
HOUSE BILL 1581

State of Washington

66th Legislature

2019 Regular Session

By Representatives Fey and Riccelli

1 AN ACT Relating to funding local housing trust fund programs in
2 certain cities; adding a new section to chapter 82.14 RCW; and
3 creating a new section.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that there is a
6 housing affordability crisis that requires multiple urgent and
7 creative responses. The legislature finds that certain cities have
8 established local housing trust funds to respond to the crisis;
9 however, to be successful local housing trust funds need dedicated
10 sources of funding to provide greater and more reliable resources to
11 preserve and build new housing. The legislature therefore creates the
12 construction sales and use tax remittance for certain eligible
13 cities.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.14
15 RCW to read as follows:

16 (1) A city legislative authority with a population of at least
17 two hundred thousand in a county with a population of less than one
18 million five hundred thousand may impose a sales and use tax on the
19 sale of or charge made for tangible personal property consumed or
20 labor and services rendered in respect to the constructing,

1 repairing, decorating, or improving of new or existing buildings or
2 other structures under, upon, or above real property of or for
3 consumers, including the installing or attaching of any article of
4 tangible personal property, whether or not such personal property
5 becomes a part of the realty by virtue of installation, and also
6 includes the sale of services or charges made for the clearing of
7 land and the moving of earth excepting the mere leveling of land used
8 in commercial farming or agriculture.

9 (2) The tax authorized under subsection (1) of this section must
10 be deducted from the amount of tax otherwise required to be collected
11 or paid to the department. The department must perform the collection
12 of such taxes on behalf of the city at no cost to the city and must
13 remit the tax to the city as provided in RCW 82.14.060.

14 (3) The maximum rate of tax imposed under this section may not
15 exceed six and five-tenths percent of the selling price in the case
16 of a sales tax, or value of the article used in the case of a use
17 tax.

18 (4) The tax may only include the sale of or charge made for
19 tangible personal property consumed or labor and services rendered in
20 respect to the constructing, repairing, decorating, or improving of
21 new or existing buildings or other structures under, upon, or above
22 real property of or for consumers, including the installing or
23 attaching of any article of tangible personal property, whether or
24 not such personal property becomes a part of the realty by virtue of
25 installation, and also includes the sale of services or charges made
26 for the clearing of land and the moving of earth excepting the mere
27 leveling of land used in commercial farming or agriculture.

28 (5) If a city has not imposed the tax under this section by July
29 1, 2021, the city may not impose the tax.

30 (6) A city imposing a tax under subsection (1) of this section
31 must provide annual matching funds equal to at least fifty percent of
32 the annual maximum amount of tax distributions as calculated in
33 subsection (7) of this section. The matching funds must be spent on
34 the purposes outlined in subsection (8) of this section. The matching
35 funds must not be derived from the state-subsidized portion of any
36 state loan or grant, any local tax that is credited against state
37 retail sales and use taxes, or any other state funds.

38 (7) The tax must cease to be distributed to a city imposing the
39 tax under this section for the remainder of any fiscal year in which
40 the amount of the tax exceeds five million dollars. The department

1 must remit any annual tax revenues above the maximum to the state
2 treasurer for deposit in the general fund. Distributions to a city
3 meeting the maximum amount must resume at the beginning of the next
4 fiscal year.

5 (8) The moneys collected under this section must be deposited
6 into the city's local housing trust fund, and such funds must be used
7 solely for the following purposes:

8 (a) New construction, rehabilitation, or acquisition of low-
9 income and very low-income housing units;

10 (b) Matching funds for social services directly related to
11 providing housing for special needs tenants in assisted projects;

12 (c) Technical assistance, design and finance services and
13 consultation, and administrative costs for eligible nonprofit
14 community or neighborhood-based organizations;

15 (d) Administrative costs for housing assistance groups or
16 organizations when such grant or loan will substantially increase the
17 recipient's access to housing funds other than those available under
18 this chapter;

19 (e) Shelters and related services for the homeless, including
20 emergency shelters and overnight youth shelters;

21 (f) Mortgage subsidies, including temporary rental and mortgage
22 payment subsidies to prevent homelessness;

23 (g) Mortgage insurance guarantee or payments for eligible
24 projects;

25 (h) Down payment or closing cost assistance for eligible first-
26 time home buyers;

27 (i) Acquisition of housing units for the purpose of preservation
28 as low-income or very low-income housing;

29 (j) Projects making housing more accessible to families with
30 members who have disabilities; and

31 (k) Remodeling and improvements as required to meet building
32 code, licensing requirements, or legal operations to residential
33 properties owned and operated by an entity eligible under RCW
34 43.185A.040, which were transferred as described in RCW
35 82.45.010(3)(t) by the parent of a child with developmental
36 disabilities.

37 (9) The tax imposed by a city under this section expires twenty
38 years after the date on which the tax is first imposed.

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