

HOUSE BILL REPORT

HB 2046

As Reported by House Committee On:
Community Development, Housing & Tribal Affairs

Title: An act relating to creating a local infrastructure investment program to support the development of affordable housing, workforce housing, and revitalization efforts.

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 History:

Committee Activity:

Community Development, Housing & Tribal Affairs: 2/15/17, 2/16/17 [DP].

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 the development of affordable housing, workforce housing, and revitalization efforts.

HOUSE COMMITTEE ON COMMUNITY DEVELOPMENT, HOUSING & TRIBAL AFFAIRS

Majority Report: Do pass. Signed by 7 members: Representatives Ryu, Chair; Macri, Vice Chair; McCabe, Ranking Minority Member; Barkis, Assistant Ranking Minority Member; Jenkin, Reeves and Sawyer.

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

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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 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), using a web-based platform, with the amount of money spent on the eligible infrastructure investment, a brief description of the type of infrastructure investment, and the eligible project the remittance 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 a 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. The 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.

Staff Summary of Public Testimony:

(In support) There are ongoing issues with affordable housing and housing vacancy in certain areas of the state, causing difficulties in the ability for cities and counties to recruit and retain: teachers, nurses, and other professionals to these areas. These issues also affect the hospitality industry. Having local infrastructure investment programs creates an innovative approach and public-private partnerships to address these issues in cities and counties, while allowing the state to have a stake in creating viable economic development opportunities in the state.

(Opposed) None.

Persons Testifying: Representative Steele, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.