

**ORDINANCE NO. 15822**

**AN ORDINANCE** of the Board of County Commissioners of Thurston County, Washington, relating to Local Sales or Use Taxes: Authorizing the Maximum Capacity of the Tax Authorized Under the Provisions of Substitute Housing Bill 1406 (Chapter 338, Laws of 2019) for Affordable and Supportive Housing; Adopting a New Chapter 5.50 of the Thurston County Code, "Affordable and Supportive Housing Sales and Use Tax"; Requesting Compliance with RCW 82.14.055; Directing the Clerk of the Board to Transmit the Adopted Ordinance to the Department of Revenue; and Requesting the County Manager to Report Annually to the Department of Commerce on the Collection and Use of Revenues Received.

**WHEREAS**, the Washington State Legislature approved, and the Governor signed, Substitute House Bill 1406, chapter 338, Laws of 2019 ("SHB 1406") related to affordable and supportive housing; and

**WHEREAS**, this Ordinance, and associated actions related to Substitute House Bill 1406 (SHB 1406), will not result in an increase to the sales and use taxes to the citizens of Thurston County; and

**WHEREAS**, SHB 1406 authorizes the governing body of a city or county to impose a local sales and use tax for (1) acquiring, rehabilitating, or constructing housing, which may include new units of affordable housing within an existing structure or facilities providing supportive housing services under RCW 71.24.385 (for individuals with mental health and or substance use disorders), (2) the operations and maintenance costs of affordable or supportive housing, for a county of 400,000 or less; and (3) providing rental assistance to eligible tenants; and

**WHEREAS**, to carry out the purposes of SHB 1406, the governing body of the county has the authority to issue general obligation or revenue bonds and is authorized to pledge monies collected for repayment of such bonds; and

**WHEREAS**, the maximum rate imposed may not exceed 0.0146. The maximum rate is available until July 28, 2020, to a county within its unincorporated areas and within the limits of a city that declares it will not levy the tax or that does not adopt a resolution of intent to impose the tax; and

**WHEREAS**, SHB 1406 requires a county and the cities, in determining the use of funds under this bill, to consider the income of the individuals and families to be served, the leveraging of the resources available under this section, and the housing needs within the respective jurisdictions; and

**WHEREAS**, SHB 1406 authorizes the County and cities to enter into an interlocal agreement for purposes of pooling the tax monies received, pledging these taxes to bonds issued by one or more parties to the agreement and allocating the proceeds in accordance with the interlocal agreement; and

**WHEREAS**, Thurston County intends to use these tax monies in collaboration with the cities as a means to fully leverage the resources under SHB 1406; and

**WHEREAS**, the tax will be credited against state sales taxes collected within the County and, therefore, will not result in higher sales and use taxes within the County and will represent an additional source of funding to address housing needs in the County; and

**WHEREAS**, the tax must be used to assist persons whose income is at or below sixty percent of the County median income; and

**WHEREAS**, in Thurston County for every 100 extremely low-income households there are only 15 units available and affordable, 50% of renters are cost-burdened paying more than 30% of their income in rent, and 23% of renters are severely cost burdened, paying more than 50% of their income; and

**WHEREAS**, the County is currently experiencing a homeless crisis and does not have sufficient affordable housing supply to meet current population needs and projected growth over the next 20 years and has determined that imposing the sales and use tax to address this need will benefit the citizens of Thurston County; and

**WHEREAS**, in order for a city or county to impose the tax, within six months of the effective date of SHB 1406, or January 28, 2020, the governing body must adopt a resolution of intent to authorize the maximum capacity of the tax, and within twelve months of the effective date of SHB 1406, or July 28, 2020, must adopt legislation to authorize the maximum capacity of the tax; and

**WHEREAS**, the Resolution of Intent required by SHB 1406 was adopted on October 22, 2019; and

**WHEREAS**, in order to collect the tax, a county must adopt an ordinance authorizing the tax with one year of the effective date of SHB 1406 or July 2020; and

**WHEREAS**, this Ordinance constitutes the legislation authorizing the maximum capacity of the tax.

**NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF THURSTON COUNTY AS FOLLOWS:**

**Section 1. Imposition.** A new Chapter 5.50 of the Thurston County Code, "Affordable and Supportive Housing Sales and Use Tax" is adopted, as shown in Exhibit A, which is attached hereto and incorporated herein by reference, to authorize the imposition of the maximum capacity of the sales and use tax authorized by Substitute House Bill 1406, chapter 338, Laws of 2019.

