

**Ordinance No. 647**

***Ensuring the Retainage of State Sales and Use Tax for  
Affordable Housing Pursuant to SHB 1406***

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 or county to impose a local sales and use tax for the acquisition, construction or rehabilitation of affordable housing or facilities providing supportive housing, and for the operations and maintenance costs of affordable or supportive housing, for cities 100,000 or less: 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 be a new tax nor result in higher sales and use taxes within the City of Forks 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's median income; and

WHEREAS, the City adopted the required resolution of intent in December 2019 in order to participate in this tax retainage process at a State and County level and Resolution No. 481 was provided to the State Department of Revenue; and

WHEREAS, the statute requires the City to adopt an ordinance requesting the State Department of Revenue to retain the funds available to it and to provide those funds to the City pursuant to SHB 1406; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FORKS DO ORDAIN AS FOLLOWS:

Section 1. Findings

- 1.1 The City is only able to retain under the statute 0.0073% of the sales and use taxes remitted to the State for addressing affordable housing and homeless issues. The City has been told that it could expect as little as \$3,600 in the first year of retention and as high as \$7,500 in the twentieth year of retention.
- 1.2 The discussions to date have focused on the City retaining these funds and after the first full year of collection, the City may seek proposals from local providers to award all of the collected funds in any given year to the most cost and socially effective effort that would address the needs for which the funds were made available.

## Section 2. Tax Retention Authorized and Use. Effective date and Termination

- 2.1 The City imposes a state-shared affordable housing sales and use tax at the rate of 0.0073%, or as otherwise permitted by law, of the selling price when sales tax is applied and collected, or on the value of the article used when such taxes are also collected. The state-shared affordable housing sales and use tax shall be collected and retained by the Department of Revenue and provided to the City at the earliest practicable date consistent with state law and the Department's rules and regulations. The imposition of this is not a new tax, but rather the adoption of the authority to retain a portion of the tax that otherwise would be remitted to the State.
- 2.2 Use of the state-shared receipts shall only be for those purposes found within SHB 1406 (Chapter 338, Laws of 2019) and as codified in statute. This includes:
- (a) acquiring, rehabilitating, or constructing affordable housing, which may include new units within an existing structure or facilities providing supportive housing services under RCW 71.24.385 (behavioral health organizations);
  - (b) operations and maintenance costs of new units of affordable or supportive housing; and,
  - (c) the provision of rental assistance to tenants that are at or below 60% of the City's median income.
- 2.3 The state-shared affordable housing sales and use tax imposed within this ordinance shall expire twenty (20) years after its effective date, unless extended by State and City affirmative action.

## Section 3. Administration of Proceeds

- 3.1 All proceeds from the tax retained from the state-share of sales and use taxes from this ordinance shall be retained in a separate revenue account.
- 3.2 In each subsequent year for which funds were obtained, the City may through its regular budgeting process seek from local providers proposals for the use of the previous year's collected funds for the purposes noted above. In the course of the Council's annual budgeting process, a single award of the funds may be made to the proposal that would result in the most cost and socially effective effort to address the purposes for which the funds were authorized and collected.
- 3.3 The City Clerk/Treasurer shall be authorized to file any required copies of this ordinance, applications, requests, or other such items with the State Department of Revenue to ensure the retention of this tax by the City for these purposes. Further, the Mayor and their staff are authorized and directed to enter into contracts and provide notices required of State and County agencies needed to collect, retain and utilize these funds.

3.4 Following the approval by the Council of an award of funds as part of the annual budgeting process, the Mayor and their staff shall have the authority to execute any award letters and contracts needed to distribute the funds allocated by the Council.

Section 4. Codification

This ordinance shall be codified as a separate chapter in Title Three (3) of the Forks Municipal Code whose number shall be that determined by the codifier and the City Attorney.

Section 5. Ratification

All actions taken in furtherance of and consistent with this ordinance are ratified and confirmed in all respects in furtherance of the purpose of this ordinance.

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

The City Attorney, City Clerk and the codifiers of this ordinance are authorized to make any necessary corrections to this ordinance to include such things as scrivener's/clerical errors, references, ordinance number, section/subsection numbers, etc. Any such corrections cannot alter or impair the purposes and objectives associated with the adoption of this ordinance by the City Council.

Section 8. Effective Date

Upon passage and approval, this ordinance shall take effect and be in force five (5) days after its publication.

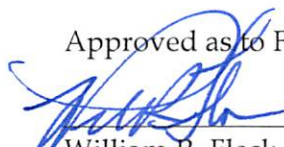
Passed by the City Council of the City of Forks during their regular meeting  
on this 9th day of March, 2020.

  
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Mayor Tim Fletcher

Attested to:

  
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Audrey Grafstrom, Clerk/Treasurer

Approved as to Form:

  
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William R. Fleck, Attorney/Planner