



## Washington State Substitute House Bill 1406

City of Tacoma | Community and Economic Development

Study Session  
June 25, 2019



### ●●● Highlights of HB 1406



- Act to encourage investments in affordable and/or supportive housing
- State approved revenue sharing program for local governments
  - Local sales tax authority provides up to 0.0146% credit against State sales tax
  - **No increase in sales tax for consumer**

## ●●● Highlights of HB 1406



- Tax credit in place for up to 20 years
- Can be used for acquiring, rehabilitating or constructing affordable housing; operations and maintenance of new affordable or supportive housing facilities
- Funding must be spent on projects that serve persons whose income is at or below sixty percent of area median income

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## ●●● Highlights of HB 1406



- Current Annual Revenue/Credit Estimate: \$800-900K
  - To be fixed amount for 20 years
    - Based on State share of taxable retail sales in Tacoma during State **fiscal year 2019**
  - City can begin imposing State shared revenue tax on September 1<sup>st</sup>, 2019
- Authority given to issue general obligation or revenue bonds with funds
- City also allowed to enter into interlocal agreements with other jurisdictions

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## City Council Actions Required



- Must adopt a resolution of intent and an ordinance to authorize the maximum capacity of tax credit
- Resolution of intent must be done within six months of date legislation takes effect (Effective July 28, 2019)
  - 6-month range = July 28 - December 28
- Ordinance to impose tax must be done within one year of the date legislation takes effect (after July 28, 2019)
- Earliest date Tacoma able to adopt resolution of intent and legislation to impose tax through double emergency ordinance is July 30<sup>th</sup> (for tax to be imposed/take effect September 1st)
- Requires approval of at least six Council Members

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## Next Steps



- July 30<sup>th</sup> Study Session
  - Recommendations for use of funding incorporated into Affordable Housing Action Strategy Presentation
- July 30<sup>th</sup> City Council Meeting
  - Resolution of Intent
  - Double Emergency Ordinance to impose new state shared revenue tax
- September 1<sup>st</sup>
  - State Sales Tax shared revenue tax effective

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