



CITY COUNCIL SPECIAL MEETING AGENDA

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**Monday, October 5, 2020
7:00 p.m.**

**Virtually/Telephonically
via Zoom Platform**

This City Council Special Meeting will both be held telephonically and virtually to comply with Governor Inslee's Proclamation 20-28 (as amended and extended), which, among other things, suspended various requirements under the Open Public Meetings Act, Chapter 42.30 RCW, and prohibited public agencies from conducting meetings in person through November 9, 2020.

This City Council meeting will be held telephonically and virtually as follows:

Join Online: <https://us02web.zoom.us/j/82060391386?pwd=MFJRV0J6OUJCTUZUUUZGWEt3MzgyZz09>
Passcode: Council

Join by Telephone: 253-215-8782
Webinar ID: 820 6039 1386
Passcode: 4329201

CALL CITY COUNCIL SPECIAL MEETING TO ORDER

NEW BUSINESS

1. Consider Ordinance Amending Chapter 3.10 CMC, Authorizing an HB 1590 Affordable Housing Sales and Use Tax.

ADJOURN

Americans with Disabilities Act – Please contact the City immediately to request reasonable accommodations at 253-480-2400.

SUBJECT: CONSIDER ORDINANCE AMENDING CHAPTER 3.10 CMC, AUTHORIZING AN HB 1590 AFFORDABLE HOUSING SALES AND USE TAX.

ATTACHMENT(S):

1. Ordinance
2. King County Executive Proposal
3. HB 1590

RECOMMENDED BY: Regan Bolli, City Manager

EXPLANATION:

Last year, the state legislature passed HB 1590 allowing counties to adopt a housing and homelessness sales tax. The county had until September 30, 2020 to pass the tax or else cities could adopt it through councilmanic enactment. King County did not adopt it by the deadline but has included it on its October 13 council agenda for a decision. If the county passes the tax, it will only be required to spend at least 30 percent money collected from the tax in cities that have a population of over 60,000; therefore, Covington may not see any of the money collected from Covington residents. From the projected sales tax numbers, Covington would collect \$586,725.

Covington now has the option to adopt the sales tax and collect the tax revenue as opposed to the county collecting it. The funds could be bonded, given to SKHHP, or could even be given to King County, but council adoption puts Covington in control of disbursement of the funds. At least 60 percent of the funds collected must be applied towards construction of housing or operations and maintenance of such housing, so SKHHP or King County would be great partners to consider. Any remaining money collected must be spent on the operation, delivery, or evaluation of mental and behavioral health treatment programs and services or housing-related services.

If the sales tax is adopted, it does not become effective until the date of publication plus five days. Thus, if adopted on October 5, it would be published and become effective prior to October 13.

The bill does not provide reporting requirements, so as staff we would keep a report on how the money is used.

FISCAL IMPACT:

From our current sales tax numbers, Covington would be estimated to collect \$586,725. The new rate would take effect on the first day of the month following the 75-day waiting period required from the Department of Revenue. For instance, if adopted tonight, the tax

increase will take effect on January 1, 2021 with the City receiving its first distribution in March 2021 due to the two month delay in receiving sales tax receipts.

CITY COUNCIL ACTION: Ordinance Resolution Motion Other

Councilmember _____ moves, Councilmember _____ seconds, to pass an ordinance amending Chapter 3.10 CMC, authorizing a sales and use tax for housing and related services.

REVIEWED BY: City Manager, City Attorney, Finance Director

ATTACHMENT 1

ORDINANCE NO. XX-2020

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COVINGTON, WASHINGTON, AUTHORIZING AN ADDITIONAL LOCAL SALES AND USE TAX FOR HOUSING AND RELATED SERVICES UNDER THE PROVISIONS OF RCW 82.14.530; AMENDING CHAPTER 3.10 CMC; ADOPTING FINDINGS OF FACT; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, during its 2020 regular session, the Washington State Legislature passed House Bill 1590, Chapter 222, Laws of 2020, which amended RCW 82.14.530 to allow cities to impose an additional sales and use tax to fund investments in affordable housing and related services; and

WHEREAS, as amended, RCW 82.14.530 authorizes counties to impose an additional local sales and use tax that may not exceed one-tenth of one percent; however, if a county does not impose the tax, or the full rate of the tax authorized, by September 30, 2020, cities located in that county may impose the whole or remainder of the sales and use tax rate; and

