

**ORDINANCE NO. 1726**

**AN ORDINANCE OF THE CITY OF DES MOINES, WASHINGTON** relating to finance, imposing a sales and use tax for affordable and supportive housing in accordance with RCW 84.14.540, fixing the rate of the tax, defining the permissible uses of the proceeds of the tax, setting an expiration date, and adding and codifying a new chapter to Title 3 DMMC entitled "*Additional Sales and Use Tax for Affordable and Supportive Housing.*"

**WHEREAS**, in the 2019 Regular Session, the Washington State Legislature approved, and the Governor signed, Substitute House Bill 1406 (Chapter 338, Laws of 2019, now codified at RCW 82.14.540, and

**WHEREAS**, RCW 82.14.540 authorizes the governing body of a city or county to impose a local sales and use tax for the acquisition, construction or rehabilitation of affordable housing or facilities providing supportive housing, for the operations and maintenance costs of affordable or supportive housing, or, if eligible, for providing rental assistance to tenants, and

**WHEREAS**, the tax will be credited against state sales taxes collected within the City and, therefore, will not result in higher sales and use taxes within the City and will represent an additional source of funding to address housing needs in the City, and

**WHEREAS**, the tax must be used to assist persons whose income is at or below sixty percent of the City median income, and

**WHEREAS**, the City has entered into the SKHHP interlocal agreement and has deemed the housing crisis to be something to approach collaboratively with South King County cities and has determined that imposing the sales and use tax to address this need will benefit its citizens, and

**WHEREAS**, in order for a city or county to impose the tax, within six months of the effective date of SHB 1406, or January 28, 2020, the governing body must adopt a resolution of intent to authorize the maximum capacity of the tax, and within twelve months of the effective date of SHB 1406, or July 28, 2020, must

adopt legislation to authorize the maximum capacity of the tax,  
and

**WHEREAS**, the City Council enacted Resolution No. 1403 at the regular City Council meeting on September 5, 2019, declaring the City's intent to authorize the maximum capacity of the tax,  
and

**WHEREAS**, the maximum rate of tax that may be levied under RCW 82.14.540 by a City lying within a County that imposes its own tax under RCW 82.14.540 is seventy-three ten-thousands of one percent (0.0073%), and

**WHEREAS**, the King County Council enacted Ordinance 18973 on August 28, 2019, imposing a sales and use tax for affordable and supportive housing pursuant to RCW 82.14.540, and

**WHEREAS**, the City Council finds that imposing the maximum additional sales and use tax authorized by SHB 1406 and RCW 82.14.540 is necessary and proper to promote the health, safety, and welfare of the public; now therefore,

**THE CITY COUNCIL OF THE CITY OF DES MOINES ORDAINS AS FOLLOWS:**

**Sec. 1. Imposition.** There is imposed a sales and use tax for affordable and supportive housing as authorized by RCW 82.14.540 upon every taxable event occurring within the City as defined in RCW 82.14.020.

**Sec. 2. Rate.** The rate of tax imposed by section 1 of this ordinance shall be seventy-three ten-thousands of one percent (0.0073%) of the selling price in the case of a sales tax, or value of the article used, in the case of a use tax. The tax imposed under this section 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.

**Sec. 3. Use of State-Shared Affordable Housing Sales and Use Tax Receipts.** Proceeds from the sales and use tax for affordable and supportive housing imposed by section 1 of this ordinance shall be used only for the purposes provided in RCW 82.14.540(6). The City may enter into an interlocal agreement

with one or more counties, cities, or public housing authorities in accordance with chapter 39.34 RCW and RCW 82.14.540(10).

**Sec. 4. Administration - Collection.** The administration and collection of the tax imposed by this chapter shall be in accordance with the provisions of RCW 82.14.540.

**Sec. 5. Expiration.** The tax imposed under section 1 of this ordinance shall expire twenty years after the date on which the tax is first imposed.

**Sec. 6. Contract with Department of Revenue.** The City Manager or the City Manager's designee is authorized to enter into a contract with the Department of Revenue for the administration of this tax.

**Sec. 7. Codification.** Sections 1 through 6 of this ordinance shall be codified as a new chapter in Title 3 DMMC entitled "Additional Sales and Use Tax for Affordable and Supportive Housing."

**Sec. 8. Severability - Construction.**

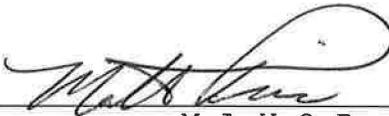
(1) If a section, subsection, paragraph, sentence, clause, or phrase of this ordinance is declared unconstitutional or invalid for any reason by any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance.

(2) If the provisions of this ordinance are found to be inconsistent with other provisions of the Des Moines Municipal Code, this ordinance is deemed to control.

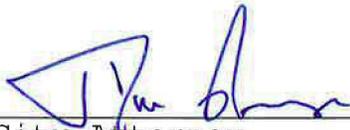
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**Sec. 9. Effective date.** This ordinance shall take effect and be in full force five (5) days after its passage and approval in accordance with law.

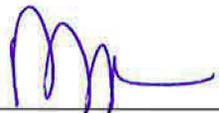
**PASSED BY** the City Council of the City of Des Moines this 14th day of November, 2019 and signed in authentication thereof this 14th day of November, 2019.

  
M A Y O R

APPROVED AS TO FORM:

  
City Attorney

ATTEST:

  
City Clerk

Published: November 19, 2019