, Chopp, Santos, Fitzgibbon, Ramel, Wylie, Ramos, Bateman, Tharinger, Simmons, Kloba, Peterson, Gregerson, Goodman, Sells, Bronoske, Valdez, Callan, Hackney, Cody, Ormsby, Riccelli, Springer, Fey, Davis, Pollet, and Harris-Talley)

READ FIRST TIME 02/01/21.

1       AN ACT Relating to modifying allowed uses of local tax revenue  
2 for affordable housing and related services to include the  
3 acquisition and construction of affordable housing and facilities;  
4 amending RCW 82.14.530 and 67.28.180; and declaring an emergency.

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

6       **Sec. 1.** RCW 82.14.530 and 2020 c 222 s 1 are each amended to  
7 read as follows:

8           (1) (a) (i) A county legislative authority may submit an  
9 authorizing proposition to the county voters at a special or general  
10 election and, if the proposition is approved by a majority of persons  
11 voting, impose a sales and use tax in accordance with the terms of  
12 this chapter. The title of each ballot measure must clearly state the  
13 purposes for which the proposed sales and use tax will be used. The  
14 rate of tax under this section may not exceed one-tenth of one  
15 percent of the selling price in the case of a sales tax, or value of  
16 the article used, in the case of a use tax.

17           (ii) As an alternative to the authority provided in (a)(i) of  
18 this subsection, a county legislative authority may impose, without a  
19 proposition approved by a majority of persons voting, a sales and use  
20 tax in accordance with the terms of this chapter. The rate of tax  
21 under this section may not exceed one-tenth of one percent of the

1 selling price in the case of a sales tax, or value of the article  
2 used, in the case of a use tax.

3 (b) (i) If a county does not impose the full tax rate authorized  
4 under (a) of this subsection by September 30, 2020, any city  
5 legislative authority located in that county may:

6 (A) Submit an authorizing proposition to the city voters at a  
7 special or general election and, if the proposition is approved by a  
8 majority of persons voting, impose the whole or remainder of the  
9 sales and use tax rate in accordance with the terms of this chapter.  
10 The title of each ballot measure must clearly state the purposes for  
11 which the proposed sales and use tax will be used; or

12 (B) Impose, without a proposition approved by a majority of  
13 persons voting, the whole or remainder of the sales and use tax rate  
14 in accordance with the terms of this chapter.

15 (ii) The rate of tax under this section may not exceed one-tenth  
16 of one percent of the selling price in the case of a sales tax, or  
17 value of the article used, in the case of a use tax.

18 (iii) A county with a population of greater than one million five  
19 hundred thousand may impose the tax authorized under (a)(ii) of this  
20 subsection only if the county plans to spend at least thirty percent  
21 of the moneys collected under this section that are attributable to  
22 taxable activities or events within any city with a population  
23 greater than sixty thousand located in that county within that city's  
24 boundaries.

25 (c) If a county imposes a tax authorized under (a) of this  
26 subsection after a city located in that county has imposed the tax  
27 authorized under (b) of this subsection, the county must provide a  
28 credit against its tax for the full amount of tax imposed by a city.

29 (d) The taxes authorized in this subsection are in addition to  
30 any other taxes authorized by law and must be collected from persons  
31 who are taxable by the state under chapters 82.08 and 82.12 RCW upon  
32 the occurrence of any taxable event within the county for a county's  
33 tax and within a city for a city's tax.

34 (2) (a) Notwithstanding subsection (4) of this section, a minimum  
35 of sixty percent of the moneys collected under this section must be  
36 used for the following purposes:

37 (i) Constructing or acquiring affordable housing, which may  
38 include emergency, transitional, and supportive housing and new units  
39 of affordable housing within an existing structure, and facilities

1 providing housing-related services, or acquiring land for these  
2 purposes; or

3 (ii) Constructing ((mental and)) or acquiring behavioral health-  
4 related facilities, or acquiring land for these purposes; or

5 (iii) Funding the operations and maintenance costs of new units  
6 of affordable housing and facilities where housing-related programs  
7 are provided, or newly constructed evaluation and treatment centers.

8 (b) The affordable housing and facilities providing housing-  
9 related programs in (a)(i) of this subsection may only be provided to  
10 persons within any of the following population groups whose income is  
11 at or below sixty percent of the median income of the county imposing  
12 the tax:

13 (i) Persons with behavioral health disabilities;

14 (ii) Veterans;

15 (iii) Senior citizens;

16 (iv) ((Homeless,)) Persons who are homeless or at-risk of being  
17 homeless((, families with children));

18 (v) Unaccompanied homeless youth or young adults;

19 (vi) Persons with disabilities; or

20 (vii) Domestic violence survivors.

