



## Legislation Details (With Text)

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**Title:** AN ORDINANCE imposing an additional sales and use tax of one-tenth of one percent, as authorized in RCW 82.14.530; adding a new chapter to K.C.C. Title 4A; and declaring an emergency.

**Sponsors:** Joe McDermott, Dave Upthegrove, Rod Dembowski, Girmay Zahilay, Claudia Balducci, Jeanne Kohl-Welles

**Indexes:** Homelessness, Housing, Taxes

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**Attachments:** 1. Ordinance 19179, 2. 2020-0337\_JM\_Amd0.5\_emergencydeclarationFINAL, 3. 2020-0337\_Amd0.75\_KL, 4. 2020-0337\_JM\_t1\_emergencyFINAL, 5. 2020-0319&0337\_HousingSalesTax\_SR.docx, 6. 2020-0319 & 0337 ATT5 2020-0311 Fiscal Note.pdf, 7. 2020-0337 Combined Public Comment 10-6 COW.pdf, 8. 2020-0337 Public Comment no. 2 for 10-6 COW.pdf

Date	Ver.	Action By	Action	Result
10/13/2020	1	Metropolitan King County Council	Passed as Amended	Pass
10/6/2020	1	Committee of the Whole	Recommended Do Pass	Pass
9/29/2020	1	Metropolitan King County Council	Introduced and Referred	

AN ORDINANCE imposing an additional sales and use tax of one-tenth of one percent, as authorized in RCW 82.14.530; adding a new chapter to K.C.C. Title 4A; and declaring an emergency.

### PREAMBLE:

In December 2018, the King County regional affordable housing task force found that the region needs an additional 44,000 homes affordable for very low- and extremely low-income households over the next five years.

Additional funding is required to address the urgent need for affordable housing in King County.

In November 2015, King County declared a state of emergency to address the homelessness crisis.

Approximately 4,500 households receiving homeless services in King County are experiencing chronic homelessness.

Studies show that people experiencing chronic homelessness experience more negative physical health, lower behavioral health outcomes and victimization.

Studies show the costs of permanent supportive housing for these households is far less than the crisis system costs from these households experiencing homelessness.

One-room settings, in particular permanent affordable housing with supportive services, are proven to improve health outcomes and housing stability and reduce crisis system use.

As of September 14, 2020, nearly 200,000 Americans had died from COVID-19.

Persons living in congregate shelters are particularly vulnerable to rapid spread of airborne disease like COVID-19 because persons living in congregate shelters are disproportionately persons of color, are older than average and experience higher rates of underlying health conditions, and are by definition without a safe place in which to observe social distancing and best practices of hygiene.

The Regional Action Framework identified a need for 6,500 additional units of supportive housing for people experiencing chronic homelessness.

In 2019, only 38 percent of adult Medicaid enrollees with an identified need for substance use disorder treatment in King County and statewide received treatment, and only half of those needing mental health treatment received treatment.

To combat the intersecting crises of COVID-19, chronic homelessness, housing affordability and behavioral health disorder, there is need for a robust approach that provides more stable affordable housing for those experiencing chronic homelessness and at risk of chronic homelessness, and that increases access to behavioral health treatment and housing-stability

services for those households.

In the 2020 Regular Session, the Washington state Legislature approved, and the Governor signed, Substitute House Bill 1590, which became Chapter 222, Laws of Washington 2020 ("the Act").

The Act authorizes the governing body of a county to impose a local sales and use tax for affordable housing, housing-related services, operations and maintenance costs of affordable housing and facilities where housing-related programs are provided, behavioral health-related facilities, newly constructed evaluation and treatment centers and operation, delivery or evaluation of behavioral health treatment programs and services.

The metropolitan King County council has determined that imposing the sales and use tax to improve the region's health outcomes and address the housing affordability crisis will benefit the county's residents.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

**SECTION 1. Findings:**

- A. RCW 82.14.055 states that a local sales and use tax change may take effect no sooner than seventy-five days after the department of revenue receives notice of the change and only on the first day of January, April or July.
- B. RCW 82.14.055 further states that a "local sales and use tax change" means enactment or revision of local sales and use taxes.
- C. Based on sales tax data from the office of economic and financial analysis, for the 2021-2022 biennium, total King County sales tax revenues are estimated at approximately one hundred and forty million dollars if collections begin on January 1, 2021, compared to approximately one hundred twenty three million dollars if collections begin on April 1, 2021.
- D. The Washington state Department of Revenue has indicated that the deadline for a jurisdiction to

notify the department of a local sales and use tax change in order to begin collections on January 1, 2021, is October 19, 2020.

