



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

Ordinance 19179

Proposed No. 2020-0337.2

Sponsors McDermott, Upthegrove,
Dembowski, Zahilay, Balducci and Kohl-
Welles

1 AN ORDINANCE imposing an additional sales and use tax
2 of one-tenth of one percent, as authorized in RCW
3 82.14.530; adding a new chapter to K.C.C. Title 4A; and
4 declaring an emergency.

5 PREAMBLE:

6 In December 2018, the King County regional affordable housing task
7 force found that the region needs an additional 44,000 homes affordable
8 for very low- and extremely low-income households over the next five
9 years.

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

12 In November 2015, King County declared a state of emergency to address
13 the homelessness crisis.

14 Approximately 4,500 households receiving homeless services in King
15 County are experiencing chronic homelessness.

16 Studies show that people experiencing chronic homelessness experience
17 more negative physical health, lower behavioral health outcomes and
18 victimization.

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19 Studies show the costs of permanent supportive housing for these
20 households is far less than the crisis system costs from these households
21 experiencing homelessness.

22 One-room settings, in particular permanent affordable housing with
23 supportive services, are proven to improve health outcomes and housing
24 stability and reduce crisis system use.

25 As of September 14, 2020, nearly 200,000 Americans had died from
26 COVID-19.

27 Persons living in congregate shelters are particularly vulnerable to rapid
28 spread of airborne disease like COVID-19 because persons living in
29 congregate shelters are disproportionately persons of color, are older than
30 average and experience higher rates of underlying health conditions, and
31 are by definition without a safe place in which to observe social distancing
32 and best practices of hygiene.

33 The Regional Action Framework identified a need for 6,500 additional
34 units of supportive housing for people experiencing chronic homelessness.

35 In 2019, only 38 percent of adult Medicaid enrollees with an identified
36 need for substance use disorder treatment in King County and statewide
37 received treatment, and only half of those needing mental health treatment
38 received treatment.

39 To combat the intersecting crises of COVID-19, chronic homelessness,
40 housing affordability and behavioral health disorder, there is need for a
41 robust approach that provides more stable affordable housing for those

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42 experiencing chronic homelessness and at risk of chronic homelessness,
43 and that increases access to behavioral health treatment and housing-
44 stability services for those households.

45 In the 2020 Regular Session, the Washington state Legislature approved,
46 and the Governor signed, Substitute House Bill 1590, which became
47 Chapter 222, Laws of Washington 2020 ("the Act").

48 The Act authorizes the governing body of a county to impose a local sales
49 and use tax for affordable housing, housing-related services, operations
50 and maintenance costs of affordable housing and facilities where housing-
51 related programs are provided, behavioral health-related facilities, newly
52 constructed evaluation and treatment centers and operation, delivery or
53 evaluation of behavioral health treatment programs and services.

54 The metropolitan King County council has determined that imposing the
55 sales and use tax to improve the region's health outcomes and address the
56 housing affordability crisis will benefit the county's residents.

57 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

58 **SECTION 1. Findings:**

59 A. RCW 82.14.055 states that a local sales and use tax change may take effect no
60 sooner than seventy-five days after the department of revenue receives notice of the
61 change and only on the first day of January, April or July.

62 B. RCW 82.14.055 further states that a "local sales and use tax change" means
63 enactment or revision of local sales and use taxes.

64 C. Based on sales tax data from the office of economic and financial analysis, for

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65 the 2021-2022 biennium, total King County sales tax revenues are estimated at
66 approximately one hundred and forty million dollars if collections begin on January 1,
67 2021, compared to approximately one hundred twenty three million dollars if collections
68 begin on April 1, 2021.

69 D. The Washington state Department of Revenue has indicated that the deadline
70 for a jurisdiction to notify the department of a local sales and use tax change in order to
71 begin collections on January 1, 2021, is October 19, 2020.

72 E. The Department of Revenue does not have clear guidance on whether the
73 ordinance making such a change in a local sales and use tax must merely be enacted or
74 must be effective when the jurisdiction provides the notice to the Department of Revenue.

75 F. Unless this proposed ordinance is adopted as an emergency ordinance, the
76 earliest it will be effective is October 24, 2020, several days after the notification
77 deadline to the Department of Revenue. That could result in the county losing three
78 months of tax proceeds and thereby reducing the amount of moneys available for the
79 purposes for which the tax is being imposed.

80 G. Due to the uncertainty of whether this ordinance must be enacted or effective
81 at the time the county gives the Department of Revenue notice, this ordinance must take
82 effect immediately to ensure appropriate notice can be provided to the Department of
83 Revenue in order for collections to begin on January 1, 2021.

