



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

Ordinance 18973

Proposed No. 2019-0355.2

Sponsors Balducci, Kohl-Welles and
Dembowski

1 AN ORDINANCE authorizing, fixing and imposing a local
2 sales and use tax at a maximum rate of 0.0146 percent or a
3 lower rate as allowed by law for affordable and supportive
4 housing as authorized by Chapter 338, Laws of Washington
5 2019; adding a new chapter to K.C.C. Title 4A; and
6 declaring an emergency.

7 PREAMBLE:

8 In November 2015, King County declared a state of emergency to address
9 the homelessness crisis. Multiple studies have found that the rising cost of
10 housing and lack of access to affordable housing are a primary root cause
11 of homelessness in King County.

12 In December 2018, The King County regional affordable housing task
13 force found that the region needs an additional 44,000 homes affordable
14 for very low- and extremely low-income households over the next five
15 years. The task force further determined that by 2040, the region will lack
16 244,000 homes affordable to our very low and extremely low income
17 neighbors.

18 Additional funding is required to address the urgent need for affordable
19 housing in King County.

20 In the 2019 Regular Session, the Washington state Legislature approved,
21 and the Governor signed, Substitute House Bill 1406, which became
22 Chapter 338, Laws of Washington 2019 ("the Act").

23 The Act authorizes the governing body of a county to impose a local sales
24 and use tax for the acquisition, construction or rehabilitation of affordable
25 housing, which may include new units of affordable housing within an
26 existing structure or facilities providing supportive housing services under
27 RCW 71.24.385, and for the operations and maintenance costs of
28 affordable or supportive housing.

29 The tax will be credited against state sales taxes collected within King
30 County and, therefore, will not result in higher sales and use taxes within
31 King County and will represent an additional source of funding to address
32 affordable housing needs in King County.

33 The metropolitan King County council has determined that imposing the
34 sales and use tax to address this affordable housing need will benefit the
35 county's residents.

36 Ordinance 18972 (Proposed Ordinance 2019-0354), adopted by the King
37 County council on August 28, 2019, fulfilled the requirement to adopt a
38 resolution of intent to authorize the maximum capacity of the tax.

39 Through Motion 15445, the King County council accepted a Housing
40 Engagement Plan for the distribution and administration of moneys within
41 the housing and community development fund. The plan commits the
42 executive to working with an interbranch task force of members of the

43 King County council to develop an implementation plan for any new
44 funding sources provided by the state legislature for affordable housing
45 and homelessness.

46 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

47 **SECTION 1. Findings:**

48 A. Under Chapter 338, Laws of Washington 2019 ("the Act"), in order for the
49 county to authorize, fix and impose the local sales and use tax ("the tax"), the council
50 must first adopt a resolution of intent to authorize the maximum capacity of the tax and
51 then the council must adopt the legislation that actually authorizes, fixes and imposes the
52 maximum capacity of the tax.

53 B. The council adopted Ordinance 18972 (Proposed Ordinance 2019-0354), the
54 resolution of intent, as an emergency ordinance and it is effective. This ordinance
55 constitutes the legislation to authorize, fix and impose the maximum capacity of the tax
56 required by the Act.

57 C. In order to ensure the maximum tax distributions to King County as
58 authorized by the Act, the county must impose the tax in advance of any city imposing
59 the tax authorized by the Act. As of the date of this ordinance, the county is not aware of
60 any effective legislation authorizing, fixing and imposing the tax by a city.

61 D. Under RCW 82.14.055, before the tax change authorized by this ordinance
62 may take effect, the county must give the state Department of Revenue at least thirty
63 days' notice of the tax change and the change will only start on the beginning of a month.
64 To meet the first requirement so that the tax change will be effective by October 1, 2019,
65 this ordinance must be effective and the department notified before September 1, 2019.

66 F. Due to the method for calculating the county's maximum tax distribution
67 outlined in the Act, if a city adopts legislation authorizing, fixing and imposing the tax
68 and the state Department of Revenue effectuates a city's tax change before the department
69 effectuates this ordinance, the region could lose affordable housing resources over the
70 twenty-year life of the tax.

71 G. This ordinance must therefore take effect immediately in order to maximize
72 the county's response to the critical affordable housing need in the county. Providing
73 funding assistance to address this critical need will contribute to the public health and
74 safety of the county's residents.

75 SECTION 2. Sections 3 through 12 of this ordinance should constitute a new
76 chapter in K.C.C. Title 4A.

77 NEW SECTION. SECTION 3. For the purposes of this title, "nonparticipating
78 city," "participating city" and "qualifying local tax" have the same meanings as in Section
79 1, Chapter 338, Laws of Washington 2019.

80 NEW SECTION. SECTION 4. For the purpose of providing funding for
81 acquiring, rehabilitating or constructing affordable housing, and for funding the
82 operations and maintenance costs of new units of affordable or supportive housing, and
83 as authorized by Section 1, Chapter 338, Laws of Washington 2019, which will be
84 codified in chapter 82.14 RCW, there is hereby authorized, fixed and imposed a sales and
85 use tax upon all taxable events, as defined in chapter 82.14 RCW, occurring with King
86 County, except within the limits of any participating city in King County so long as the
87 city also levies a qualifying local tax.

