



SUBSTITUTE ORDINANCE NO. 28601

1 AN ORDINANCE relating to local sales or use taxes; authorizing the maximum
2 capacity of the tax authorized under the provisions of Substitute House
3 Bill 1406 for affordable and supportive housing; amending Chapter 6A.70 of
4 the Tacoma Municipal Code by the addition of two new sections, to be
5 known and designated as Section 6A.70.047, “Credit against state’s share
6 of tax – sales or use tax for affordable housing – Imposition” and
7 Section 6A.70.048, “Credit against state’s share of tax – sales or use tax for
8 affordable housing – Rate,” and by amending Section 6A.70.120; and
9 declaring an emergency, making necessary the passage of this ordinance
10 and its becoming effective immediately.

11 WHEREAS the City lacks affordable, high-quality homes for all of its
12 residents, and

13 WHEREAS nearly 33,000 households in the City currently pay at least
14 30 percent of their income on housing costs each month, reducing their ability to
15 pay for other necessities, and

16 WHEREAS, in 2019, Washington State enacted Substitute House
17 Bill 1406 (“SHB 1406”), a revenue sharing program with local governments for
18 affordable housing which is intended to encourage investments in affordable
19 and/or supportive housing, and

20 WHEREAS the effective date of SHB 1406 is July 28, 2019, and the
21 Washington State Code Reviser’s Office will not publish the Revised Code of
22 Washington (“RCW”) citation for this tax until at least August 16, 2019, and

23 WHEREAS the proposed Tacoma Municipal Code (“TMC”) language
24 currently references the Session Law information, but will be updated by the City
25 Clerk once the actual RCW citation is released, and
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WHEREAS, through a credit against state retail sales or use taxes, the program allows the City to authorize and collect a local sales or use tax, estimated to be between \$800,000 to \$900,000 annually, for affordable housing or facilities providing supportive housing, and for operation and maintenance costs of affordable or supportive housing, with no increase in sales or use tax for the consumer, and

WHEREAS the credit against state retail sales or use taxes can be in place for a maximum of 20 years and can be used for acquiring, rehabilitating, or constructing affordable housing, and for operation and maintenance costs of new affordable or supportive housing facilities, and

WHEREAS funding must be spent on projects that serve persons whose income is at or below 60 percent of area median income, and

WHEREAS the state legislation requires that the City adopt an ordinance authorizing the tax within 12 months of the effective date of SHB 1406, or by July 28, 2020, and

WHEREAS, in 2012, the City implemented a retail sale tax under RCW 82.14.460 pursuant to Ordinance No. 28057, which allows the City to now collect the maximum retail sales or use tax rate of 0.0146 percent authorized by SHB 1406, and

WHEREAS the City is proposing to add new Sections 6A.70.047 and 6A.70.048 to the TMC to authorize this tax, and amending Section 6A.70.120 regarding administration and collection of the tax; Now, Therefore,



BE IT ORDAINED BY THE CITY OF TACOMA:

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Section 1. That Chapter 6A.70 of the Tacoma Municipal Code (“TMC”) is hereby amended as set forth in the attached Exhibit “A.”

Section 2. That, based upon the facts and conclusions as specified herein, an emergency exists, making this ordinance effective upon passage by an affirmative vote of a least six members of the City Council.

Section 3. That the City Clerk is authorized to update TMC 6A.70 with the correct Revised Code of Washington citation once the Washington State Code Reviser releases that information.

Passed _____

Mayor

Attest:

City Clerk

Approved as to form:

Deputy City Attorney



EXHIBIT "A"

**Chapter 6A.70
LOCAL OPTION TAXES**

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Sections:

- 6A.70.010 Sales or use tax – Imposition.
- 6A.70.020 Sales or use tax – Rate.
- 6A.70.030 Additional sales or use tax – Imposition.
- 6A.70.040 Additional sales or use tax – Rate.
- 6A.70.045 Additional sales or use tax for mental health treatment – Imposition.
- 6A.70.046 Additional sales or use tax for mental health treatment – Rate.
- 6A.70.047 Credit against state’s share of tax – sales use tax for affordable housing – Imposition.
- 6A.70.048 Credit against state’s share of tax – sales use tax for affordable housing – Rate.
- 6A.70.050 Leasehold excise tax – Imposition.
- 6A.70.060 Leasehold excise tax – Rate.
- 6A.70.070 Leasehold excise tax – Exemptions.
- 6A.70.080 Real estate excise tax – Imposition.
- 6A.70.090 Real estate excise tax – Rate.
- 6A.70.100 Additional real estate excise tax – Imposition.
- 6A.70.110 Additional real estate excise tax – Rate.
- 6A.70.120 Administration and collection of taxes.
- 6A.70.130 Inspection of records.
- 6A.70.140 Contract with the state authorized.

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6A.70.046 Additional sales or use tax for mental health treatment – Rate.

The rate of the tax imposed by Section 6A.70.045 of this chapter shall be one-tenth of one percent of the selling price or value of the article used, as the case may be.

6A.70.047 Credit against state’s share of tax – sales or use tax for affordable housing – Imposition.

There is hereby imposed an additional sales or use tax, as the case may be, separate and apart from the tax referred to in Sections 6A.70.010, 6A.70.020, 6A.70.030, 6A.70.040, 6A.70.045, as authorized by Laws of 2019, ch 338, § 1, upon every taxable event, as defined in RCW 82.14.020, occurring within the City. The tax shall be imposed upon and collected from those persons from whom the state sales tax or use tax is collected pursuant to RCW 82.08 and 82.12, but will be credited against the state’s share of the tax. Moneys collected under this subchapter must be used solely, as required by Laws of 2019, ch 338, § 1 and as hereinafter amended, for the purpose of 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 funding the operations and maintenance costs of new units of affordable or supportive housing.

6A.70.048 Credit against states share of tax – sales or use tax for affordable housing – Rate.

The rate of the tax imposed by Section 6A.70.047 of this chapter shall be 0.0146 percent of the selling price or value of the article used, as the case may be.

* * *

6A.70.120 Administration and collection of taxes.

The administration and collection of any and all sales or use taxes imposed by Sections 6A.70.010 and 6A.70.030 of this chapter shall be in accordance with the provisions of RCW 82.14.050. The administration and collection of the sales or use tax imposed by Section 6A.70.047 of this chapter shall be in accordance with the provision of Laws of 2019, ch. 338, § 1. The administration and collection of



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any leasehold excise tax imposed by Section 6A.70.050 of this chapter shall be in accordance with the provisions of RCW 82.29A. The administration and collection of any real estate excise taxes imposed by Sections 6A.70.080 and 6A.70.100 of this chapter shall be in accordance with the provisions of RCW 82.46.

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