



Project title: Ordinance creating Affordable/Supportive Housing Sales Tax Credit Fund

City Council Agenda Item Cover Sheet

Council Bill # *interoffice use*

Project: Affordable/Supportive Housing Sales Tax Credit Fund

Partner/Supplier :

Location: n/a

Preceding action: Adopted Resolution 7445 on October 30, 2019

Fund: Special Revenue Fund 171

Agenda dates requested:

03/20/20 - 14

Briefing 3/4/2020

Proposed action 3/11/2020

Consent

Action 3/18/2020

Ordinance

Public hearing

Yes No

Budget amendment:

Yes No

PowerPoint presentation:

Yes No

Attachments:

Proposed Ordinance

Department(s) involved:

Community Development

Contact person:

Nick Harper

Phone number:

425-257-8608

Email:

nharper@everettwa.gov

Fiscal summary statement:

This Ordinance will create the special revenue fund known as the Affordable/Supportive Housing Sales Tax Credit Fund 171.

Project summary statement:

The Washington State Legislature passed Substitute Bill 1406 that was signed into law as Chapter 338, Laws of 2019 (RCW 82.14.540,) which authorizes cities and counties to impose a sales and use tax to encourage investments in affordable and supportive housing. The sales and use tax imposed under this chapter will be deducted from the amount of State's portion of tax otherwise required to be collected or paid to the department of revenue under chapter 82.08 or 82.12 RCW.

The City Council adopted Resolution 7445 on October 30, 2019 declaring the city's intent to adopt legislation to authorize the maximum capacity of the tax RCW 82.14.540 authorizes.

To collect a tax, the City must adopt an ordinance authorizing a tax within one year of the effect date of Substitute House Bill 1406, or July 28, 2020

The monies collected under this Ordinance shall only be used 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; or
- (2) Funding the operations and maintenance costs of new units of affordable or supportive housing.

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

Recommendation (exact action requested of Council):

Adopt an ORDINANCE Imposing a Sales and Use Tax to Provide for Affordable and Supportive Housing; Creating the Affordable/Supportive Housing Sales Tax Credit Fund; Adding a new Chapter to Title 3 the City of Everett Municipal Code.

Initialed by:

JF

Department head

Administration

Council President



ORDINANCE NO. _____

An ORDINANCE Imposing a Sales and Use Tax to Provide for Affordable and Supportive Housing; Creating the Affordable/Supportive Housing Sales Tax Credit Fund; Adding a new Chapter to Title 3 the City of Everett Municipal Code.

WHEREAS,

- A. The 2019 Washington State Legislature passed Substitute House Bill 1406 that was signed into law as Chapter 338, Laws of 2019 (RCW 82.14.540); and
- B. Chapter 338, Laws of 2019, authorizes cities and counties to impose a sales and use tax to encourage investments in affordable and supportive housing; and
- C. The City Council adopted Resolution 7445 on October 30, 2019, declaring the City's intent to adopt legislation to authorize the maximum capacity of the tax authorized in Chapter 338, Laws of 2019; and
- D. To collect a tax, a City must adopt an ordinance authorizing the tax within one year of the effective date of Substitute House Bill 1406, or July 28, 2020; and
- E. The City recognizes the need for affordable and supportive housing;

NOW, THEREFORE, THE CITY OF EVERETT DOES ORDAIN:

Section 1. Imposition of sales and use tax

Pursuant to RCW 82.14.540, there is hereby imposed a sales and use tax, collectible from those persons who are taxable by the state pursuant to chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event defined in such statutes within City of Everett and as permitted by RCW 82.14.540. The rate of such tax shall be the maximum rate permitted Cities under RCW 82.14.540. The tax imposed under this ordinance will 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.

Section 2. Name of Fund

There is hereby created a special revenue fund known as the Affordable/Supportive Housing Sales Tax Credit Fund 171.

Section 3. Purpose of Fund

The Affordable/Supportive Housing Sales Tax Credit Fund is created to provide investments in affordable

and supportive housing, as permitted by RCW 82.14.540.

Section 4. Credit

The sales and use tax imposed under this chapter 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.

Section 5. Use of Fund

The moneys collected under this Ordinance shall only be used 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; or
- (2) Funding the operations and maintenance costs of new units of affordable or supportive housing.

Section 6. Expiration

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

Section 7.

The City Clerk and the codifiers of this Ordinance are authorized to make 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 internal references.

Section 8.

The City Council hereby declares that should any section, paragraph, sentence, clause or phrase of this ordinance be declared invalid for any reason, it is the intent of the City Council that it would have passed all portions of this ordinance independent of the elimination of any such portion as may be declared invalid.

Section 9.

The enactment of this Ordinance shall not affect any case, proceeding, appeal or other matter currently pending in any court or in any way modify any right or liability, civil or criminal, which may be in existence on the effective date of this Ordinance.

Section 10.

It is expressly the purpose of this Ordinance to provide for and promote the health, safety and welfare of the general public and not to create or otherwise establish or designate any particular class or group of persons who will or should be especially protected or benefited by the terms of this Ordinance. It is the specific intent of this Ordinance that no provision or any term used in this Ordinance is intended to impose any duty whatsoever upon the City or any of its officers or employees. Nothing contained in this Ordinance is intended nor shall be construed to create or form the basis of any liability on the part of the City, or its officers, employees or agents, for any injury or damage resulting from any action or inaction on the part of the City related in any manner to the enforcement of this Ordinance by its

officers, employees or agents.

Cassie Franklin, Mayor

ATTEST:

Sharon Fuller, City Clerk

PASSED: _____

VALID: _____

PUBLISHED: _____

EFFECTIVE DATE: _____