



# SEATTLE CITY COUNCIL

## Legislative Summary

CB 119590

Record No.: CB 119590

Type: Ordinance (Ord)

Status: Passed

Version: 1

Ord. no: Ord 125887

In Control: City Clerk

File Created: 07/15/2019

Final Action: 08/14/2019

**Title:** AN ORDINANCE relating to taxation; imposing a local sales and use tax to fund investments in affordable and supportive housing; adding new Sections 5.60.025 and 5.60.027 to the Seattle Municipal Code; amending Section 5.60.030 of the Seattle Municipal Code; and ratifying and confirming certain prior acts.

### Date

#### Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: Mosqueda, Herbold

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

#### Attachments:

Drafter: patrick.wigren@seattle.gov

Filing Requirements/Dept Action:

### History of Legislative File

Legal Notice Published:

☐ Yes

☐ No

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Clerk	07/23/2019	sent for review	Council President's Office			
	<b>Action Text:</b> The Council Bill (CB) was sent for review. to the Council President's Office						
1	Council President's Office	07/25/2019	sent for review	Housing, Health, Energy, and Workers' Rights Committee			
	<b>Action Text:</b> The Council Bill (CB) was sent for review. to the Housing, Health, Energy, and Workers' Rights Committee						
1	City Council	07/29/2019	referred	Housing, Health, Energy, and Workers' Rights Committee			
1	Housing, Health, Energy, and Workers' Rights Committee	08/01/2019	pass				Pass

**Action Text:** The Committee recommends that City Council pass the Council Bill (CB).

In Favor: 4 Chair Mosqueda, Vice Chair Juarez, Member Bagshaw, Alternate Herbold

Opposed: 0

1 City Council 08/12/2019 passed

Pass

**Action Text:** The Council Bill (CB) was passed by the following vote, and the President signed the Bill:

In Favor: 8 Councilmember Bagshaw, Council President Harrell, Councilmember Herbold, Councilmember Juarez, Councilmember Mosqueda, Councilmember O'Brien, Councilmember Pacheco, Councilmember Sawant

Opposed: 0

1 City Clerk 08/13/2019 submitted for Mayor's signature Mayor

**Action Text:** The Council Bill (CB) was submitted for Mayor's signature. to the Mayor

1 Mayor 08/14/2019 Signed

1 Mayor 08/14/2019 returned City Clerk

1 City Clerk 08/14/2019 attested by City Clerk

**Action Text:** The Ordinance (Ord) was attested by City Clerk.

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**CITY OF SEATTLE**

**ORDINANCE** 125887

**COUNCIL BILL** 119590

AN ORDINANCE relating to taxation; imposing a local sales and use tax to fund investments in affordable and supportive housing; adding new Sections 5.60.025 and 5.60.027 to the Seattle Municipal Code; amending Section 5.60.030 of the Seattle Municipal Code; and ratifying and confirming certain prior acts.

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 Seattle; and

WHEREAS, Seattle residents and families experiencing severe housing cost burden, displacement, and homelessness are disproportionately people of color; 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, investing in permanent supportive housing is a proven, cost-effective, and humane solution to provide stability, security, and access to critical health and social services for people exiting homelessness; and

WHEREAS, for over 35 years, the Seattle Office of Housing has invested in affordable housing and permanent supportive housing across the city; and

WHEREAS, The City of Seattle 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

1  
2 WHEREAS, during the 2019 session, the Washington State Legislature enacted SHB 1406  
3 (published as Chapter 338, Laws of 2019) that authorizes cities that have enacted a  
4 qualifying local tax, such as The City of Seattle's 2016 housing levy under RCW  
5 84.55.050, to impose a local sales and use tax of 0.0146 percent; and

6 WHEREAS, the local sales and use tax will be credited against the state sales and use tax so that  
7 the total tax paid by the consumer will not increase; and

8 WHEREAS, the local sales and use tax revenue shall be spent on acquiring, rehabilitating, or  
9 constructing affordable housing or supportive housing and other related expenditures as  
10 authorized by Chapter 338, Laws of 2019; and

11 WHEREAS, Chapter 338, Laws of 2019 authorizes The City of Seattle to issue general  
12 obligation or revenue bonds to carry out the purposes of the legislation and to pledge the  
13 revenue collected by the local sales and use tax to repay the bonds; and