E. The Department of Revenue does not have clear guidance on whether the ordinance making such a change in a local sales and use tax must merely be enacted or must be effective when the jurisdiction provides the notice to the Department of Revenue.

F. Unless this proposed ordinance is adopted as an emergency ordinance, the earliest it will be effective is October 24, 2020, several days after the notification deadline to the Department of Revenue. That could result in the county losing three months of tax proceeds and thereby reducing the amount of moneys available for the purposes for which the tax is being imposed.

G. Due to the uncertainty of whether this ordinance must be enacted or effective at the time the county gives the Department of Revenue notice, this ordinance must take effect immediately to ensure appropriate notice can be provided to the Department of Revenue in order for collections to begin on January 1, 2021.

SECTION 2. It is the intent of the county that this ordinance does not preempt any city that has before October 13, 2020, taken action to pass or adopt the local sales and use tax as authorized by RCW 82.14.530.

SECTION 3. Sections 4 through 9 of this ordinance should constitute a new chapter in K.C.C. Title 4A.

NEW SECTION. SECTION 4. For the purposes of this chapter, unless the context clearly requires otherwise, "proceeds" means the principal amount of moneys received from the Washington state Department of Revenue from the collection of the additional sales and use tax authorized by this chapter and RCW 82.14.530 and any interest earnings on the moneys.

NEW SECTION. SECTION 5.

A. To provide necessary moneys for the purposes identified in section 7 of this ordinance, an additional one-tenth of one percent sales and use tax is hereby levied, fixed and imposed on all taxable events within King County as defined in chapter 82.14 RCW.

B. The tax shall be imposed upon and collected from those persons from whom sales tax or use tax is collected by the state in accordance with chapter 82.08 or 82.14 RCW, and shall be collected at the rate of one-tenth of one percent of the selling price, in the case of a sales tax, or value of the article use, in the case of a use tax.

C. This additional sales and use tax shall be in addition to all other existing sales and use taxes currently imposed by the county. The tax shall become effective on the earliest practicable date consistent with RCW 82.14.055.

D. The budget director shall immediately provide notice to the state Department of Revenue of the tax imposed by this chapter as required by RCW 82.14.055 and is authorized to executive any necessary agreement with the state Department of Revenue concerning the collection and administration of the tax imposed by this chapter.

NEW SECTION. SECTION 6. The proceeds shall be deposited in the health through housing fund.

NEW SECTION. SECTION 7.

A. Proceeds shall be expended and apportioned among eligible uses set out in and in a manner consistent with RCW 82.14.530 as now existing, hereafter amended or as superseded, prioritizing persons within the population groups specified in RCW 82.14.530(2)(b) whose income does not exceed thirty percent of the King County area median income.

B. Proceeds shall be allocated with the objective of reducing racial and ethnic demographic disproportionality among persons experiencing chronic homelessness in King County.

NEW SECTION. SECTION 8.

A. Any county process to site a facility that is funded by proceeds and to be located within the boundaries of a city shall comply with RCW 82.14.530 as now existing, hereafter amended or as superseded.

B. The county plans to spend at least thirty percent of the proceeds collected under section 5 of this ordinance that are attributable to taxable activities or events within any city with a population greater than sixty

thousand within the city's boundaries.

NEW SECTION. SECTION 9. To carry out the purposes of this chapter and consistent with RCW 82.14.530 as now existing, as hereafter amended or as superseded, the county may issue general obligation or revenue bonds within the limitations as now existing or hereafter prescribed by the laws of this state, and may use up to fifty percent of the moneys collected for repayment of such bonds. Notwithstanding anything in this chapter to the contrary, so long as any bonds payable from and secured by a pledge of the sales and use tax authorized in this chapter are outstanding, the county shall continue to impose and collect the sales and use tax as provided in this chapter and in RCW 82.14.530.

SECTION 10. Severability. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance or the application of the provision to other persons or circumstances is not affected.

SECTION 11. The county council finds as fact that an emergency exists and that this ordinance is necessary for the immediate preservation of public peace, health or safety or for the support of county government and its existing public institutions.