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**THIRD SUBSTITUTE HOUSE BILL 1938**

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**State of Washington 66th Legislature 2020 Regular Session**

**By** House Housing, Community Development & Veterans (originally sponsored by Representatives Steele, Barkis, and Chapman)

AN ACT Relating to creating a local infrastructure investment program to support the development of affordable housing, workforce housing, and revitalization efforts; and adding a new chapter to Title 39 RCW.

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

NEW SECTION. **Sec.**  The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Affordable workforce housing" means residential housing units that are rented or owned by a moderate income person or household with an income at or below one hundred ten percent of the median income for the county in which the housing is located.

(2) "Department" means the department of revenue.

(3) "Eligible city or county" means any county located east of the crest of the Cascade mountains with a population greater than forty thousand but no more than one hundred twenty-five thousand and the cities within those counties.

(4) "Eligible project" means an affordable workforce housing project or revitalization effort within a revitalization district. In counties and cities fully planning under RCW 36.70A.040, an eligible project must be wholly located within the limits of an urban growth area as described in RCW 36.70A.110 or within limited areas of more intense rural development as described in WAC 365-196-425 as of the effective date of this section. In counties and cities not fully planning under RCW 36.70A.040, an eligible project must be in a location consistent with a locally adopted development plan. The eligible project may be housing, mixed-use, industrial, commercial, or a combination of multiple development types.

(5) "Local infrastructure" has the same meaning as provided for "public improvements" in RCW 39.104.020.

(6) "Participating local jurisdiction" means an eligible city or county that establishes a local infrastructure investment program.

(7) "Revitalization effort" means a project that promotes the continued economic growth of a participating local jurisdiction, as defined through the ordinance process provided in section 3 of this act.

NEW SECTION. **Sec.**  (1) A participating local jurisdiction that builds approved local infrastructure to support the development of affordable workforce housing or to support revitalization efforts within a revitalization district may receive a remittance that is the equivalent of a 4.37 percent sales or use tax on the construction of such housing developed under the local infrastructure investment program.

(2) The remittance may be claimed once per project. The remittance received by the participating local jurisdiction under this section must be credited against the sales and use tax due to the state under chapters 82.08 and 82.12 RCW on the same sales.

NEW SECTION. **Sec.**  (1) To commence a local infrastructure investment program, a participating local jurisdiction must adopt an ordinance establishing the local definition of revitalization effort and the geographic boundaries of the revitalization district.

(2) The participating local jurisdiction must hold a public hearing on the proposed local infrastructure investment program before passage of the ordinance establishing the program. The public hearing must be attended by at least a majority of the whole governing body. The public hearing is subject to the notice requirements in section 4 of this act.

NEW SECTION. **Sec.**  (1) Prior to adopting the ordinance creating the local infrastructure investment program, the participating local jurisdiction must provide public notice.

(2) Notice of the public hearing must be published in a legal newspaper of general circulation within the participating local jurisdiction at least ten days before the public hearing and posted in at least six conspicuous public places located in the participating local jurisdiction.

(3) Notice must also be sent by United States mail to the property owners within the participating local jurisdiction at least thirty days prior to the hearing.

NEW SECTION. **Sec.**  (1) A participating local jurisdiction must submit an application for the remittance to the department before construction is initiated on the eligible project. The application must be made to the department in a form and manner prescribed by the department. The application must provide information about the estimated amount of sales and use tax to be paid on the eligible project; the estimated date when construction will be completed; and any other information required by the department to determine the estimated amount of remittance.

(2)(a) The department must rule on the application within sixty days. Applications must be approved on a first-in-time basis. The department may not approve any application that would cause the total statewide amount of approvals to exceed seven hundred fifty thousand dollars plus any amounts available under (b) of this subsection in any fiscal year.

(b) If the total dollar amount of approved applications in any fiscal year is less than seven hundred fifty thousand dollars, a dollar amount equaling the difference between the approved applications and seven hundred fifty thousand dollars must be available to participating local jurisdictions in subsequent fiscal years.

(c) The department may not approve any application after June 30, 2027.

(3) Upon completion of the eligible project, a participating local jurisdiction may claim the remittance by submitting a request to the department, in a form and manner prescribed by the department, that provides the following information about the eligible project:

(a) The total amount of construction costs for the eligible project;

(b) The total amount of sales and use tax paid on the eligible project; and

(c) Any other information required by the department to determine the amount of remittance due to the participating local jurisdiction.

(4) By November 1, 2026, and in compliance with RCW 43.01.036, the department must submit a report to the appropriate committees of the legislature that details:

(a) The total amount of each approved application by participating local jurisdiction and fiscal year; and

(b) The total amount of construction costs, sales tax paid, and remittance claimed for each eligible project by participating local jurisdiction and fiscal year.

NEW SECTION. **Sec.**  Sections 1 through 5 of this act constitute a new chapter in Title 39 RCW.

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