



ORDINANCE NO. 28747

1 AN ORDINANCE relating to local sales or use taxes; authorizing the maximum
2 capacity of the tax authorized under the provisions of House Bill 1590
3 for housing and related services; amending Chapter 6A.70 of the Tacoma
4 Municipal Code by the addition of two new sections, to be known and
5 designated as Section 6A.70.041, "Additional sales or use tax for housing
6 and related services—Imposition," and Section 6A.70.042, "Additional sales
7 or use tax for housing and related services – Rate"; and by amending
8 Section 6A.70.120, regarding administration and collection of the tax.

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

11 WHEREAS today a minimum of 33,000 households, or 40 percent of renter
12 households in Tacoma, pay at least 30 percent of their income on housing costs
13 each month, reducing their ability to meet other needs like transportation,
14 childcare, or healthcare, and

15 WHEREAS 16 percent of these cost-burdened households pay more than
16 50 percent of their income on housing costs, and

17 WHEREAS, for every 100 very low-income households in Tacoma, there
18 are only 45 affordable units, and

19 WHEREAS significant numbers of individuals and families continue to enter
20 homelessness due to factors related to job loss, stagnant and declining wages,
21 family crisis and domestic violence, substance abuse, mental health issues, loss of
22 housing, and lack of affordable housing, and

23 WHEREAS the City needs to stay affordable to help maintain the quality of
24 life that Tacoma is known for, and to ensure housing costs do not worsen as the
25 City grows over time, and
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WHEREAS, in the 2020 Regular Session, the Washington State Legislature approved, and the Governor signed, House Bill 1590, which became Chapter 222, Laws of Washington 2020 (“the Act”), and

WHEREAS the Act authorizes the governing body of a city to impose a local sales and use tax, by councilmanic vote, 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, and

WHEREAS the maximum amount authorized to be collected under the Act is one-tenth of 1 percent, and

WHEREAS the Act allows the City to authorize and collect a local sales or use tax, estimated to be between \$4.5 million and \$5.5 million annually, for housing and related services, and

WHEREAS at least 60 percent of the proceeds from this tax funding must be used for the following purposes: (i) constructing affordable housing, which may include new units of affordable housing within an existing structure, and facilities providing housing-related services; (ii) constructing mental and behavioral health-related facilities; or (iii) funding the operations and maintenance costs of new units of affordable housing and facilities where housing-related programs are provided, or newly constructed evaluation and treatment centers, and

WHEREAS the affordable housing and facilities providing housing-related programs may only be provided to persons within any of the following population



1 groups whose income is at or below 60 percent of the median income of the county
2 imposing the tax: (i) persons with behavioral health disabilities; (ii) veterans;
3 (iii) senior citizens; (iv) homeless, or at-risk of being homeless, families with
4 children; (v) unaccompanied homeless youth or young adults; (vi) persons with
5 disabilities; or (vii) domestic violence survivors, and

6 WHEREAS the remainder of the moneys collected under the Act must be
7 used for the operation, delivery, or evaluation of mental and behavioral health
8 treatment programs and services or housing-related services, and

9 WHEREAS the Act also authorizes the City to issue general obligation or
10 revenue bonds, and is authorized to pledge, up to 50 percent of the moneys
11 collected under the Act for repayment of such bonds in order to finance the
12 provision or construction of affordable housing, facilities where housing-related
13 programs are provided, or for evaluation and treatment centers as described in the
14 Act, and

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17 WHEREAS, before expending these funds, the City will meet with
18 stakeholders to determine how best to use the moneys from the Act and review a
19 strategic spending plan with the City Council outlining how the moneys from the
20 Act will be spent, and

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22 WHEREAS, in an effort to develop relationships with the local community
23 and promote the local work force and subcontracting businesses, recipients
24 undertaking development projects using these funds will be required to comply with
25 state and federal requirements regarding labor and contracting, and to use their
26 best efforts to comply with the City of Tacoma's Local Employment and



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Apprenticeship Training Program and Equity in Contracting program by working with and encouraging developers and contractors performing work on the project to make good faith efforts to comply with those programs, and

WHEREAS the City is proposing to amend Chapter 6A.70 of the Tacoma Municipal Code by adding a new Section 6A.70.041, “Additional sales or use tax for housing and related services—Imposition,” and a new Section 6A.70.042, “Additional sales or use tax for housing and related services – Rate,” to authorize this one-tenth of 1 percent tax; and by amending Section 6A.70.120, regarding administration and collection of the tax, and

WHEREAS, pursuant to RCW 82.14.055(1), the Washington State Department of Revenue will begin collecting this tax on July 1, 2021; Now, Therefore,

BE IT ORDAINED BY THE CITY OF TACOMA:

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



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Section 2. That City staff will review a strategic spending plan with the City Council, outlining how the moneys from the Act will be spent.

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.70.041 Additional sales or use tax for housing and related services– Imposition.
- 6A.70.042 Additional sales or use tax for housing and related services– 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.70.041 Additional sales or use tax for housing and related services– 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, and 6A.70.045, as authorized by RCW 82.14.530, 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. Moneys collected under this subchapter must be used solely, as required by RCW 82.14.530 and as hereinafter amended, for the purpose of providing for housing and related services.

6A.70.042 Additional sales or use tax for housing and related services– Rate.

The rate of the tax imposed by Section 6A.70.041 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.

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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 and 6A.70.041 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 RCW 82.14.540. The administration and collection of 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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