21 (c) The remainder of the moneys collected under this section must  
22 be used for the operation, delivery, or evaluation of ((mental and))  
23 behavioral health treatment programs and services or housing-related  
24 services.

25 (3) (a) A county that imposes the tax under this section must  
26 consult with a city before the county may construct or acquire any of  
27 the facilities authorized under subsection (2) (a) of this section  
28 within the city limits.

29 (b) A county that acquires a facility under subsection (2) (a) of  
30 this section must ensure that at least 15 percent of the services  
31 provided at that facility are provided to individuals who reside in  
32 the city in which the facility is located. The provisions of this  
33 subsection (b) do not apply if the county is unable to identify  
34 sufficient individuals within the city in need of services that meet  
35 the criteria provided in subsection (2) (b) of this section.

36 (4) A county that has not imposed the tax authorized under RCW  
37 82.14.460 prior to October 9, 2015, but imposes the tax authorized  
38 under this section after a city in that county has imposed the tax  
39 authorized under RCW 82.14.460 prior to October 9, 2015, must enter  
40 into an interlocal agreement with that city to determine how the

1 services and provisions described in subsection (2) of this section  
2 will be allocated and funded in the city.

3 (5) To carry out the purposes of subsection (2)(a) and (b) of  
4 this section, the legislative authority of the county or city  
5 imposing the tax has the authority to issue general obligation or  
6 revenue bonds within the limitations now or hereafter prescribed by  
7 the laws of this state, and may use, and is authorized to pledge, up  
8 to fifty percent of the moneys collected under this section for  
9 repayment of such bonds, in order to finance the provision or  
10 construction of affordable housing, facilities where housing-related  
11 programs are provided, or evaluation and treatment centers described  
12 in subsection (2)(a)(iii) of this section.

13 (6)(a) Moneys collected under this section may be used to offset  
14 reductions in state or federal funds for the purposes described in  
15 subsection (2) of this section.

16 (b) No more than ten percent of the moneys collected under this  
17 section may be used to supplant existing local funds.

18 **Sec. 2.** RCW 67.28.180 and 2015 c 102 s 3 are each amended to  
19 read as follows:

20 (1) Subject to the conditions set forth in subsections (2) and  
21 (3) of this section, the legislative body of any county or any city,  
22 is authorized to levy and collect a special excise tax of not to  
23 exceed two percent on the sale of or charge made for the furnishing  
24 of lodging that is subject to tax under chapter 82.08 RCW.

25 (2) Any levy authorized by this section is subject to the  
26 following:

27 (a) Any county ordinance or resolution adopted pursuant to this  
28 section must contain, in addition to all other provisions required to  
29 conform to this chapter, a provision allowing a credit against the  
30 county tax for the full amount of any city tax imposed pursuant to  
31 this section upon the same taxable event.

32 (b)(i) In the event that any county has levied the tax authorized  
33 by this section and has, prior to June 26, 1975, either pledged the  
34 tax revenues for payment of principal and interest on city revenue or  
35 general obligation bonds authorized and issued pursuant to RCW  
36 67.28.150 ((through [and])) and 67.28.160 or has authorized and  
37 issued revenue or general obligation bonds pursuant to the provisions  
38 of RCW 67.28.150 ((through [and])) and 67.28.160, such county is  
39 exempt from the provisions of (a) of this subsection, to the extent

1 that the tax revenues are pledged for payment of principal and  
2 interest on bonds issued at any time pursuant to the provisions of  
3 RCW 67.28.150 ((through [and])) and 67.28.160. However, so much of  
4 such pledged tax revenues, together with any investment earnings  
5 thereon, not immediately necessary for actual payment of principal  
6 and interest on such bonds may be used: (A) In any county with a  
7 population of one million five hundred thousand or more, for  
8 repayment either of limited tax levy general obligation bonds or of  
9 any county fund or account from which a loan was made, the proceeds  
10 from the bonds or loan being used to pay for constructing,  
11 installing, improving, and equipping stadium capital improvement  
12 projects, and to pay for any engineering, planning, financial, legal  
13 and professional services incident to the development of such stadium  
14 capital improvement projects, regardless of the date the debt for  
15 such capital improvement projects was or may be incurred; (B) in any  
16 county with a population of one million five hundred thousand or  
17 more, for repayment or refinancing of bonded indebtedness incurred  
18 prior to January 1, 1997, for any purpose authorized by this section  
19 or relating to stadium repairs or rehabilitation, including but not  
20 limited to the cost of settling legal claims, reimbursing operating  
21 funds, interest payments on short-term loans, and any other purpose  
22 for which such debt has been incurred if the county has created a  
23 public stadium authority to develop a stadium and exhibition center  
24 under RCW 36.102.030; or (C) in other counties, for county-owned  
25 facilities for agricultural promotion until January 1, 2009, and  
26 thereafter for any purpose authorized in this chapter.

