
SENATE BILL 6631

State of Washington

66th Legislature

2020 Regular Session

By Senator Saldaña

1 AN ACT Relating to the sales and use tax for affordable and
2 supportive housing; and amending RCW 82.14.540.

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

4 **Sec. 1.** RCW 82.14.540 and 2019 c 338 s 1 are each amended to
5 read as follows:

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

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

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

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

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

16 (e) "Qualifying local tax" means the following tax sources, if,
17 by July 28, 2020, the tax source is instated (~~no later than twelve~~
18 ~~months after July 28, 2019~~) or a simple majority of a city
19 legislative authority adopts a resolution of intent to implement the
20 tax source:

21 (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 [off])~~) 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~~) (e) (i) (A) of this subsection (2); 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~~) (e) (i) (A) of this subsection (2);

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~~
19 ~~July 28, 2019~~) by July 28, 2020; and

20 (B) Legislation to authorize the maximum capacity of the tax in
21 this section (~~within one year of July 28, 2019~~) by December 1,
22 2020.

23 (ii) Adoption of the resolution of intent and legislation to
24 authorize the maximum capacity of the tax requires simple majority
25 approval of the enacting legislative authority.

26 (iii) If a county or city has not adopted a resolution of intent
27 to authorize the maximum capacity of the tax in accordance with the
28 terms of (~~this section~~) (e)(i)(A) of this subsection (2), the
29 county or city may not authorize, fix, and impose the tax.

30 (iv) If a county or city does not provide the department with
31 copies of the adopted resolution of intent to authorize the maximum
32 capacity of the tax in this section and copies of the legislation to
33 authorize the maximum capacity of the tax in this section by December
34 1, 2020, the county or city may not authorize, fix, or impose the
35 tax.

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

1 (4) By December 31, 2019, or within thirty days of a county or
2 city authorizing the tax under this section, whichever is later, the
3 department must calculate (~~the~~) a preliminary maximum amount of tax
4 distributions for each county and city authorizing the tax under this
5 section as follows:

6 (a) The maximum amount for a participating county equals the
7 taxable retail sales within the county in state fiscal year 2019
8 multiplied by the tax rate imposed under this section. If a county
9 imposes a tax authorized under this section after a city located in
10 that county has imposed the tax, the taxable retail sales within the
11 city in state fiscal year 2019 must be subtracted from the taxable
12 retail sales within the county for the calculation of the maximum
13 amount; and

14 (b) The maximum amount for a participating city equals the
15 taxable retail sales within the city in state fiscal year 2019
16 multiplied by the tax rate imposed under subsection (~~(1)~~) (2) of
17 this section.

18 (5) After December 1, 2020, and by December 31, 2020, the
19 department must calculate a final maximum amount of tax distributions
20 for each county and city authorizing the tax under this section using
21 the method in subsection (4) of this section.

22 (6)(a) The tax must cease to be distributed to a county or city
23 for the remainder of any fiscal year in which the amount of tax
24 exceeds:

25 (i) Until December 31, 2020, the preliminary maximum amount
26 calculated in subsection (4) of this section; and

27 (ii) Beginning January 1, 2021, the final maximum amount
28 calculated in subsection (5) of this section.

29 (b) The department must remit any annual tax revenues above the
30 maximum to the state treasurer for deposit in the general fund.
31 Distributions to a county or city meeting the maximum amount must
32 resume at the beginning of the next fiscal year.

33 (~~(6)~~) (7)(a) If, when the tax is first imposed, a county has a
34 population greater than four hundred thousand or a city has a
35 population greater than one hundred thousand, the moneys collected or
36 bonds issued under this section may only be used for the following
37 purposes:

38 (i) Acquiring, rehabilitating, or constructing affordable
39 housing, which may include new units of affordable housing within an

1 existing structure or facilities providing supportive housing
2 services under RCW 71.24.385; or

3 (ii) Funding the operations and maintenance costs (~~(of new~~
4 ~~units))~~) of affordable or supportive housing including, but not
5 limited to, staffing necessary for daily operations of permanent
6 supportive housing.

7 (b) If, when the tax is first imposed, a county has a population
8 of four hundred thousand or less or a city has a population of one
9 hundred thousand or less, the moneys collected under this section may
10 only be used for the purposes provided in (a) of this subsection or
11 for providing rental assistance to tenants.

12 (~~(7))~~) (c) Administrative costs of the county or city associated
13 with administering this section may not exceed three percent of the
14 annual tax distributed to the jurisdiction under this section.

15 (8) The housing and services provided pursuant to subsection
16 (~~(6))~~) (7) of this section may only be provided to persons whose
17 income is at or below sixty percent of the median income of the
18 county or city imposing the tax at the time of initial occupancy for
19 each renter household, at the time of each purchase for owner-
20 occupied units, or, in the case of rental assistance, at each
21 required income certification or recertification of the renter
22 household.

23 (~~(8))~~) (9) In determining the use of funds under subsection
24 (~~(6))~~) (7) of this section, a county or city must consider the
25 income of the individuals and families to be served, the leveraging
26 of the resources made available under this section, and the housing
27 needs within the jurisdiction of the taxing authority.

28 (~~(9))~~) (10) To carry out the purposes of this section including,
29 but not limited to, financing loans or grants to nonprofit
30 organizations or public housing authorities, the legislative
31 authority of the county or city imposing the tax has the authority to
32 issue general obligation or revenue bonds within the limitations now
33 or hereafter prescribed by the laws of this state, and may use, and
34 is authorized to pledge, the moneys collected under this section for
35 repayment of such bonds. A county may not pledge for repayment of
36 such bonds any moneys collected from retail sales within the limits
37 of a city until January 1, 2021.

38 (~~(10) A)~~) (11) To carry out the purposes of this section, a
39 county or city may enter into a contract or an interlocal agreement
40 in accordance with chapter 39.34 RCW with one or more (~~counties,~~

1 ~~ities, or public housing authorities in accordance with chapter~~
2 ~~39.34 RCW))~~ public agencies or private entities. The contract or
3 interlocal agreement may include, but is not limited to, pooling the
4 tax receipts received under this section, pledging those taxes to
5 bonds issued by one or more parties to the agreement, and allocating
6 the proceeds of the taxes levied or the bonds issued in accordance
7 with such contract or interlocal agreement and this section. The
8 contract or interlocal agreement must include a requirement that the
9 housing or services provided with moneys collected under this section
10 comply with the use restrictions in subsection (7) of this section
11 and the income restrictions in subsection (8) of this section.

12 ~~((11))~~ (12) Counties and cities imposing the tax under this
13 section must report annually to the department of commerce on the
14 collection and use of the revenue. The department of commerce must
15 adopt rules prescribing content of such reports. By December 1, 2019,
16 and annually thereafter, and in compliance with RCW 43.01.036, the
17 department of commerce must submit a report annually to the
18 appropriate legislative committees with regard to such uses.

19 ~~((12))~~ (13) The tax imposed by a county or city under this
20 section expires twenty years after the date on which the tax is first
21 imposed.

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