



Legislation Text

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File #: CB 119590, Version: 1

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**CITY OF SEATTLE**

**ORDINANCE \_\_\_\_\_**

**COUNCIL BILL \_\_\_\_\_**

AN ORDINANCE relating to taxation; imposing a local sales and use tax to fund investments in affordable and supportive housing; adding new Sections 5.60.025 and 5.60.027 to the Seattle Municipal Code; amending Section 5.60.030 of the Seattle Municipal Code; and ratifying and confirming certain prior acts.

WHEREAS, existing sources of funding for affordable housing and permanent supportive housing are insufficient to meet the needs of all individuals and families experiencing housing cost burden, displacement, and homelessness in Seattle; and

WHEREAS, Seattle residents and families experiencing severe housing cost burden, displacement, and homelessness are disproportionately people of color; and

WHEREAS, investments in affordable housing provide access to opportunity for low-wage workers and their families, increase mobility from poverty, and foster inclusive communities accessible to all; and

WHEREAS, investing in permanent supportive housing is a proven, cost-effective, and humane solution to provide stability, security, and access to critical health and social services for people exiting homelessness; and

WHEREAS, for over 35 years, the Seattle Office of Housing has invested in affordable housing and permanent supportive housing across the city; and

WHEREAS, The City of Seattle recognizes the urgent need to increase investments in the production, preservation, and ongoing operation and maintenance of affordable housing and permanent supportive housing; and

WHEREAS, solving the homelessness and affordability crisis requires partnership between federal, state, regional, and local government; and

WHEREAS, during the 2019 session, the Washington State Legislature enacted SHB 1406 (published as Chapter 338, Laws of 2019) that authorizes cities that have enacted a qualifying local tax, such as The City of Seattle's 2016 housing levy under RCW 84.55.050, to impose a local sales and use tax of 0.0146 percent; and

WHEREAS, the local sales and use tax will be credited against the state sales and use tax so that the total tax paid by the consumer will not increase; and

WHEREAS, the local sales and use tax revenue shall be spent on acquiring, rehabilitating, or constructing affordable housing or supportive housing and other related expenditures as authorized by Chapter 338, Laws of 2019; and

WHEREAS, Chapter 338, Laws of 2019 authorizes The City of Seattle to issue general obligation or revenue bonds to carry out the purposes of the legislation and to pledge the revenue collected by the local sales and use tax to repay the bonds; and

WHEREAS, the City Council, in accordance with Chapter 338, Laws of 2019, has adopted a resolution of intent to adopt legislation to authorize the maximum capacity of the tax within six months of the effective date of Chapter 338, Laws of 2019; and

WHEREAS, The City of Seattle intends to impose the maximum local sales and use tax authorized under Chapter 338, Laws of 2019; NOW, THEREFORE,

**BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

Section 1. A new Section 5.60.025 is added to the Seattle Municipal Code as follows:

**5.60.025 Imposition of sales and use tax for affordable and supportive housing**

A. There is imposed a sales and use tax, as the case may be, as authorized by Chapter 338, Laws of

2019, which shall be codified in chapter 82.14 RCW, upon every taxable event, as defined in chapter 82.14 RCW, occurring within the City of Seattle. The tax shall be imposed upon and collected from those persons from whom the state sales tax or use tax is collected pursuant to chapter 82.08 and 82.12 RCW.

B. The rate of the tax imposed by this Section 5.60.025 shall be 0.0146 percent of the selling price or value of the article used, as the case may be.

C. The tax imposed under this Section 5.60.025 shall be deducted from the amount of tax otherwise required to be collected or paid to the Department of Revenue under chapter 82.08 or 82.12 RCW. Under subsection 1(3) of Chapter 338, Laws of 2019, the Department of Revenue will perform the collection of such taxes on behalf of The City of Seattle at no cost to the City.

D. Under subsections 1(4) and 1(5) of Chapter 338, Laws of 2019, the Department of Revenue will calculate the maximum amount of tax distributions for The City of Seattle based on the taxable retail sales in the City in state fiscal year 2019, and the tax imposed under this Section 5.60.025 will cease to be distributed to the City of Seattle for the remainder of any state fiscal year in which the amount of tax exceeds the maximum amount of tax distributions for the City as properly calculated by the Department of Revenue. Distributions to The City of Seattle that have ceased during a state fiscal year shall resume at the beginning of the next state fiscal year.

Section 2. A new Section 5.60.027 is added to the Seattle Municipal Code as follows:

**5.60.027 Purposes of tax**

A. The City may use the moneys collected by the tax imposed under section 5.60.025 or bonds issued under subsection 1(9) of Chapter 338, Laws of 2019 only for the following purposes and in accordance with Chapter 338, Laws of 2019:

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; or

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

B. The housing and services provided under this Section 5.60.027 may only be provided to persons whose income is at or below 60 percent of the median income of the City.

C. In determining the use of funds under this Section 5.60.027, the City must consider the income of the individuals and families to be served, the leveraging of the resources made available under Section 5.60.025, and the housing needs within the City.

D. The Director of the Office of Housing must report annually to the Washington State Department of Commerce, in accordance with the Department's rules, on the collection and use of the revenue from the tax imposed under Section 5.60.025.

E. Under subsection 1(12) of Chapter 338, Laws of 2019, the tax imposed by the City under Section 5.60.025, as well as Section 5.60.025 and this Section 5.60.027, will expire 20 years after the date on which the tax is first imposed. The Finance Director shall provide notice to the City Council and the Mayor of the expiration date of the tax each year beginning three years before the expiration date, and shall also promptly notify the City Council and Mayor of any changes to the expiration date.

Section 3. Section 5.60.030 of the Seattle Municipal Code, enacted by Ordinance 110877, is amended as follows:

**5.60.030 Administration and collection of tax((-))**

The administration and collection of the tax imposed by this ((chapter)) Chapter 5.60 shall be in accordance with the provisions of RCW 82.14.050 and Chapter 338, Laws of 2019.

Section 4. The Finance Director is authorized to provide any necessary notice to the Department of Revenue to effectuate the tax enacted by this ordinance and to execute, for and on behalf of The City of Seattle, any necessary agreement with the Department of Revenue for the collection and administration of the tax enacted by this ordinance.

Section 5. Any notice given or agreement executed by the Finance Director as authorized by Section 4 of this ordinance prior to the effective date of this ordinance is ratified and confirmed.

Section 6. Sections 1 through 3 of this ordinance shall take effect on October 1, 2019.

Section 7. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the \_\_\_\_\_ day of \_\_\_\_\_, 2019, and signed by me in open session in authentication of its passage this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
President \_\_\_\_\_ of the City Council

Approved by me this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

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Jenny A. Durkan, Mayor

Filed by me this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

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Monica Martinez Simmons, City Clerk

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