

# FINAL BILL REPORT

## SB 6173

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Synopsis as Enacted

**Brief Description:** Encouraging investments in affordable homeownership unit development.

**Sponsors:** Senators Nobles, Trudeau, Kuderer, Lovelett, Mullet, Nguyen, Randall, Torres and Wilson, C..

**Senate Committee on Housing**  
**House Committee on Local Government**  
**House Committee on Finance**

**Background:** Retail Sales and Use Tax. Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and cities levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent.

Affordable and Supportive Housing. Local jurisdictions may impose a local state-shared sales and use tax to fund affordable or supportive housing. The maximum rate imposed may not exceed either 0.0146 percent or 0.0073 percent. The tax is credited against the state sales tax collected in the jurisdiction. To impose the tax, the local jurisdiction must adopt both of the following:

- a resolution of intent to adopt legislation by January 28, 2020; and
- legislation to authorize the tax by July 28, 2020.

Funds from this tax must be used for the following:

- acquisition, rehabilitation, or construction of affordable housing;
- funding the operations and maintenance costs of new units of affordable or supportive housing; or
- providing rental assistance to tenants.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

Counties or cities may retain up to 10 percent of the affordable and supportive housing tax for administrative costs.

Housing and services may only be provided to persons whose income is at or below 60 percent of the county median income.

Counties and cities imposing the tax must submit annual reports on the collection and uses of the revenue to the Department of Commerce (Commerce), and Commerce must submit a report annually to the appropriate legislative committees. The tax expires 20 years after the jurisdiction first imposes the tax.

**Summary:** Local jurisdictions imposing an affordable and supportive housing sales and use tax may provide housing and services to persons whose income is at or below 80 percent of the median income of the county or city imposing the tax if it is supporting the development of affordable housing intended for owner occupancy.

**Votes on Final Passage:**

Senate 48 1

House 95 0

**Effective:** June 6, 2024