WHEREAS, if Covington authorizes this tax before King County, the full amount of the tax revenue will remain in the Covington community, the use of those funds will be controlled by the city, and King County must provide a tax credit against any subsequently imposed county tax for the full amount of the tax imposed by the city; and

WHEREAS, if the city imposes the tax, there are statutory restrictions on the use of the revenue. A minimum of 60 percent of the moneys collected from this tax must be used for constructing affordable housing, constructing mental and behavioral health-related facilities, or funding the operations and maintenance costs of new units of affordable housing and facilities where housing-related programs are provided, or newly constructed evaluation and treatment centers; and

WHEREAS, there are also restrictions regarding the population the additional funding may be used to serve. The affordable housing and facilities providing housing-related programs may only be provided to persons whose income is at or below 60 percent of the median income of King County and are persons with behavioral health disabilities, veterans, senior citizens, homeless families with children, unaccompanied homeless youth or young adults, persons with disabilities, or domestic violence survivors; and

WHEREAS, the remainder of the moneys collected from this tax must be used for the operation, delivery, or evaluation of mental and behavioral health treatment programs and services or housing-related services; and

WHEREAS, the city has determined that imposing the sales and use tax in furtherance of the programs and services allowed by RCW 82.14.530 will provide a benefit to the citizens; and

WHEREAS, as of the adoption date of this ordinance, King County has not imposed a sales and use tax under RCW 82.14.530; and

WHEREAS, the City Council has determined that it is in the best interest of the city to impose an additional local sales and use tax as authorized by RCW 82.14.530;

NOW, THEREFORE, The City of Council of the City of Covington, Washington, do ordain as follows:

Section 1. Findings of Fact. The recitals set forth above are hereby adopted as the City Council's findings of fact.

Section 2. Amendments to Chapter 3.10 CMC. Chapter 3.10 CMC is hereby amended as set forth in the attached Exhibit A, which is incorporated herein by this reference.

Section 3. Severability. If any section, paragraph, sentence, clause, or phrase of this ordinance, or its application to any person or situation, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be pre-empted by state or federal law or regulation, such decision or preemption shall not affect the validity of the remaining portions of this ordinance or its application to other persons or situation. The City Council of the City of Covington hereby declares that it would have adopted this ordinance and each section, subsection, sentence, clauses, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions be declared invalid or unconstitutional.

Section 4. Corrections. Upon the approval of the City Attorney, the City Clerk and the codifiers of this ordinance are authorized to make any necessary corrections to this ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers, and any reference thereto.

Section 5. Ratification. Any act consistent with the authority and prior to the effective date of this ordinance is hereby ratified and affirmed.

Section 6. Effective Date. This ordinance shall be in full effect five (5) days after passage and publication, as provided by law. A summary of this ordinance may be published in lieu of publishing the ordinance in its entirety.

Passed by the City Council of the City of Covington this ___ day of _____, 2020.

Signed in authentication of its passage this ___ day of _____, 2020.

[Signature Page Follows]

Jeff Wagner, Mayor

EFFECTIVE:

PUBLISHED:

AUTHENTICATED:

Joan Michaud, City Clerk

APPROVED AS TO FORM:

Mark Orthmann, City Attorney

EXHIBIT A

Article I. Sales and Use Tax

3.10.010 Imposition of a sales and use tax as authorized by RCW 82.14.030(1).

(1) Imposition. There is imposed a separate sales and/or use tax, as the case may be, upon every taxable event as defined in Chapter 82.14 RCW, as the same exists or may hereafter be amended, which occurs within the City limits. The tax shall be imposed upon and collected from those persons from whom the State sales and/or use tax is collected pursuant to Chapters 82.08 and 82.12 RCW, as the same now exist or may hereafter be amended.

(2) Tax Rate. The rate of tax imposed by subsection (1) of this section shall be one-half of one percent of the selling price or value of the article used, as the case may be; provided, that during such period as there is in effect a sales and/or use tax imposed by King County pursuant to RCW 82.14.030(1), the rate imposed by this chapter shall be as provided in RCW 82.14.030(1), as the same now exists or may hereafter be amended. The rate as of the effective date of this chapter shall be 425/1000th of one percent.

3.10.020 Administration – Collection.

The administration and collection of the tax imposed by this chapter shall be in accordance with the provisions of RCW 82.14.050, as the same now exists or may hereafter be amended.

