
HOUSE BILL 2413

State of Washington

68th Legislature

2024 Regular Session

By Representatives Walen, Hutchins, Ryu, and Springer

Read first time 01/17/24. Referred to Committee on Local Government.

1 AN ACT Relating to affordable and supportive housing sales and
2 use taxes and encouraging investments in affordable homeownership
3 unit development; and amending RCW 82.14.540.

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

5 **Sec. 1.** RCW 82.14.540 and 2023 c 101 s 2 are each amended to
6 read as follows:

7 (1) The definitions in this subsection apply throughout this
8 section unless the context clearly requires otherwise.

9 (a) "Nonparticipating city" is a city that does not impose a
10 sales and use tax in accordance with the terms of this section.

11 (b) "Nonparticipating county" is a county that does not impose a
12 sales and use tax in accordance with the terms of this section.

13 (c) "Participating city" is a city that imposes a sales and use
14 tax in accordance with the terms of this section.

15 (d) "Participating county" is a county that imposes a sales and
16 use tax in accordance with the terms of this section.

17 (e) "Qualifying local tax" means the following tax sources, if
18 the tax source is instated no later than twelve months after July 28,
19 2019:

20 (i) The affordable housing levy authorized under RCW 84.52.105;

1 (ii) The sales and use tax for housing and related services
2 authorized under RCW 82.14.530, provided the city has imposed the tax
3 at a minimum or of at least half of the authorized rate;

4 (iii) The sales tax for chemical dependency and mental health
5 treatment services or therapeutic courts authorized under RCW
6 82.14.460 imposed by a city; and

7 (iv) The levy authorized under RCW 84.55.050, if used solely for
8 affordable housing.

9 (2) (a) A county or city legislative authority may authorize, fix,
10 and impose a sales and use tax in accordance with the terms of this
11 section.

12 (b) The tax under this section is assessed on the selling price
13 in the case of a sales tax, or value of the article used, in the case
14 of a use tax.

15 (c) The rate of the tax under this section for an individual
16 participating city and an individual participating county may not
17 exceed:

18 (i) Beginning on July 28, 2019, until twelve months after July
19 28, 2019:

20 (A) 0.0073 percent for a:

21 (I) Participating city, unless the participating city levies a
22 qualifying local tax; and

23 (II) Participating county, within the limits of nonparticipating
24 cities within the county and within participating cities that do not
25 currently levy a qualifying tax;

26 (B) 0.0146 percent for a:

27 (I) Participating city that currently levies a qualifying local
28 tax;

29 (II) Participating city if the county in which it is located
30 declares they will not levy the sales and use tax authorized under
31 this section or does not adopt a resolution in accordance with this
32 section; and

33 (III) Participating county within the unincorporated areas of the
34 county and any city that declares they will not levy the sales and
35 use tax authorized under this section or does not adopt a resolution
36 in accordance with this section;

37 (ii) Beginning twelve months after July 28, 2019:

38 (A) 0.0073 percent for a:

1 (I) Participating city that is located within a participating
2 county if the participating city is not levying a qualifying local
3 tax; and

4 (II) Participating county, within the limits of a participating
5 city if the participating city is not levying a qualifying local tax;

6 (B) 0.0146 percent within the limits of a:

7 (I) Participating city that is levying a qualifying local tax;
8 and

9 (II) Participating county within the unincorporated area of the
10 county and within the limits of any nonparticipating city that is
11 located within the county.

12 (d) A county may not levy the tax authorized under this section
13 within the limits of a participating city that levies a qualifying
14 local tax.

15 (e)(i) In order for a county or city legislative authority to
16 impose the tax under this section, the authority must adopt:

17 (A) A resolution of intent to adopt legislation to authorize the
18 maximum capacity of the tax in this section within six months of July
19 28, 2019; and

20 (B) Legislation to authorize the maximum capacity of the tax in
21 this section within one year of July 28, 2019.

22 (ii) Adoption of the resolution of intent and legislation
23 requires simple majority approval of the enacting legislative
24 authority.

25 (iii) If a county or city has not adopted a resolution of intent
26 in accordance with the terms of this section, the county or city may
27 not authorize, fix, and impose the tax.

28 (3) The tax imposed under this section must be deducted from the
29 amount of tax otherwise required to be collected or paid to the
30 department of revenue under chapter 82.08 or 82.12 RCW. The
31 department must perform the collection of such taxes on behalf of the
32 county or city at no cost to the county or city.

33 (4) By December 31, 2019, or within thirty days of a county or
34 city authorizing the tax under this section, whichever is later, the
35 department must calculate the maximum amount of tax distributions for
36 each county and city authorizing the tax under this section as
37 follows:

38 (a) The maximum amount for a participating county equals the
39 taxable retail sales within the county in state fiscal year 2019
40 multiplied by the tax rate imposed under this section. If a county

1 imposes a tax authorized under this section after a city located in
2 that county has imposed the tax, the taxable retail sales within the
3 city in state fiscal year 2019 must be subtracted from the taxable
4 retail sales within the county for the calculation of the maximum
5 amount; and

6 (b) The maximum amount for a city equals the taxable retail sales
7 within the city in state fiscal year 2019 multiplied by the tax rate
8 imposed under subsection (1) of this section.

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

16 (6) (a) The moneys collected or bonds issued under this section
17 may only be used for the following purposes:

18 (i) Acquiring, rehabilitating, or constructing affordable
19 housing, which may include new units of affordable housing within an
20 existing structure or facilities providing supportive housing
21 services under RCW 71.24.385;

22 (ii) Funding the operations and maintenance costs of new units of
23 affordable or supportive housing; or

24 (iii) For providing rental assistance to tenants.

25 (b) Administrative costs of the county or city associated with
26 administering this section may not exceed 10 percent of the annual
27 tax distributed to the jurisdiction under this section.

28 (7) The housing and services provided pursuant to subsection (6)
29 of this section may only be provided to persons whose income is at or
30 below (~~sixty~~) 60 percent of the median income of the county or city
31 imposing the tax, or at or below 80 percent of the median income of
32 the county or city imposing the tax if it is supporting the
33 development of affordable housing intended for owner occupancy, as
34 defined in RCW 84.14.010.

35 (8) In determining the use of funds under subsection (6) of this
36 section, a county or city must consider the income of the individuals
37 and families to be served, the leveraging of the resources made
38 available under this section, and the housing needs within the
39 jurisdiction of the taxing authority.

1 (9) To carry out the purposes of this section including, but not
2 limited to, financing loans or grants to nonprofit organizations or
3 public housing authorities, the legislative authority of the county
4 or city imposing the tax has the authority to issue general
5 obligation or revenue bonds within the limitations now or hereafter
6 prescribed by the laws of this state, and may use, and is authorized
7 to pledge, the moneys collected under this section for repayment of
8 such bonds.

9 (10) A county or city may enter into an interlocal agreement with
10 one or more counties, cities, or public housing authorities in
11 accordance with chapter 39.34 RCW. The agreement may include, but is
12 not limited to, pooling the tax receipts received under this section,
13 pledging those taxes to bonds issued by one or more parties to the
14 agreement, and allocating the proceeds of the taxes levied or the
15 bonds issued in accordance with such interlocal agreement and this
16 section.

17 (11) Counties and cities imposing the tax under this section must
18 report annually to the department of commerce on the collection and
19 use of the revenue. The department of commerce must adopt rules
20 prescribing content of such reports. By December 1, 2019, and
21 annually thereafter, and in compliance with RCW 43.01.036, the
22 department of commerce must submit a report annually to the
23 appropriate legislative committees with regard to such uses.

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

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