

# FINAL BILL REPORT

## HB 1590

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Synopsis as Enacted

**Brief Description:** Allowing the local sales and use tax for affordable housing to be imposed by a councilmanic authority.

**Sponsors:** Representatives Doglio, Dolan, Macri, Cody, Gregerson, Wylie, Appleton, Robinson, Ormsby, Frame and Davis.

**House Committee on Housing, Community Development & Veterans**  
**House Committee on Finance**  
**Senate Committee on Local Government**

### **Background:**

#### 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 the property, digital product, or service when used in this state. The state, all counties, and all cities levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 3.9 percent, depending on the location.

#### Local Sales and Use Tax for Housing and Related Services.

County legislative authorities may implement a 0.1 percent sales and use tax, if approved by a majority of voters, in order to fund housing and related services. A city legislative authority may implement the whole or remainder of the tax if the county has not opted to implement the full tax within two years of October 9, 2015, in a county with a population of less than 1.5 million, or three years of October 9, 2015, in a county with a population of over 1.5 million. City voters must approve the sales and use tax by a majority of persons voting.

A minimum of 60 percent of revenues collected must be used for constructing affordable housing and facilities providing housing-related services, constructing mental and behavioral health-related facilities, or funding the operations and maintenance costs of newly constructed affordable housing, facilities providing housing-related services, or evaluation and treatment centers. The affordable housing and facilities providing housing-related programs may only serve the following individuals with income below 60 percent of area

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median income: individuals with mental illness, veterans, senior citizens, homeless families with children, unaccompanied homeless youth, persons with disabilities, or domestic violence victims. The remainder of the moneys collected must be used for the operation, delivery, or evaluation of mental and behavioral health treatment programs and services or housing-related services.

**Summary:**

As an alternative to submitting an authorizing proposition to voters for approval the of the tax, a county or city legislative authority may impose the local sales and use tax for housing and related services by councilmanic action. A county with a population of greater than 1.5 million may impose the tax by councilmanic action only if the county plans to spend at least 30 percent of the moneys collected that are attributable to taxable activities or events within any city with a population of greater than 60,000 located in that county within the city's boundaries.

**Votes on Final Passage:**

House	52	46	
Senate	27	21	(Senate amended)
House	52	44	(House concurred)

**Effective:** June 11, 2020