14 WHEREAS, the City Council, in accordance with Chapter 338, Laws of 2019, has adopted a  
15 resolution of intent to adopt legislation to authorize the maximum capacity of the tax  
16 within six months of the effective date of Chapter 338, Laws of 2019; and

17 WHEREAS, The City of Seattle intends to impose the maximum local sales and use tax  
18 authorized under Chapter 338, Laws of 2019; NOW, THEREFORE,

19 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

20 Section 1. A new Section 5.60.025 is added to the Seattle Municipal Code as follows:

21 **5.60.025 Imposition of sales and use tax for affordable and supportive housing**

22 A. There is imposed a sales and use tax, as the case may be, as authorized by Chapter  
23 338, Laws of 2019, which shall be codified in chapter 82.14 RCW, upon every taxable event, as  
24 defined in chapter 82.14 RCW, occurring within the City of Seattle. The tax shall be imposed

1 upon and collected from those persons from whom the state sales tax or use tax is collected  
2 pursuant to chapter 82.08 and 82.12 RCW.

3 B. The rate of the tax imposed by this Section 5.60.025 shall be 0.0146 percent of the  
4 selling price or value of the article used, as the case may be.

5 C. The tax imposed under this Section 5.60.025 shall be deducted from the amount of tax  
6 otherwise required to be collected or paid to the Department of Revenue under chapter 82.08 or  
7 82.12 RCW. Under subsection 1(3) of Chapter 338, Laws of 2019, the Department of Revenue  
8 will perform the collection of such taxes on behalf of The City of Seattle at no cost to the City.

9 D. Under subsections 1(4) and 1(5) of Chapter 338, Laws of 2019, the Department of  
10 Revenue will calculate the maximum amount of tax distributions for The City of Seattle based on  
11 the taxable retail sales in the City in state fiscal year 2019, and the tax imposed under this  
12 Section 5.60.025 will cease to be distributed to the City of Seattle for the remainder of any state  
13 fiscal year in which the amount of tax exceeds the maximum amount of tax distributions for the  
14 City as properly calculated by the Department of Revenue. Distributions to The City of Seattle  
15 that have ceased during a state fiscal year shall resume at the beginning of the next state fiscal  
16 year.

17 Section 2. A new Section 5.60.027 is added to the Seattle Municipal Code as follows:

18 **5.60.027 Purposes of tax**

19 A. The City may use the moneys collected by the tax imposed under section 5.60.025 or  
20 bonds issued under subsection 1(9) of Chapter 338, Laws of 2019 only for the following  
21 purposes and in accordance with Chapter 338, Laws of 2019:

1                   1. Acquiring, rehabilitating, or constructing affordable housing, which may  
2 include new units of affordable housing within an existing structure or facilities providing  
3 supportive housing services under RCW 71.24.385; or

4                   2. Funding the operations and maintenance costs of new units of affordable or  
5 supportive housing.

6           B. The housing and services provided under this Section 5.60.027 may only be provided  
7 to persons whose income is at or below 60 percent of the median income of the City.

8           C. In determining the use of funds under this Section 5.60.027, the City must consider  
9 the income of the individuals and families to be served, the leveraging of the resources made  
10 available under Section 5.60.025, and the housing needs within the City.

11           D. The Director of the Office of Housing must report annually to the Washington State  
12 Department of Commerce, in accordance with the Department's rules, on the collection and use  
13 of the revenue from the tax imposed under Section 5.60.025.

14           E. Under subsection 1(12) of Chapter 338, Laws of 2019, the tax imposed by the City  
15 under Section 5.60.025, as well as Section 5.60.025 and this Section 5.60.027, will expire 20  
16 years after the date on which the tax is first imposed. The Finance Director shall provide notice  
17 to the City Council and the Mayor of the expiration date of the tax each year beginning three  
18 years before the expiration date, and shall also promptly notify the City Council and Mayor of  
19 any changes to the expiration date.

20           Section 3. Section 5.60.030 of the Seattle Municipal Code, enacted by Ordinance 110877,  
21 is amended as follows:

22   **5.60.030 Administration and collection of tax((=))**

1 The administration and collection of the tax imposed by this ((chapter)) Chapter 5.60 shall be in  
2 accordance with the provisions of RCW 82.14.050 and Chapter 338, Laws of 2019.