3.10.030 Inspection of records – Agreement with Department of Revenue.

The City consents to the inspection of such records as are necessary to qualify the City for inspection of records of the Department of Revenue, pursuant to RCW 82.32.330, as the same now exists or may hereafter be amended. The City Manager is authorized to enter into an agreement with the Department of Revenue for the administration of the tax

3.10.040 Violation – Penalty.

It is unlawful for any seller to fail or refuse to collect taxes with intent to violate the provisions of this chapter, or to gain some advantage or benefit, whether direct or indirect, or for any buyer to refuse to pay any tax due under the provisions of this chapter. Any person violating any provision of this chapter shall be guilty of a misdemeanor and upon conviction thereof punished pursuant to State law or City ordinance.

Article II. Additional Sales and Use Tax

3.10.050 Imposition of an additional sales and use tax as authorized by RCW 82.14.030(2).

(1) Imposition. In addition to other taxes which may be imposed by the City, there is imposed a separate sales and/or use tax, as the case may be, upon the same taxable events and upon which the tax imposed pursuant to RCW 82.14.030(1) is levied, as the same exists or may hereafter be amended, and as specifically authorized by RCW 82.14.030(2).

(2) Tax Rate. The rate of tax imposed by this section, which shall be in addition to the rate of tax permitted to be imposed in City ordinance pursuant to RCW 82.14.030(1), as the same now exists or may hereafter be amended, shall be one-half of one percent of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax); provided, that if King County shall impose a sales and/or use tax pursuant to RCW 82.14.030 (2), as the same now exists or may hereafter be amended, at a rate that is equal to or greater than the rate imposed under this chapter, then said County shall receive 15 percent of the City tax; provided further, that if King County shall impose a sales and/or use tax pursuant to RCW 82.14.030 (2), at a rate that is less than the rate imposed under this chapter, the County shall receive that amount of revenues from the City tax equal to 15 percent of the rate of tax imposed by the County.

3.10.060 Administration – Collection.

The administration and collection of the tax imposed by this chapter shall be in accordance with the provisions of RCW 82.14.050, as the same now exists or may hereafter be amended.

3.10.070 Inspection of records – Agreement with Department of Revenue.

The City consents to the inspection of such records as are necessary to qualify the City for inspection of records of the Department of Revenue, pursuant to RCW 82.32.330, as the same now exists or may hereafter be amended. The City Manager is authorized to enter into an agreement with the Department of Revenue for the administration of the tax.

3.10.080 Violation – Penalty.

It is unlawful for any seller to fail or refuse to collect taxes with intent to violate the provisions of this chapter or to gain some advantage or benefit, whether direct or indirect, or for any buyer to refuse to pay any tax due under the provisions of this chapter. Any person violating any provision of this chapter shall be guilty of a misdemeanor and upon conviction thereof punished pursuant to State law or City ordinance.

Article III. Sales and Use Tax for Affordable and Supportive Housing

3.10.090 Imposition of sales and use tax for affordable and supportive housing.

(1) Imposition. There is imposed a sales and use tax as authorized by RCW 82.14.540, upon every taxable event, as defined in Chapter 82.14 RCW, as the same exists or may hereafter be amended, which occurs within the City limits. The tax shall be imposed upon and collected from those persons from whom the State sales and/or use tax is collected pursuant to Chapters 82.08 and 82.12 RCW, as the same now exists or may hereafter be amended.

(2) Tax Rate. The rate of the tax imposed by subsection (1) of this section shall be the maximum rate permitted to cities under RCW 82.14.540, and shall expire 20 years after the date on which the tax is first imposed.

(3) Calculation. The maximum amount to be received by the City from the tax each year shall be equal to the taxable retail sales within the City limits of Covington in State fiscal year 2019 multiplied by the tax rate. The tax imposed in subsection (1) of this section shall be deducted from the amount of tax otherwise required to be collected or paid to the Department of Revenue (DOR) under Chapter 82.08 or 82.12 RCW, as the same now exists or may hereafter be amended. DOR shall collect and administer the tax on behalf of the City of Covington at no cost to the City. In the event that the amount of tax exceeds the maximum amount allowed to the City under RCW 82.14.540, any excess shall be remitted to the State Treasurer in accordance with RCW 82.14.540.