**Section 2. Ordinance to Department of Revenue.** The clerk of the Board is directed to transmit the Adopted Ordinance to the Department of Revenue.

**Section 3. Severability.** The provisions of this Resolution are declared separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this Resolution or the invalidity of the application thereof to any person or circumstance, shall not affect the validity of the remainder of the Resolution, or the validity of its application to other persons or circumstances.

**Section 3. Effective Date.** This Ordinance shall become effective on October 23, 2019.

ADOPTED ON: October 22, 2019

ATTEST:

BOARD OF COUNTY COMMISSIONERS  
Thurston County, Washington

La Bonita S. Bowmar  
La Bonita Bowmar  
Clerk of the Board

John Hutchings  
John Hutchings, Chair

APPROVED AS TO FORM:

Gary Edwards  
Gary Edwards, Vice Chair

JON TUNHEIM  
PROSECUTING ATTORNEY

Tye Menser  
Tye Menser, Commissioner

By: Elizabeth Petrich  
Elizabeth Petrich  
Chief Civil Deputy Prosecuting Attorney

**EXHIBIT A to Ordinance No. \_\_\_\_\_**

**Chapter 5.50 - Affordable and Supportive Housing Sales and Use Tax**

**5.50.010 - Definitions.**

"Nonparticipating City," "Nonparticipating County," "Participating City," "Participating County," and "Qualifying Local Tax" shall have the definitions provided in Section 1, Chapter 338, Laws of 2019.

**5.50.020 – Imposition**

Thurston County is a participating county under Chapter 338, Laws of 2019. There is authorized, fixed and imposed a sales and use tax on every taxable event, as defined in RCW 82.14.020, in nonparticipating cities and participating cities identified in Chapter 338, Laws of 2019, as appropriate for taxation by a participating county. There is also authorized, fixed and imposed a sales and use tax on every taxable event, as defined in RCW 82.14.020, in unincorporated Thurston County for the time period identified as appropriate for taxation by a participating county under Chapter 338, Laws of 2019. The tax shall be imposed upon and collected from those persons from whom the state sales or use tax is collected pursuant to Chapters 82.08 and 82.12 RCW and may only be used for affordable and supportive housing purposes as provided in Chapter 338, Laws of 2019.

**5.50.030 – Rate**

The rate of the tax imposed by Section 5.50.020 shall be the maximum rate permitted counties under Chapter 338, Laws of 2019.

**5.50.40 - Use of tax**

1. All moneys collected or bonds issued from the Affordable and Supportive Housing sales and use tax imposed pursuant to this chapter may only be used for acquiring, rehabilitating, or constructing affordable housing, which may include new units of affordable housing within an existing structure of facilities providing supportive housing services under RCW 71.24.385 or for providing rental assistance to tenants.

2. The housing and services provided to this section may only be provided to persons whose income is at or below sixty percent of the median income of the county or city imposing the tax.
3. To carry out the purposes of this chapter including, but not limited to, financing loans or grants to nonprofit organizations or public housing authorities, the Board of County Commissioners has the authority to issue general obligation or revenue bonds within the limitations now or hereafter prescribed by the laws of this state, and may use, and is authorized to pledge, the moneys collected under this section for repayment of such bonds.
4. In determining the use of funds under this section, the county must consider the income of the individuals and families to be served, the leveraging of the resources made available under this section, and the housing needs within the jurisdiction of the taxing authority.

#### **5.50.50 - Interlocal Agreements**

The county may enter into an interlocal agreement with one or more counties, cities, or public housing authorities in accordance with chapter 39.34 RCW. The agreement may include, but is not limited to, pooling the tax receipts received under this section, pledging those taxes to bonds issued by one or more parties to the agreement, and allocating the proceeds of the taxes levied on the bonds issued in accordance with such interlocal agreement and this section.

#### **5.50.060 - Reporting**

The county manager must report annually to the department of commerce on the collection and use of the revenue. The department of commerce must adopt rules prescribing content of such reports by December 1, 2019.

#### **5.50.070 Deduction.**

The tax imposed under this Section must 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. The department must perform the collection of such taxes on behalf of the county or city at no cost to the county or city.

#### **5.50.080 – Expiration.**

The tax imposed by this Chapter expires 20 years after the date on which the tax is first imposed.