3 Section 4. The Finance Director is authorized to provide any necessary notice to the  
4 Department of Revenue to effectuate the tax enacted by this ordinance and to execute, for and on  
5 behalf of The City of Seattle, any necessary agreement with the Department of Revenue for the  
6 collection and administration of the tax enacted by this ordinance.

7 Section 5. Any notice given or agreement executed by the Finance Director as authorized  
8 by Section 4 of this ordinance prior to the effective date of this ordinance is ratified and  
9 confirmed.

10 Section 6. Sections 1 through 3 of this ordinance shall take effect on October 1, 2019.

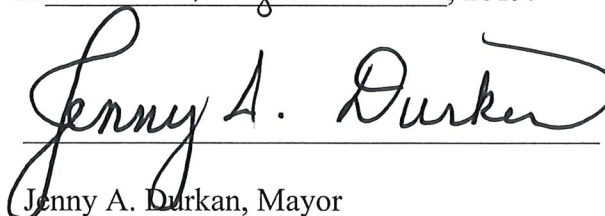
11 Section 7. This ordinance shall take effect and be in force 30 days after its approval by  
12 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it  
13 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

1 Passed by the City Council the 12<sup>th</sup> day of August, 2019,  
2 and signed by me in open session in authentication of its passage this 12<sup>th</sup> day of  
3 August, 2019.

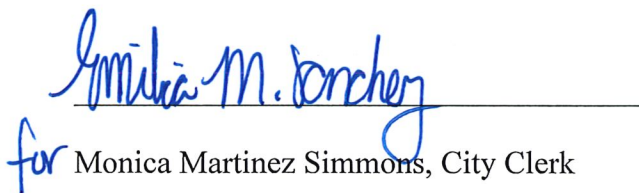
4 

5 President \_\_\_\_\_ of the City Council

6 Approved by me this 14<sup>th</sup> day of August, 2019.

7   
8 Jenny A. Durkan, Mayor

9 Filed by me this 14<sup>th</sup> day of August, 2019.

10   
11 for Monica Martinez Simmons, City Clerk

12 (Seal)



## **SUMMARY and FISCAL NOTE\***

<b>Department:</b>	<b>Dept. Contact/Phone:</b>	<b>CBO Contact/Phone:</b>
Legislative Department	Traci Ratzliff/206-684-8153	Waslala Miranda/206-233-5044

*\* Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

### **1. BILL SUMMARY**

**Legislation Title:** AN ORDINANCE relating to taxation; imposing a local sales and use tax to fund investments in affordable and supportive housing; adding new Sections 5.60.025 and 5.60.027 to the Seattle Municipal Code; amending Section 5.60.030 of the Seattle Municipal Code; and ratifying and confirming certain prior acts.

**Summary and background of the Legislation:** The Executive is proposing this legislation to provide additional revenue for affordable housing. The State enacted legislation, SHB 1406 (published as Chapter 338, Laws of 2019), that allows cities and counties that have passed certain qualifying local taxes, such as the City's 2016 housing levy, to impose a local sales and use tax for 20 years provided that the revenue is spent on building new or rehabilitating existing affordable housing units, or providing operating and maintenance subsidies for new units of affordable or supportive housing. Affordable housing and services may only be provided to those whose income is at or below 60% of the median income of the City. Participating cities and counties can bond against future revenue for the purposes of this legislation and repay the bonds. This legislation is necessary because the City of Seattle must adopt a resolution of intent to adopt legislation to authorize the maximum capacity of the local sales and use tax six months after the effective date of SHB 1406 or January 28, 2020 and must enact legislation to enact the tax within twelve months of the effective date of SHB 1406. .