3.10.100 Purpose of tax.

The City may use the moneys collected by the tax imposed under CMC 3.10.090 or bonds issued only for the following purposes:

- (1) Acquiring, rehabilitating, or constructing affordable housing, which may include new units of affordable housing within an existing structure or facilities providing supportive housing services under RCW 71.24.385; and
- (2) Providing the operations and maintenance costs of new units of affordable or supportive housing; and
- (3) Providing rental assistance to tenants.

The housing and services provided under this section may only be provided to persons whose income is at or below 60 percent of the median income of the City.

3.10.110 Administration – Collection.

The administration and collection of tax imposed by this chapter shall be in accordance with the provisions of RCW 82.14.540.

3.10.120 Inspection of records – Agreement with the Department of Revenue.

The City consents to the inspection of such records as are necessary to qualify the City for inspection of records of the Department of Revenue, pursuant to RCW 82.32.330, as the same now exists or may hereafter be amended. The City Manager is authorized to enter into an agreement with the Department of Revenue for the administration of the tax.

3.10.130 Violation – Penalty.

It is unlawful for any seller to fail or refuse to collect taxes with intent to violate the provisions of this chapter or to gain some advantage or benefit, whether direct or indirect, or for any buyer to refuse to pay any tax due under the provisions of this chapter. Any person violating any provision of this chapter shall be guilty of a misdemeanor and upon conviction thereof punished pursuant to State law or City ordinance.

Article IV. Additional Sales and Use Tax for Housing and Related Services

3.10.140 Imposition of additional sales and use tax for housing and related services.

(1) Imposition. There is hereby imposed an additional sales and use tax as authorized by RCW 82.14.530, upon every taxable event, as defined in Chapter 82.14 RCW, occurring within the City limits. The tax shall be imposed upon and collected from those persons from whom the State sales and/or use tax is collected pursuant to Chapters 82.08 and 82.12 RCW, as the same now exist or may hereafter be amended.

(2) Rate. The rate of the tax shall be the maximum rate permitted under RCW 82.14.530 (or as may be amended in the future) of one-tenth of one percent of the selling price in the case of sales tax, or value of the article used, in the case of a use tax.

3.10.150 Purpose and use of the tax.

The City must use the moneys collected by the tax imposed under CMC 3.10.140 in accordance with RCW 82.14.530 (or as may be amended in the future) for housing and related services.

3.10.060 Administration – Collection.

The administration and collection of the tax imposed under CMC 3.10.140 shall be in accordance with the provisions of RCW 82.14.050, as the same now exists or may hereafter be amended.

3.10.120 Inspection of records – Agreement with the Department of Revenue.

The City consents to the inspection of such records as are necessary to qualify the City for inspection of records of the Department of Revenue, pursuant to RCW 82.32.330, as the same now exists or may hereafter be amended. The City Manager is authorized to enter into an agreement with the Department of Revenue for the administration of the tax.

3.10.130 Violation – Penalty.

It is unlawful for any seller to fail or refuse to collect taxes with intent to violate the provisions of this chapter or to gain some advantage or benefit, whether direct or indirect, or for any buyer to refuse to pay any tax due under the provisions of this chapter. Any person violating any provision of this chapter shall be guilty of a misdemeanor and upon conviction thereof punished pursuant to State law or City ordinance.

ATTACHMENT 2

Health through Housing Proposal Summary

The King County Executive is proposing Councilmanic enactment of a *Health through Housing 0.1% Countywide Sales Tax* authorized under [RCW 82.14.530](#) (aka the Legislature's 2020 [HB 1590](#)).

GOAL: HOUSE 45% OF CHRONIC HOMELESS POPULATION (based on HMIS)

By October 2022, house 2,000 King County residents who are experiencing or at risk of chronic homelessness—while reducing racial-ethnic disproportionality—by:

1. acquiring single-room settings like hotels while economic conditions are favorable,
2. putting them into immediate service as emergency and affordable housing,
3. funding operating and supportive services within housing, including behavioral health services, to keep people healthy and housed; and
4. converting acquired single-room settings into permanent supportive housing over time while continuing to develop additional affordable housing.

Why this concept, why this instrument, why now?