27 (ii) A county is exempt under this subsection with respect to  
28 city revenue or general obligation bonds issued after April 1, 1991,  
29 only if such bonds mature before January 1, 2013. If any county  
30 located east of the crest of the Cascade mountains has levied the tax  
31 authorized by this section and has, prior to June 26, 1975, pledged  
32 the tax revenue for payment of principal and interest on city revenue  
33 or general obligation bonds, the county is exempt under this  
34 subsection with respect to revenue or general obligation bonds issued  
35 after January 1, 2007, only if the bonds mature before January 1,  
36 2035. Such a county may only use funds under this subsection (2)(b)  
37 for constructing or improving facilities authorized under this  
38 chapter, including county-owned facilities for agricultural  
39 promotion.

1       (iii) As used in this subsection (2)(b), "capital improvement  
2 projects" may include, but not be limited to a stadium restaurant  
3 facility, restroom facilities, artificial turf system, seating  
4 facilities, parking facilities and scoreboard and information system  
5 adjacent to or within a county owned stadium, together with  
6 equipment, utilities, accessories and appurtenances necessary  
7 thereto. The stadium restaurant authorized by this subsection (2)(b)  
8 must be operated by a private concessionaire under a contract with  
9 the county.

10      (c)(i) No city within a county exempt under (b) of this  
11 subsection may levy the tax authorized by this section so long as  
12 said county is so exempt.

13      (ii) No city within a county with a population of one million  
14 five hundred thousand or more may levy the tax authorized by this  
15 section.

16      (iii) However, in the event that any city in a county described  
17 in (c)(i) or (ii) of this subsection (2) has levied the tax  
18 authorized by this section and has, prior to June 26, 1975,  
19 authorized and issued revenue or general obligation bonds pursuant to  
20 the provisions of RCW 67.28.150 ((through [and])) and 67.28.160, such  
21 city may levy the tax so long as the tax revenues are pledged for  
22 payment of principal and interest on bonds issued at any time  
23 pursuant to the provisions of RCW 67.28.150 ((through [and])) and  
24 67.28.160.

25      (3) Any levy authorized by this section by a county that has a  
26 population of one million five hundred thousand or more is subject to  
27 the following:

28       (a) Taxes collected under this section in any calendar year  
29 before 2013 in excess of five million three hundred thousand dollars  
30 may only be used as follows:

31       (i) Seventy percent from January 1, 2001, through December 31,  
32 2012, for art museums, cultural museums, heritage museums, the arts,  
33 and the performing arts. Moneys spent under this subsection (3)(a)(i)  
34 must be used for the purposes of this subsection (3)(a)(i) in all  
35 parts of the county.

36       (ii) Thirty percent from January 1, 2001, through December 31,  
37 2012, for the following purposes and in a manner reflecting the  
38 following order of priority: Stadium purposes as authorized under  
39 subsection (2)(b) of this section; acquisition of open space lands;  
40 youth sports activities; and tourism promotion. If all or part of the

1 debt on the stadium is refinanced, all revenues under this subsection  
2 (3)(a)(ii) must be used to retire the debt.

3 (b) From January 1, 2013, through December 31, 2015, all revenues  
4 under this section must be used to retire the debt on the stadium,  
5 until the debt on the stadium is retired. On and after the date the  
6 debt on the stadium is retired, and through December 31, 2015, all  
7 revenues under this section in a county of one million five hundred  
8 thousand or more must be deposited in the special account under (e)  
9 of this subsection.

10 (c) From January 1, 2016, through December 31, 2020, all revenues  
11 under this section must be deposited in the stadium and exhibition  
12 center account under RCW 43.99N.060.