### **2. CAPITAL IMPROVEMENT PROGRAM**

Does this legislation create, fund, or amend a CIP Project? \_\_\_ Yes X No

### **3. SUMMARY OF FINANCIAL IMPLICATIONS**

Does this legislation amend the Adopted Budget? X Yes \_\_\_ No

Appropriation change (\$):	General Fund \$		Other \$	
	2019	2020	2019	2020
	\$0	\$0	\$0	\$4,500,000
Estimated revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2019	2020	2019	2020
	\$0	\$0	\$0	\$4,500,000

Positions affected:	No. of Positions		Total FTE Change	
	2019	2020	2019	2020
	0.0	0.0	0.0	0.0

**Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**  
No.

**Is there financial cost or other impacts of *not* implementing the legislation?**

The failure to pass this legislation would prevent the City from accessing \$4.5 million in additional revenue to fund investments in affordable housing for low-income residents of Seattle.

### 3.a. Appropriations

**X** This legislation adds, changes, or deletes appropriations.

Fund Name and number	Dept	Budget Control Level Name/#*	2019 Appropriation Change	2020 Estimated Appropriation Change
Office of Housing Low-Income Housing Fund 16400	OH	Multifamily Housing/BO-HU- 3000	\$0	\$4,445,000
Office of Housing Operating Fund 16600	OH	Multifamily Housing/BO-HU- 3000	\$0	\$45,000
<b>TOTAL</b>			<b>\$0</b>	<b>\$4,500,000</b>

*\*See budget book to obtain the appropriate Budget Control Level for your department.*

**Is this change one-time or ongoing?**

This change is ongoing for 20 years until the tax expires.

### 3.b. Revenues/Reimbursements

**X** This legislation adds, changes, or deletes revenues or reimbursements.

#### Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2019 Revenue	2020 Estimated Revenue
Office of Housing Low-Income Housing Fund 16400	OH	Local sales or use tax	\$0	\$4,445,000
Office of Housing Operating Fund 16600	OH	Local sales or use tax	\$0	\$45,000
<b>TOTAL</b>			<b>\$0</b>	<b>\$4,500,000</b>

**Is this change one-time or ongoing?**

This change is ongoing for 20 years until the tax expires.

### 3.c. Positions

       This legislation adds, changes, or deletes positions.

### 4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?  
Yes, the Office of Housing will use the new revenue to manage investments in affordable housing.
- b. Is a public hearing required for this legislation?  
No.
- c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?  
No.
- d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?  
No.
- e. Does this legislation affect a piece of property?  
No.
- f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged

**communities? What is the Language Access plan for any communications to the public?**

This legislation is aimed at providing additional resources to support the production, preservation, or operation of affordable housing and permanent supportive housing serving Seattle residents and families earning incomes at or below 60% of the local median. Seattle residents experiencing severe housing cost burden, displacement, and homelessness are disproportionately people of color and represent some of the most vulnerable or historically disadvantaged communities in our city. The City of Seattle is committed to affirmatively furthering fair housing, which includes increasing affordable housing options, ending segregation and discrimination, and addressing displacement. Increasing investments in affordable housing and permanent supportive housing is critical to addressing these and other long-standing racial disparities.

- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**

This legislation creates a new initiative that allows the City to retain local sales and use tax for 20 years to build new or rehabilitate existing affordable housing units, or providing operating and maintenance subsidies for new units of affordable or supportive housing. The Office of Housing will monitor the use of these funds in conjunction with annual investment reports, which track progress toward Citywide goals for production and preservation of affordable housing.

**List attachments/exhibits below:**

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STATE OF WASHINGTON – KING COUNTY

--SS.

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377197  
CITY OF SEATTLE, CLERKS OFFICE

No.

**Affidavit of Publication**

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12<sup>th</sup> day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:TITLE ONLY ORDINANCE

125886,125887,125888,125889,125890,125891,125892,125893,125894,125895,125896,125897

was published on

08/29/19



Affidavit of Publication

A handwritten signature in blue ink, appearing to be "M. J. P.", written over a horizontal line.

Subscribed and sworn to before me on

08/28/2019

A handwritten signature in blue ink, appearing to be "J. Barnes", written over a horizontal line.

Notary public for the State of Washington,  
residing in Seattle

# State of Washington, King County

## City of Seattle

### Title Only Ordinances

The full text of the following legislation, passed by the City Council on August 12, 2019, and published below by title only, will be mailed upon request, or can be accessed at <http://seattle.legistar.com>. For information on upcoming meetings of the Seattle City Council, please visit <http://www.seattle.gov/council/calendar>.