- **Housing is a Foundation for Health: Single Room Housing is Healthier; Congregate Shelters are Not a Long-Term Solution**
Our COVID-19 deintensification actions show that the basics that underpin health for most of us would do the same for people without a home: the ability to sleep in a bed, to use a bathroom, to feel safe, and to have the dignity of a place to be are foundations of health, preventing problems that we must otherwise treat at even greater personal and financial cost.
- **A Temporary Opportunity to Make an Immediate & Lasting Difference**
COVID-19 provides TEMPORARY economic conditions to purchase single-room properties like hotels that we can immediately convert to emergency housing—we must be nimble enough to leverage this window for change. We have a chance to immediately increase housing stock for less money than is normally possible. This window will close.
- **Reframing the Housing vs. Shelter False Policy/Funding Choice**
We can invest in immediate emergency housing for King County residents—people and resources that would otherwise go to congregate shelters or unsheltered homelessness—and then re-develop the purchased properties to build permanent supportive housing for even more people over time. The same resources can provide emergency housing now and support long-term affordable housing goals.
- **We Center the Most Affected. Nothing is More Regressive for a Person Than Experiencing Homelessness.**
Attempts at more progressive revenue sources have failed, leaving the sales tax as the only available tool. Meanwhile, the status quo is costing our society, community, and budgets.

What is proposed?

Upon a majority vote of the King County Council, proposed ordinance [2020-0311](#) (sponsored by Councilmember Joe McDermott) will implement a 0.1% sales tax across King County for affordable housing, housing-related services and behavioral health treatment. Current forecasts estimate the tax will generate \$65-70 million/year.

The ordinance authorizes funding for the following:

- Affordable housing;
- Behavioral health-related facilities;
- Operations and maintenance costs of affordable housing, facilities for housing-related services, or newly constructed evaluation and treatment centers;
- Operation, deliver, or evaluation of behavioral health treatment programs and services or housing-related services;

The Executive's proposed 2021-22 budget appropriates \$96 million from revenue generated in the first two years of the tax. These funds are appropriated for debt service payments for up to \$400 million in bonds to finance affordable housing, operating and service expenses for those affordable housing units, and behavioral health treatment.

Health through Housing Proposal Summary

How will funds be spent?

Proceeds collected in 2021 are directed by the County's 2021-2022 biennial budget. Proceeds collected in 2022-2028 will be governed by the **Initial Health through Housing Implementation Plan** (Initial Plan), upon adoption by ordinance. In 2028 and every eight years after that, the executive will propose an update to the Health through Housing Implementation Plan.

Ongoing Implementation Plan

The Implementation Plan will:

- Describe goals, strategies, performance measures, reporting requirements and annual expenditures
- Include goals and performance measures for the annual reduction of racial and ethnic demographic disproportionality among persons experiencing chronic homelessness
- Establish composition and responsibilities of a **Health through Housing Advisory Committee** to provide advice to the executive and council and report annually on the accomplishments and effectiveness of programs funded with the revenues. The committee will include:
 - Persons who have experienced homelessness;
 - Persons representative of racial and ethnic communities demographically disproportionately represented among persons experiencing chronic homelessness;
 - Residents of unincorporated areas and of cities with populations greater than 60,000 persons; and
 - Representatives from other county, city, and sub-regional boards, commissions or committees.

INITIAL Implementation Plan (by 6/30/2021)

The Executive will consult with the Affordable Housing Committee and the CEO of the King County Regional Homelessness Authority to develop the Initial Plan.

1. **The paramount goal of the Initial Plan is creation and ongoing operation of 2,000 permanently affordable homes** with housing-related services for eligible households that are experiencing chronic homelessness or that are at risk of experiencing chronic homelessness.
2. The Initial Plan will also support the creation and operation of a mobile behavioral health intervention program as an alternative to the use of law enforcement. This program will connect clients to housing created or operated with Health through Housing revenues. A portion of expenditures for 2022-2028 will also support and build the capacity of community-based organizations serving communities that are disproportionately demographically represented among persons experiencing chronic homelessness.
3. Specify the process to site affordable housing and behavioral health facilities funded from 2022-2028.

Who will be served?

All households served with affordable housing, or facilities providing housing-related services, with these funds must earn **at or below 30% of Area Median Income** and meet the following qualifications (required by RCW 82.14.530):

- Persons with behavioral health disabilities;
- Senior citizens;
- Persons with disabilities;
- Domestic violence survivors;
- Homeless, or at-risk of being homeless, families with children; or
- Unaccompanied homeless youth or young adults.

