

ORDINANCE NO. 4836

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ELLENSBURG, WASHINGTON, IMPOSING THE LOCAL SALES AND USE TAX AUTHORIZED UNDER LAWS OF 2019, CH. 338 (HOUSE BILL 1406) TO BE USED FOR THE AFFORDABLE HOUSING AND RELATED PURPOSES SET FORTH THEREIN; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

WHEREAS, in the 2019 Regular Session, the Washington State Legislature approved, and the Governor signed, Substitute House Bill 1406 (chapter 338, Laws of 2019) (“SHB 1406”); and

WHEREAS, SHB 1406 authorizes the governing body of a city with a population of 100,000 or less to impose a local sales and use tax for the acquisition, construction or rehabilitation of affordable housing or facilities providing supportive housing, operations and maintenance costs of affordable or supportive housing, or rental assistance to tenants; and

WHEREAS, the tax will be credited against existing 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 identified a housing affordability crisis, with 47% of all Ellensburg households identified as cost-burdened, coupled with a vacancy rate below 1%, 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;

NOW, THEREFORE, the City Council of the City of Ellensburg, Washington, do hereby ordain as follows:

Section 1. Findings. The City Council (the “Council”) of the City of Ellensburg, Washington (the “City”), makes the following findings and determinations:

1.1 SHB 1406 authorizes cities to adopt a sales and use tax increase of 0.0146% (the “State-Shared Affordable Housing Sales and Use Tax”), provided that the revenues are dedicated to the affordable housing purposes as defined in that statute. Upon adoption of the increase, the

tax imposed will be deducted from the amount of State sales and use tax otherwise required to be collected within the City, subject to the annual cap described in that statute.

1.2 The Council on August 5, 2019 adopted Resolution 2019-20 (the “Resolution of Intent”) declaring its intent to authorize the maximum capacity of the tax authorized under SHB 1406.

1.3 The City currently imposes the following Qualifying Local Tax: the sales and use tax for housing and related services authorized under RCW 82.14.530 at a rate of at least 0.01% (one-tenth of one percent);

1.4 The Council finds that the City has satisfied all prerequisites to imposing the State-Shared Affordable Housing Sales and Use Tax at a rate of 0.0146%, including having imposed a Qualifying Local Tax, and finds it in the City’s best interest to begin imposing the tax.

Section 2. Affordable Housing Sales and Use Tax Imposed.

2.1 Tax Imposed; Effective Date. The State-Shared Affordable Housing Sales and Use Tax shall be imposed at a rate of 0.0146% 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 shall become effective as of December 1, 2019 (the first day of the first month that is at least thirty days after the Department of Revenue receives notice of the change) or the earliest practicable date consistent with RCW 82.14.055.

2.2 Use of State-Shared Affordable Housing Sales and Use Tax Receipts. All proceeds from the State-Shared Affordable Housing Sales and Use Tax shall be used for the affordable housing purposes as defined in SHB 1406, as it may be amended from time to time, which currently includes the following restrictions:

(a) Revenues may only be used for (i) 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; (ii) funding the operations and maintenance costs of new units of affordable or supportive housing; or (iii) for providing rental assistance to tenants.

(b) The housing and services funded by these revenues may only be provided to persons whose income is at or below 60% of the median income of the City.

(c) The City’s Affordable Housing Commission or their designee is authorized to develop and recommend to the City Council for adoption policies and procedures for administering the use of such funds and for measuring and determining compliance with the income and other use restrictions, which shall consider the income of the individuals and families to be served, the leveraging of the resources made available under this section, and the housing needs within the City.

2.3 Tax Imposed, Expiration Date. The tax imposed by this Ordinance expires twenty years after the date on which the tax is first imposed.

Section 3. Administration. The City Clerk is directed to cause a certified copy of this ordinance to be delivered to the State of Washington Department of Revenue and any other public officers or agencies required by law. The City Finance Director and other appropriate officers are authorized and directed to enter into such contracts with and provide such notices to the State Department of Revenue and other appropriate state or local agencies for the collection and distribution of receipts of the tax imposed by this ordinance as may be necessary or convenient consistent with chapter 82.14 RCW and other applicable law.

Section 4. Non-Codification. This Ordinance shall not be codified in the Ellensburg City Code.

Section 5. Ratification. All actions taken in furtherance of and not inconsistent with this ordinance are ratified and confirmed in all respects.


Section 6. Severability. If any portion of this ordinance is declared invalid or unconstitutional by any court of competent jurisdiction, such holding shall not affect the validity of the remaining portion(s) of this ordinance.

Section 7. Corrections. Upon the approval of the City Attorney, the City Clerk and the codifiers of this ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

Section 8. Effective Date. This ordinance shall take effect and be in force five (5) days after its passage, approval and publication.

The foregoing ordinance was passed and adopted at a regular meeting of the City Council on the 7th day of October, 2019.

ATTEST:


MAYOR

CITY CLERK

Approved as to form:



CITY ATTORNEY

Publish: 10-10-19

I, Beth Leader, City Clerk of said City, do hereby certify that Ordinance No. 4836 is a true and correct copy of said Ordinance of like number as the same was passed by said Council, and that Ordinance No. 4836 was published as required by law.



BETH LEADER