Ordinance 125886

Council Bill 119551

AN ORDINANCE related to creating a fund for Sweetened Beverage Tax revenues; adding a new Section 5.53.055 to the Seattle Municipal Code; and providing additional guidelines for expending proceeds.

Ordinance 125887

Council Bill 119590

AN ORDINANCE relating to taxation; imposing a local sales and use tax to fund investments in affordable and supportive housing; adding new Sections 5.60.025 and 5.60.027 to the Seattle Municipal Code; amending Section 5.60.030 of the Seattle Municipal Code; and ratifying and confirming certain prior acts.

Ordinance 125888

Council Bill 119605

AN ORDINANCE appropriating money to pay certain audited claims for the week of July 29, 2019 through August 2, 2019 and ordering the payment thereof.

Ordinance 125889

Council Bill 119602

AN ORDINANCE relating to the financing of the Center City Streetcar Connector project; authorizing the loan of funds in the amount of \$9,000,000 for design of the streetcar; amending Ordinance 125724, which adopted the 2019 Budget, including the 2019-2024 Capital Improvement Program (CIP); changing appropriations to the Seattle Department of Transportation; and revising project allocations and spending plans for certain projects in the 2019-2024 CIP.

Ordinance 125890

Council Bill 119594

AN ORDINANCE relating to interpretations, corrections, and revisions of the Seattle Municipal Code; creating the position of code reviser; authorizing the code reviser to correct and revise nonsubstantive errors in the Seattle Municipal Code; adding rules of construction for the Seattle Municipal Code; amending Section 1.01.020 of the Seattle Municipal Code; and adding a new Chapter 1.03 and Sections 1.04.030, 1.04.040, 1.04.050, 1.04.060, 1.04.070, and 1.04.080 to the Seattle Municipal Code.

Ordinance 125891

Council Bill 119595

AN ORDINANCE relating to the Technology Matching Fund; making allocations and authorizing implementation of certain Technology Matching Fund projects in 2019; and allowing that any unspent funds from an individual project may be applied to another project that meets the goals of the Digital Equity Initiative.

Ordinance 125892

Council Bill 119599

AN ORDINANCE relating to The City of Seattle's continued use of Cascade Public Media's Capitol Hill transmission site and tower; authorizing the Director of Finance and Administrative Services to execute a 15-year lease with Cascade Public Media governing the City's continued use of the transmission site and tower for radio equipment and associated antennae; amending Ordinance 125724, which adopted the 2019 Budget; changing appropriations to various departments and budget control levels, and

from various funds in the Budget; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.

Ordinance 125893

Council Bill 119572

AN ORDINANCE amending Ordinance 125493, which amended the 2018 Budget (Ordinance 125475), including the 2018-2023 Capital Improvement Program (CIP); changing appropriations to various departments and budget control levels, and from various funds in the Budget; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.

Ordinance 125894

Council Bill 119574

AN ORDINANCE authorizing, in 2019, acceptance of funding from non-City sources; authorizing the heads of the Executive Department, Seattle Police Department, Seattle City Light, and the Department of Parks and Recreation to accept specified grants, private funding, and subsidized loans and to execute, deliver, and perform corresponding agreements; and ratifying and confirming certain prior acts.

Ordinance 125895

Council Bill 119575

AN ORDINANCE amending Ordinance 125724, which adopted the 2019 Budget, including the 2019-2024 Capital Improvement Program (CIP); changing appropriations to various departments and budget control levels, and from various funds in the Budget; revising project allocations for certain projects in the 2019-2024 CIP; creating both exempt and non-exempt positions; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.

Ordinance 125896

Council Bill 119576

AN ORDINANCE amending Ordinance 125724, which adopted the 2019 Budget, including the 2019-2024 Capital Improvement Program (CIP); changing appropriations to various departments and budget control levels, and from various funds in the Budget; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.

Ordinance 125897

Council Bill 119573

AN ORDINANCE amending Ordinance 125724, which adopted the 2019 Budget, including the 2019-2024 Capital Improvement Program (CIP); changing appropriations to various departments and budget control levels, and from various funds in the Budget; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.

Date of publication in the Seattle Daily Journal of Commerce, August 28, 2019.

8/28(377197)