Households must also meet one of the following definitions:

- A household experiencing **chronic homelessness** must include an adult with a disability and either be currently experiencing homelessness for at least 12 consecutive months or have experienced homelessness for a cumulative 12 months within the prior 3 years.
- A household **at-risk of chronic homelessness** describes a household that includes an adult with a disability and meets two additional criteria:
 1. currently experiencing homelessness for 10-12 months in the previous 3 years or previously experienced homelessness for 12+ months within the last 5 years; and
 2. include one adult that has been incarcerated within the previous 5 years, or been detained or involuntarily committed, or identifies as a member of a population that is demographically overrepresented among persons experiencing homelessness.

How will you make decisions about siting housing and facilities?

- Use an **equity and social justice impact review process** and **consult with cities** in which capital projects will be located.
- Prioritize 2021 proceeds for sites/services within a city that submits a written statement of support.
- Plan to spend at least 30% of funds collected in cities with over 60,000 residents in the community that generated those funds (consistent with RCW 82.14.530).

ATTACHMENT 3

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1590

Chapter 222, Laws of 2020

66th Legislature
2020 Regular Session

AFFORDABLE HOUSING SALES AND USE TAX--COUNCILMANIC AUTHORITY

EFFECTIVE DATE: June 11, 2020

Passed by the House March 9, 2020
Yeas 52 Nays 44

LAURIE JINKINS

**Speaker of the House of
Representatives**

Passed by the Senate March 6, 2020
Yeas 27 Nays 21

CYRUS HABIB

President of the Senate

Approved March 31, 2020 10:44 AM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1590** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

March 31, 2020

**Secretary of State
State of Washington**

HOUSE BILL 1590

AS AMENDED BY THE SENATE

Passed Legislature - 2020 Regular Session

State of Washington **66th Legislature** **2019 Regular Session**

By Representatives Doglio, Dolan, Macri, Cody, Gregerson, Wylie, Appleton, Robinson, Ormsby, Frame, and Davis

Read first time 01/24/19. Referred to Committee on Housing, Community Development & Veterans.

1 AN ACT Relating to allowing the local sales and use tax for
2 affordable housing to be imposed by a councilmanic authority; and
3 amending RCW 82.14.530.

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

5 **Sec. 1.** RCW 82.14.530 and 2015 3rd sp.s. c 24 s 701 are each
6 amended to read as follows:

7 (1)(a)(i) A county legislative authority may submit an
8 authorizing proposition to the county voters at a special or general
9 election and, if the proposition is approved by a majority of persons
10 voting, impose a sales and use tax in accordance with the terms of
11 this chapter. The title of each ballot measure must clearly state the
12 purposes for which the proposed sales and use tax will be used. The
13 rate of tax under this section may not exceed one-tenth of one
14 percent of the selling price in the case of a sales tax, or value of
15 the article used, in the case of a use tax.

16 (ii) As an alternative to the authority provided in (a)(i) of
17 this subsection, a county legislative authority may impose, without a
18 proposition approved by a majority of persons voting, a sales and use
19 tax in accordance with the terms of this chapter. The rate of tax
20 under this section may not exceed one-tenth of one percent of the

1 selling price in the case of a sales tax, or value of the article
2 used, in the case of a use tax.

3 (b) (i) ~~If a county ((with a population of one million five~~
4 ~~hundred thousand or less has not imposed))~~ does not impose the full
5 tax rate authorized under (a) of this subsection ~~((within two years~~
6 ~~of October 9, 2015))~~ by September 30, 2020, any city legislative
7 authority located in that county may ~~((submit))~~ :

8 (A) Submit an authorizing proposition to the city voters at a
9 special or general election and, if the proposition is approved by a
10 majority of persons voting, impose the whole or remainder of the
11 sales and use tax rate in accordance with the terms of this chapter.
12 The title of each ballot measure must clearly state the purposes for
13 which the proposed sales and use tax will be used;

14 (B) Impose, without a proposition approved by a majority of
15 persons voting, the whole or remainder of the sales and use tax rate
16 in accordance with the terms of this chapter.

17 (ii) The rate of tax under this section may not exceed one-tenth
18 of one percent of the selling price in the case of a sales tax, or
19 value of the article used, in the case of a use tax.

