

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 6486

AN ORDINANCE amending the Bellevue City Code to impose a sales and use tax credit authorized by Substitute House Bill (SHB) 1406 to receive a portion of the state sales and use tax for affordable and supportive housing; adding a new Section 4.12.028 to Chapter 4.12 to implement the tax credit; providing for severability and establishing an effective date.

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 Bellevue; 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, The City of Bellevue 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, the Washington State Legislature in 2019 enacted SHB 1406 (published as Chapter 338, Laws of 2019 and codified as RCW 82.14.540) authorizing cities like Bellevue, without increasing taxes for the consumer, to impose an affordable housing sales and use tax credit to support affordable housing and supportive services; 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 City Council, in accordance with RCW 82.14.540, has adopted a resolution of intent to adopt legislation to authorize the maximum capacity of a sales and use tax within six months of the effective date of RCW 82.14.540; and

WHEREAS, the Department of Revenue requires 30 days' notice of adoption of sales tax credits and the credit will then take effect on the first day of the month following the 30-day period; 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 RCW 82.14.540; and

WHEREAS, RCW 82.14.540 authorizes The City of Bellevue 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

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. A new Section 4.12.028 is added to Chapter 4.12 of the Bellevue City Code as follows:

4.12.028 Sales and Use Tax for Affordable Housing

A. Imposition of sales and use tax for affordable and supportive housing.

1. There is imposed a sales and use tax, as the case may be, as authorized by chapter 82.14 RCW, upon every taxable event, as defined in chapter 82.14 RCW, occurring within the City of Bellevue. 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.
2. The rate of the tax imposed by this Section 4.12.028 shall be 0.0073 percent of the selling price or value of the article used or such rate as RCW 82.14.540 may be amended from time to time.
3. The tax imposed under this Section 4.12.028 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 (now or hereafter amended). 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 Bellevue at no cost to the City.
4. The Department of Revenue will calculate the maximum amount of tax distributions for the City of Bellevue based on the taxable retail sales in the City in State Fiscal Year 2019, and the tax imposed under Section 4.12.028 will cease to be distributed to the City of Bellevue 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 Bellevue that have ceased during a State Fiscal Year shall resume at the beginning of the next State Fiscal Year.

B. Purpose and Use of tax

1. The City may use the moneys collected by the tax imposed under Section 4.12.028 or bonds issued only for the following purposes:
 - a. 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 (now or hereafter amended); or
 - b. Funding the operations and maintenance costs of new units of affordable or supportive housing; and
2. The housing and services provided under this Section 4.12.028 may only be provided to persons whose income is at or below 60 percent of the median income of the City.
3. In determining the use of funds under this Section 4.12.028, the City must consider the income of the individuals and families to be served, the leveraging of the resources made available under Section 4.12.028, and the housing needs within the City.
4. The Finance and Asset Management Director or designee 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 Bellevue, any necessary agreement with the Department of Revenue for the collection and administration of the tax enacted by this ordinance.
5. The Director of Finance and Asset Management or designee 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 this section.
6. Under subsection 1(12) of Chapter 338, Laws of 2019, the tax imposed by this Section, will expire 20 years after the date on which the tax is first imposed. The Director of Finance and Asset Management or designee 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.

C. Administration and Collection of Tax.

The administration and collection of the tax imposed by this Section shall be in accordance with BCC 4.12.030.

Section 2. If any section, subsection, paragraph, sentence, clause, or phrase of this Ordinance is declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining parts of this ordinance.

Section 3. Effective Date. This ordinance shall take effect and be in force five (5) days after adoption and legal publication.

Passed by the City Council this _____ day of _____, 2019
and signed in authentication of its passage this _____ day of _____,
2019.

(SEAL)

John Chelminiak, Mayor

Approved as to form:
Kathryn L. Gerla, City Attorney

Nicholas Melissinos, Deputy City Attorney

Attest:

Charmaine Arredondo, City Clerk

Published_____