88 NEW SECTION. SECTION 5.

89 A. The tax rates established in this section applies from the effective date of this
90 ordinance until July 28, 2020.

91 B. In unincorporated King County and within any King County city that has
92 declared it will not levy the sales and use tax authorized by Chapter 338, Laws of
93 Washington 2019, or has not adopted a resolution in accordance with Section 1(2)(e)(1),
94 Chapter 338, Laws of Washington 2019, the rate of the tax imposed by section 4 of this
95 ordinance shall be 0.0146 percent of the selling price in the case of a sales tax or the
96 value of the article used, in the case of a use tax. Within any participating cities that do
97 not currently levy a qualifying local tax, the rate of the tax imposed by section 4 of this
98 ordinance shall be 0.0073 percent of the selling price in the case of a sales tax or the
99 value of the article used, in the case of a use tax.

100 C. This section expires July 28, 2020.

101 NEW SECTION. SECTION 6. Beginning July 29, 2020, within the
102 unincorporated area of King County and within the limits of any nonparticipating King
103 County city, the rate of the sales and use tax imposed by section 4 of this ordinance shall
104 be 0.0146 percent of the selling price in the case of a sales tax or the value of the article
105 used, in the case of a use tax. Within the limits of any participating city that is not
106 levying a qualifying local tax, the rate of the sales and use tax imposed by section 4 of
107 this ordinance shall be 0.0073 percent of the selling price in the case of a sales tax or the
108 value of the article used, in the case of a use tax.

109 NEW SECTION. SECTION 7. The tax imposed under section 4 of this
110 ordinance shall be deducted from the amount of tax otherwise required to be collected or
111 paid to the state Department of Revenue under chapter 82.08 or 82.12 RCW. The state

112 Department of Revenue must perform the collection of the tax on behalf of the county at
113 no cost to the county.

114 NEW SECTION. SECTION 8. As required by Section 1(4), Chapter 338, Laws
115 of Washington 2019, the state Department of Revenue shall calculate the maximum
116 amount of tax distributions for King County as a participating county. The tax imposed
117 by section 4 of this ordinance shall cease to be distributed for the remainder of the state
118 fiscal year in which the amount of the tax imposed by section 4 of this ordinance exceeds
119 the maximum amount of tax distributions for King County. Distributions from the state
120 Department of Revenue shall resume at the beginning of the next state fiscal year and
121 continue each state fiscal year until the maximum amount of tax distributions is disbursed
122 or until the tax imposed under section 4 of this ordinance has expired.

123 NEW SECTION. SECTION 9.

124 A. The moneys received from taxes imposed under section 4 of this ordinance or
125 bonds issued under Section 1(9), Chapter 338, Laws of Washington 2019, may only be
126 used for affordable and supportive housing and in accordance with Chapter 338, Laws of
127 Washington 2019, for the purposes of:

128 1. Acquiring, rehabilitating or constructing affordable housing, which may
129 include new units of affordable housing within an existing structure or facilities providing
130 supportive housing services under RCW 71.24.385; or

131 2. Funding the operations and maintenance costs of new units of affordable or
132 supportive housing.

133 B. The housing and services provided under this subsection may only be
134 provided to persons whose income is at or below sixty percent of the median income of

135 the county.

136 NEW SECTION. SECTION 10. The budget director shall immediately provide
137 notice to the state Department of Revenue of the tax imposed by section 4 of this
138 ordinance as required by RCW 82.14.055 and is authorized to execute any necessary
139 agreement with the state Department of Revenue concerning the collection and
140 administration of the tax imposed in section 4 of this ordinance.

141 NEW SECTION. SECTION 11. For the purposes of Chapter 338, Laws of
142 Washington 2019, the date the county authorized, fixed and imposed the tax is the
143 effective date of this ordinance.

144 NEW SECTION. SECTION 12. The director of the department of community
145 and human services must report annually to the state Department of Commerce on the
146 collection and use of the revenue from the tax imposed under section 4 of this ordinance,
147 in accordance with the state Department of Commerce's rules prescribing content of the
148 reports.

149 SECTION 13. Sections 1 through 3 and 7 through 12 of this ordinance expire
150 twenty-two years after the date the tax change takes effect in accordance with RCW
151 82.14.055(2). Section 6 of this ordinance expires twenty years after the date the tax
152 change takes effect in accordance with RCW 82.14.055(2).

153 SECTION 14. **Emergency.** The county council finds as a fact and declares that an
154 emergency exists and that this ordinance is necessary for the immediate preservation of

155 public peace, health or safety or for the support of county government and its existing public

156 institutions.

157

Ordinance 18973 was introduced on 8/21/2019 and passed by the Metropolitan King County Council on 8/28/2019, by the following vote:

Yes: 9 - Mr. von Reichbauer, Mr. Gossett, Ms. Lambert, Mr. Dunn, Mr. McDermott, Mr. Dembowski, Mr. Upthegrove, Ms. Kohl-Welles and Ms. Balducci



KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Rod Dembowski, Chair

ATTEST:

Melani Pedroza, Clerk of the Council

Attachments: None