

SENATE BILL REPORT

SB 5868

As Amended by House, March 2, 2022

Title: An act relating to expanding the use of the rural counties public facilities sales and use tax to include affordable workforce housing.

Brief Description: Expanding the use of the rural counties public facilities sales and use tax to include affordable workforce housing.

Sponsors: Senators Hawkins, Kuderer, Braun, Fortunato, Lovelett, Nguyen, Nobles, Salomon, Trudeau and Warnick.

Brief History:

Committee Activity: Housing & Local Government: 1/26/22, 1/27/22 [DP].

Floor Activity: Passed Senate: 2/9/22, 41-8.

Passed House: 3/2/22, 68-28.

Brief Summary of Bill

- Expands the use of the rural county public facilities sales and use tax to include affordable workforce housing.

SENATE COMMITTEE ON HOUSING & LOCAL GOVERNMENT

Majority Report: Do pass.

Signed by Senators Kuderer, Chair; Das, Vice Chair; Fortunato, Ranking Member; Gildon, Assistant Ranking Member; Cleveland, Lovelett, Salomon, Sefzik, Trudeau, Warnick and Wilson, J.

Staff: Jeff Olsen (786-7428)

Background: Rural counties may impose a local option sales and use tax up to 0.09 percent. The tax is credited against the state's 6.5 percent sales tax, and the consumer does

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

not see an increase in the amount of the tax paid. The tax may be imposed by the legislative body and does not require voter approval. The tax expires after a maximum of 25 years. Rural counties that imposed the tax at the 0.09 percent rate before August 1, 2009, may impose the tax for 25 years from the date the county first imposed the tax at the 0.09 percent rate.

Revenues from the local option tax may only be used to finance public facilities serving economic development purposes and pay for personnel in economic development offices. Public facilities are those listed as an item in a county's officially adopted, overall economic development plan, the economic development section of the comprehensive plan, or listed in the capital facilities plan. Economic development purposes are those which facilitate the creation or retention of businesses and jobs in a county.

Summary of Bill: Moneys collected for public facilities in rural counties may be used to provide affordable workforce housing infrastructure and facilities. Affordable workforce housing infrastructure or facilities includes housing infrastructure or facilities for a single person, family, or unrelated persons living together whose income is at least 60 percent and no more than 120 percent of the median income, adjusted for housing size, for the county where the housing is located.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill does not contain a new tax, rather it is an extension of the allowable use of an existing tax for affordable workforce housing infrastructure and facilities. Under current law, this tax will expire in 2032 for some counties, which acts as a sunset in ten years. Economic development can't happen without a workforce, and affordable workforce housing is a critical need. This bill provides a new tool to address the affordable housing crisis, but more than one approach will be needed to address the affordable housing shortage. This approach protects tourism funding, allowing funds dedicated for that purpose to continue to support tourism. There is a strong need to support affordable workforce housing in Leavenworth, Wenatchee, Twisp, and Chelan County to recruit and retain workers to fill much needed jobs. This funding will be able to be used fairly quickly to support affordable housing projects in Chelan County.

Persons Testifying: PRO: Senator Brad Hawkins, Prime Sponsor; Carl Florea, City of Leavenworth; Zeke Reister, Leavenworth City Councilmember; Julia Gorton, Washington Hospitality Association; Bruce Beckett, Wenatchee Valley Chamber of Commerce; Steven Wilkinson, Chelan Valley Housing Trust; Sasha Sleiman, Chelan County; Kaylin Bettinger,

Upper Valley MEND/SHARE Community Land Trust; Diane Blake, Cascade Medical; Sarah Brown, TwispWorks.

Persons Signed In To Testify But Not Testifying: No one.

EFFECT OF HOUSE AMENDMENT(S):

- Modifies the eligible income range for affordable workforce housing by removing the minimum income threshold of 60 percent of area median income.
- Specifies the qualifying providers that may provide affordable workforce housing including nonprofit entities, qualified cooperative associations, housing authorities, public corporations, or counties or municipal corporations.