
**Community Development, Housing &
Tribal Affairs Committee**

HB 2046

Brief Description: Creating a local infrastructure investment program to support the development of affordable housing, workforce housing, and revitalization efforts.

Sponsors: Representatives Steele, Springer and Barkis.

Brief Summary of Bill

- Allows cities and counties to apply for a remittance of 4.37 percent of the state sales and use tax on construction of local infrastructure to support development of affordable housing, workforce housing, and revitalization efforts.

Hearing Date: 2/15/17

Staff: Kirsten Lee (786-7133).

Background:

Sales and Use Tax.

The state levies a tax on the retail sale of tangible personal property, digital goods, and certain services within the state. A taxable retail sale also includes the installation, repair, alteration, or improvement made to a consumer's personal property. If a retail sales tax is not collected on the property or services at the time of sale to the consumer, then a separate tax is imposed on the value of the property or services used within the state. The state sales and use tax rate is 6.5 percent.

Tax Preference Performance Statement and Expiration Date.

All new tax preference legislation must include a tax preference performance statement. Tax preferences include deductions, exemptions, preferential tax rates, and tax credits. The performance statement must clearly specify the public policy objectives of the tax preference and

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the specific metrics and data that will be used by the Joint Legislative Audit and Review Committee to evaluate the efficacy of the tax preference.

New tax preferences expire 10 years after the effective date of the tax preference, unless otherwise provided.

Summary of Bill:

Sales and Use Tax Remittance.

A city or county that establishes a local infrastructure investment program may apply for a remittance of 4.37 percent of the state sales and use tax on the construction of local infrastructure to support the development of affordable housing, workforce housing, or revitalization efforts within a revitalization district. The tax remittance is credited against the state tax charged on the same sales and may be claimed once per project.

To collect the sales tax remittance, the city or county must provide the Department of Revenue (Department), by a web-based platform, with the amount of money spent on the eligible infrastructure investment and a brief description of the type of infrastructure investment and the eligible project it will support.

Local Infrastructure Investment Program.

To initiate a local infrastructure investment program, a city or county must adopt an ordinance establishing the:

- local income threshold used to define affordable housing;
- local requirements used to define workforce housing;
- local definition of revitalization effort; and
- geographic boundaries of the revitalization district.

Public notice and hearing on the proposed ordinance are required prior to passage of the ordinance. A majority of the governing body of the city or county must be present at the public hearing.

Once the ordinance passes, the city or county must notify the Department that a local infrastructure investment program is established. Tax preference performance statement and expiration date requirements do not apply to this program.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.