20 ~~((ii) If a))~~ (iii) A county with a population of greater than
21 one million five hundred thousand ~~((has not imposed the full))~~ may
22 impose the tax authorized under (a) (ii) of this subsection ~~((within~~
23 ~~three years of October 9, 2015, any city legislative authority))~~ only
24 if the county plans to spend at least thirty percent of the moneys
25 collected under this section that are attributable to taxable
26 activities or events within any city with a population greater than
27 sixty thousand located in that county ~~((may submit an authorizing~~
28 ~~proposition to the city voters at a special or general election and,~~
29 ~~if the proposition is approved by a majority of persons voting,~~
30 ~~impose the whole or remainder of the sales and use tax rate in~~
31 ~~accordance with the terms of this chapter. The title of each ballot~~
32 ~~measure must clearly state the purposes for which the proposed sales~~
33 ~~and use tax will be used. The rate of tax under this section may not~~
34 ~~exceed one-tenth of one percent of the selling price in the case of a~~
35 ~~sales tax, or value of the article used, in the case of a use tax))~~
36 within that city's boundaries.

37 (c) If a county imposes a tax authorized under (a) of this
38 subsection after a city located in that county has imposed the tax
39 authorized under (b) of this subsection, the county must provide a
40 credit against its tax for the full amount of tax imposed by a city.

1 (d) The taxes authorized in this subsection are in addition to
2 any other taxes authorized by law and must be collected from persons
3 who are taxable by the state under chapters 82.08 and 82.12 RCW upon
4 the occurrence of any taxable event within the county for a county's
5 tax and within a city for a city's tax.

6 (2)(a) Notwithstanding subsection (4) of this section, a minimum
7 of sixty percent of the moneys collected under this section must be
8 used for the following purposes:

9 (i) Constructing affordable housing, which may include new units
10 of affordable housing within an existing structure, and facilities
11 providing housing-related services; or

12 (ii) Constructing mental and behavioral health-related
13 facilities; or

14 (iii) Funding the operations and maintenance costs of new units
15 of affordable housing and facilities where housing-related programs
16 are provided, or newly constructed evaluation and treatment centers.

17 (b) The affordable housing and facilities providing housing-
18 related programs in (a)(i) of this subsection may only be provided to
19 persons within any of the following population groups whose income is
20 at or below sixty percent of the median income of the county imposing
21 the tax:

22 (i) Persons with (~~mental illness~~) behavioral health
23 disabilities;

24 (ii) Veterans;

25 (iii) Senior citizens;

26 (iv) Homeless, or at-risk of being homeless, families with
27 children;

28 (v) Unaccompanied homeless youth or young adults;

29 (vi) Persons with disabilities; or

30 (vii) Domestic violence survivors.

31 (c) The remainder of the moneys collected under this section must
32 be used for the operation, delivery, or evaluation of mental and
33 behavioral health treatment programs and services or housing-related
34 services.

35 (3) A county that imposes the tax under this section must consult
36 with a city before the county may construct any of the facilities
37 authorized under subsection (2)(a) of this section within the city
38 limits.

39 (4) A county that has not imposed the tax authorized under RCW
40 82.14.460 prior to October 9, 2015, but imposes the tax authorized

1 under this section after a city in that county has imposed the tax
2 authorized under RCW 82.14.460 prior to October 9, 2015, must enter
3 into an interlocal agreement with that city to determine how the
4 services and provisions described in subsection (2) of this section
5 will be allocated and funded in the city.

6 (5) To carry out the purposes of subsection (2)(a) and (b) of
7 this section, the legislative authority of the county or city
8 imposing the tax has the authority to issue general obligation or
9 revenue bonds within the limitations now or hereafter prescribed by
10 the laws of this state, and may use, and is authorized to pledge, up
11 to fifty percent of the moneys collected under this section for
12 repayment of such bonds, in order to finance the provision or
13 construction of affordable housing, facilities where housing-related
14 programs are provided, or evaluation and treatment centers described
15 in subsection (2)(a)(iii) of this section.

16 (6)(a) Moneys collected under this section may be used to offset
17 reductions in state or federal funds for the purposes described in
18 subsection (2) of this section.

19 (b) No more than ten percent of the moneys collected under this
20 section may be used to supplant existing local funds.

Passed by the House March 9, 2020.
Passed by the Senate March 6, 2020.
Approved by the Governor March 31, 2020.
Filed in Office of Secretary of State March 31, 2020.

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