
HOUSE BILL 2437

State of Washington 65th Legislature 2018 Regular Session

By Representatives Robinson, Tharinger, Macri, Ryu, Kagi, Pollet, Ormsby, Doglio, Santos, and Tarleton

Read first time 01/09/18. Referred to Committee on Finance.

1 AN ACT Relating to encouraging investments in affordable and
2 supportive housing; and adding a new section to chapter 82.14 RCW.

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

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.14
5 RCW to read as follows:

6 (1)(a) A county legislative authority may authorize, fix, and
7 impose a sales and use tax in accordance with the terms of this
8 chapter. The rate of the tax under this section may not exceed 0.025
9 percent of the selling price in the case of a sales tax, or value of
10 the article used, in the case of a use tax, except that in a county
11 designated as a distressed area as defined in RCW 43.168.020, the
12 rate may not exceed 0.050 percent.

13 (b)(i) If a county with a population of one million five hundred
14 thousand or less has not imposed the full tax rate authorized under
15 (a) of this subsection by July 1, 2020, any city legislative
16 authority in that county may authorize, fix, and impose the sales and
17 use tax in accordance with the terms of this chapter. The rate of tax
18 under this section may not exceed 0.025 percent of the selling price
19 in the case of a sales tax, or value of the article used, in the case
20 of a use tax, except that in a city located in a distressed area as
21 defined in RCW 43.168.020, the rate may not exceed 0.050 percent.

1 (ii) If a county with a population of greater than one million
2 five hundred thousand has not imposed the full tax rate authorized
3 under (a) of this subsection by July 1, 2021, any city legislative
4 authority in that county may authorize, fix, and impose the sales and
5 use tax in accordance with the terms of this chapter. The rate of tax
6 under this section may not exceed 0.025 percent of the selling price
7 in the case of a sales tax, or value of the article used, in the case
8 of a use tax, except that in a city located in a distressed area as
9 defined in RCW 43.168.020, the rate may not exceed 0.050 percent.

10 (c) If a county imposes a tax authorized under (a) of this
11 subsection after a city located in that county has imposed the tax
12 authorized under (b) of this subsection, the county must provide a
13 credit against its tax for the full amount of tax imposed by the
14 city.

15 (d) If a county or city has not imposed the tax under this
16 subsection by July 1, 2023, the county or city may not authorize,
17 fix, and impose the tax.

18 (2) The tax imposed under subsection (1) of this section must be
19 deducted from the amount of tax otherwise required to be collected or
20 paid to the department of revenue under chapter 82.08 or 82.12 RCW.
21 The department must perform the collection of such taxes on behalf of
22 the county or city at no cost to the county or city.

23 (3) By September 1, 2019, or within thirty days of a county or
24 city authorizing the tax under subsection (1) of this section,
25 whichever is later, the department must calculate the maximum amount
26 of tax distributions for each county and city authorizing the tax
27 under subsection (1) of this section as follows:

28 (a) The maximum amount for a county equals 0.025 percent of the
29 taxable retail sales within the county in state fiscal year 2019,
30 except that in a county designated as a distressed area as defined in
31 RCW 43.168.020, the maximum amount equals 0.050 percent of the
32 taxable retail sales within the county in state fiscal year 2019. If
33 a county imposes a tax authorized under subsection (1) of this
34 section after a city located in that county has imposed the tax, the
35 taxable retail sales within the city in state fiscal year 2019 must
36 be subtracted from the taxable retail sales within the county for the
37 calculation of the maximum amount.

38 (b) The maximum amount for a city equals 0.025 percent of the
39 taxable retail sales within the city in state fiscal year 2019,
40 except that in a city located in a distressed area as defined in RCW

1 43.168.020, the maximum amount equals 0.050 percent of the taxable
2 retail sales within the city in state fiscal year 2019.

3 (4) The tax must cease to be distributed to a county or city for
4 the remainder of any fiscal year in which the amount of tax exceeds
5 the maximum amount in subsection (3) of this section. The department
6 must remit any annual tax revenues above the maximum to the state
7 treasurer for deposit in the general fund. Distributions to a county
8 or city meeting the maximum amount must resume at the beginning of
9 the next fiscal year.

10 (5) The moneys collected or bonds issued under this section may
11 only be used for the following purposes:

12 (a) Acquiring, rehabilitating, or constructing affordable
13 housing, which may include new units of affordable housing within an
14 existing structure or facilities providing supportive housing
15 services under RCW 71.24.385;

16 (b) Funding the operations and maintenance costs of new units of
17 affordable or supportive housing; or

18 (c) Providing rental assistance to tenants.

19 (6) The housing and services provided pursuant to subsection (5)
20 of this section may only be provided to persons whose income is at or
21 below sixty percent of the median income of the county imposing the
22 tax.

23 (7) In determining the use of funds under subsection (5) of this
24 section, a county or city must consider the income of the individuals
25 and families to be served, the leveraging of the resources made
26 available under this section, and the housing needs within the
27 jurisdiction of the taxing authority.

28 (8) To carry out the purposes of this section including, but not
29 limited to, financing loans or grants to nonprofit organizations or
30 public housing authorities, the legislative authority of the county
31 or city imposing the tax has the authority to issue general
32 obligation or revenue bonds within the limitations now or hereafter
33 prescribed by the laws of this state, and may use, and is authorized
34 to pledge, the moneys collected under this section for repayment of
35 such bonds.

36 (9) A county or city may enter into an interlocal agreement with
37 one or more counties, cities, or public housing authorities in
38 accordance with chapter 39.34 RCW. The agreement may include, but is
39 not limited to, pooling the tax receipts received under this section,
40 pledging those taxes to bonds issued by one or more parties to the

1 agreement, and allocating the proceeds of the taxes levied or the
2 bonds issued in accordance with such interlocal agreement and this
3 section.

4 (10) Counties and cities imposing the tax under this section must
5 report annually to the housing finance commission on the collection
6 and use of the revenue. The commission must adopt rules prescribing
7 content of such reports. By December 1, 2018, and annually
8 thereafter, and in compliance with RCW 43.01.036, the housing finance
9 commission must submit a report annually to the appropriate
10 legislative committees with regard to such uses.

11 (11) The tax imposed by a county or city under this section
12 expires twenty years after the date on which the tax is first
13 imposed.

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