13 (d) On and after January 1, 2021, the revenues under this section  
14 must be used as follows:

15 (i) At least thirty-seven and one-half percent of the revenues  
16 under this section must be deposited in the special account under (e)  
17 of this subsection.

18 (ii) At least thirty-seven and one-half percent of the revenues  
19 under this section must be used:

20 (A) For contracts, loans, or grants to nonprofit organizations or  
21 public housing authorities for affordable workforce housing within  
22 one-half mile of a transit station, as described under RCW 9.91.025  
23 or for housing, facilities, or services for homeless youth; or

24 (B) To repay:

25 (I) General obligation bonds issued pursuant to RCW 67.28.150 to  
26 finance such contracts, loans, or grants; or

27 (II) Revenue bonds issued pursuant to RCW 67.28.160 to finance a  
28 fund to make such contracts, loans, or grants; or

29 (III) Revenue bonds issued pursuant to RCW 67.28.160 to finance  
30 projects authorized by an authority under chapter 43.167 RCW to  
31 promote sustainable workplace opportunities near a community impacted  
32 by the construction or operation of tourism-related facilities.

33 (iii) The remainder must be used for capital or operating  
34 programs that promote tourism and attract tourists to the county.

35 (e) At least forty percent of the revenues distributed pursuant  
36 to (a)(i) of this subsection must be deposited in a special account.  
37 The account may only be used for the purposes of (a)(i) of this  
38 subsection.

39 (f) School districts and schools may not receive revenues  
40 distributed pursuant to (a)(i) of this subsection.

1       (g) Moneys distributed to art museums, cultural museums, heritage  
2 museums, the arts, and the performing arts, and moneys distributed  
3 for tourism promotion must be in addition to and may not be used to  
4 replace or supplant any other funding by the legislative body of the  
5 county.

6       (h) For the purposes of this section:

7           (i) "Affordable workforce housing" means housing for a single  
8 person, family, or unrelated persons living together whose income is  
9 ~~((between thirty percent and eighty)) at or below~~ 80 percent of the  
10 median income, adjusted for household size, for the county where the  
11 housing is located; and

12          (ii) "Tourism promotion" includes activities intended to attract  
13 visitors for overnight stays, arts, heritage, and cultural events,  
14 and recreational, professional, and amateur sports events. Moneys  
15 allocated to tourism promotion in a county with a population of one  
16 million or more must be allocated to local public organizations and  
17 nonprofit organizations formed for the express purpose of tourism  
18 promotion in the county. Such organizations must use moneys from the  
19 taxes to promote events in all parts of the county.

20          (i) No taxes collected under this section may be used for the  
21 operation or maintenance of a public stadium that is financed  
22 directly or indirectly by bonds to which the tax is pledged.  
23 Expenditures for operation or maintenance include all expenditures  
24 other than expenditures that directly result in new fixed assets or  
25 that directly increase the capacity, life span, or operating economy  
of existing fixed assets.

27          (j) No ad valorem property taxes may be used for debt service on  
28 bonds issued for a public stadium that is financed by bonds to which  
29 the tax is pledged, unless the taxes collected under this section are  
30 or are projected to be insufficient to meet debt service requirements  
31 on such bonds.

32          (k) If a substantial part of the operation and management of a  
33 public stadium that is financed directly or indirectly by bonds to  
34 which the tax is pledged is performed by a nonpublic entity or if a  
35 public stadium is sold that is financed directly or indirectly by  
36 bonds to which the tax is pledged, any bonds to which the tax is  
37 pledged shall be retired. This subsection (3)(k) does not apply in  
38 respect to a public stadium under chapter 36.102 RCW transferred to,  
39 owned by, or constructed by a public facilities district under  
40 chapter 36.100 RCW or a stadium and exhibition center.

1       (1) The county may not lease a public stadium that is financed  
2 directly or indirectly by bonds to which the tax is pledged to, or  
3 authorize the use of the public stadium by, a professional major  
4 league sports franchise unless the sports franchise gives the right  
5 of first refusal to purchase the sports franchise, upon its sale, to  
6 local government. This subsection (3)(1) does not apply to contracts  
7 in existence on April 1, 1986.

8       (4) If a court of competent jurisdiction declares any provision  
9 of subsection (3) of this section invalid, then that invalid  
10 provision is null and void and the remainder of this section is not  
11 affected.

12       NEW SECTION.   **Sec. 3.**   This act is necessary for the immediate  
13 preservation of the public peace, health, or safety, or support of  
14 the state government and its existing public institutions, and takes  
15 effect immediately.

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