84 SECTION 2. It is the intent of the county that this ordinance does not
85 preempt any city that has before October 13, 2020, taken action to pass or adopt
86 the local sales and use tax as authorized by RCW 82.14.530.

87 SECTION 3. Sections 4 through 9 of this ordinance should constitute a new

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88 chapter in K.C.C. Title 4A.

89 NEW SECTION. SECTION 4. For the purposes of this chapter, unless the
90 context clearly requires otherwise, "proceeds" means the principal amount of moneys
91 received from the Washington state Department of Revenue from the collection of the
92 additional sales and use tax authorized by this chapter and RCW 82.14.530 and any
93 interest earnings on the moneys.

94 NEW SECTION. SECTION 5.

95 A. To provide necessary moneys for the purposes identified in section 7 of this
96 ordinance, an additional one-tenth of one percent sales and use tax is hereby levied, fixed
97 and imposed on all taxable events within King County as defined in chapter 82.14 RCW.

98 B. The tax shall be imposed upon and collected from those persons from whom
99 sales tax or use tax is collected by the state in accordance with chapter 82.08 or 82.14
100 RCW, and shall be collected at the rate of one-tenth of one percent of the selling price, in
101 the case of a sales tax, or value of the article use, in the case of a use tax.

102 C. This additional sales and use tax shall be in addition to all other existing sales
103 and use taxes currently imposed by the county. The tax shall become effective on the
104 earliest practicable date consistent with RCW 82.14.055.

105 D. The budget director shall immediately provide notice to the state Department
106 of Revenue of the tax imposed by this chapter as required by RCW 82.14.055 and is
107 authorized to executive any necessary agreement with the state Department of Revenue
108 concerning the collection and administration of the tax imposed by this chapter.

109 NEW SECTION. SECTION 6. The proceeds shall be deposited in the health
110 through housing fund.

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111 NEW SECTION. SECTION 7.

112 A. Proceeds shall be expended and apportioned among eligible uses set out in
113 and in a manner consistent with RCW 82.14.530 as now existing, hereafter amended or
114 as superseded, prioritizing persons within the population groups specified in RCW
115 82.14.530(2)(b) whose income does not exceed thirty percent of the King County area
116 median income.

117 B. Proceeds shall be allocated with the objective of reducing racial and ethnic
118 demographic disproportionality among persons experiencing chronic homelessness in
119 King County.

120 NEW SECTION. SECTION 8.

121 A. Any county process to site a facility that is funded by proceeds and to be
122 located within the boundaries of a city shall comply with RCW 82.14.530 as now
123 existing, hereafter amended or as superseded.

124 B. The county plans to spend at least thirty percent of the proceeds collected
125 under section 5 of this ordinance that are attributable to taxable activities or events within
126 any city with a population greater than sixty thousand within the city's boundaries.

127 NEW SECTION. SECTION 9. To carry out the purposes of this chapter and
128 consistent with RCW 82.14.530 as now existing, as hereafter amended or as superseded,
129 the county may issue general obligation or revenue bonds within the limitations as now
130 existing or hereafter prescribed by the laws of this state, and may use up to fifty percent
131 of the moneys collected for repayment of such bonds. Notwithstanding anything in this
132 chapter to the contrary, so long as any bonds payable from and secured by a pledge of the
133 sales and use tax authorized in this chapter are outstanding, the county shall continue to

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134 impose and collect the sales and use tax as provided in this chapter and in RCW

135 82.14.530.

136 SECTION 10. Severability. If any provision of this ordinance or its application
137 to any person or circumstance is held invalid, the remainder of the ordinance or the
138 application of the provision to other persons or circumstances is not affected.

139 SECTION 11. The county council finds as fact that an emergency exists and that

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140 this ordinance is necessary for the immediate preservation of public peace, health or
141 safety or for the support of county government and its existing public institutions.
142

Ordinance 19179 was introduced on 9/29/2020 and passed as amended by the Metropolitan King County Council on 10/13/2020, by the following vote:

Yes: 8 - Ms. Balducci, Mr. Dembowski, Ms. Kohl-Welles, Ms. Lambert, Mr. McDermott, Mr. Upthegrove, Mr. von Reichbauer and Mr. Zahilay
No: 1 - Mr. Dunn

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

DocuSigned by:
Claudia Balducci
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Claudia Balducci, Chair

ATTEST:

DocuSigned by:
Melani Pedroza
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Melani Pedroza, Clerk of the Council

Attachments: None

Certificate Of Completion

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	Angel.Allende@kingcounty.gov
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 claudia.balducci@kingcounty.gov
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Melani Pedroza
 melani.pedroza@kingcounty.gov
 Clerk of the Council
 King County Council
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Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps

Envelope Summary Events	Status	Timestamps
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Payment Events	Status	Timestamps
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