CLARK COUNTY STAFF REPORT

DEPARTMENT: County Council/County Manager

DATE: August 6th, 2019

REQUESTED ACTION:

During the July 17th Affordable Housing Work Session, the Council indicated desire to adopt a Resolution of Intent to Implement Substitute House Bill 1406 related to an affordable and supportive housing sales tax credited against the state sales tax. This resolution is the Resolution of Intent required by SHB 1406 prior to implementation of the sales and use tax.

	∠ Consent	_ Hearing	County Manager
 			

BACKGROUND

In 2019, the Washington State Legislature enacted, and the Governor subsequently signed, Substitute House Bill 1406. The bill allows counties to implement a local sales tax to fund affordable or supportive housing. If adopted, the sales tax will be credited against the state sales tax; thus, there will not be an increase in taxation on Clark County citizens. However, implementation of the tax would generate approximately \$350,000 per year in revenue for the county to use towards affordable or supportive housing.

The maximum rate is 0.0146% in the unincorporated county. Until July 28, 2020, the County may only levy the tax in the unincorporated county and within the city limits of any city in which the City Council affirmatively votes to *not* levy the 1406 tax. After July 28, 2020, the County Council may vote to implement the tax in the city limits of any city that has not taken action to implement the tax within that city.

The County may use the revenue for any of the following:

- Bonding against the revenue for affordable or supportive housing;
- Acquiring, rehabilitating, or constructing affordable housing, or facilities providing supportive housing to individuals with mental or behavioral health disorders; or
- Operations and maintenance costs of new units of affordable or supportive housing.

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COUNCIL POLICY IMPLICATIONS

See "Background" above.

ADMINISTRATIVE POLICY IMPLICATIONS

Adoption of the Resolution of Intent does not have administrative policy implications. However, implementation of the SHB 1406 sales and use tax may have administrative implications regarding funding of internal costs to administer the program, depending on how the program is ultimately structured as decided by the County Council.

COMMUNITY OUTREACH

There was a Council Work Session on July 17th, 2019. There will be a subsequent properly noticed hearing to adopt the ordinance required by SHB 1406, if the Council decides to proceed with adopting the ordinance.

BUDGET IMPLICATIONS

YES	NO	
X		Action falls within existing budget capacity.
		Action falls within existing budget capacity but requires a change of purpose within
		existing appropriation
		Additional budget capacity is necessary and will be requested at the next supplemental.
		If YES, please complete the budget impact statement. If YES, this action will be
		referred to the county council with a recommendation from the county manager.

DISTRIBUTION:			
Board staff will post all staff re	ports to The Grid. http:	//www.clark.wa.gov/th	egrid/

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Lindsey Shafai()	Shawn Henessee
Senior Policy Analyst	County Manager
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Primary Staff Contract Name and Extension:	Lindsey Shafar, x4157
CLARK COUNTY, WASHINGTON	
CLARK COUNTY COUNCIL	Will COOM
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Shawn Henessee, County Manager	
DATE:	
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1	RESOLUTION NO. 2019 - <u>08-02</u>
2	A RESOLUTION relating to declaring the intent of the Clark County Council to
4	adopt legislation to authorize a sales and use tax for affordable and supportive housing in
5	accordance with Substitute House Bill 1406 (Chapter 338, Laws of 2019).
6	WHEREAS, in the 2019 regular Washington state legislative session, the
7	Washington State Legislature approved, and the Governor signed, Substitute House Bill
8	1406 ("SHB 1406"); and
9	WHEREAS, SHB 1406 authorizes a governing body of a county to impose a local
10	sales and use tax for the acquisition, construction or rehabilitation of affordable housing
11	or facilities providing supportive housing, and for the operations and maintenance costs
12	of affordable or supportive housing; and
13	WHEREAS, the tax will be credited against state sales tax collected within the
14	County and within cities in the County that do not impose the tax by July 28, 2020, and
15	therefore will not result in higher sales and use taxes within the County, and will
16	represent an additional source of funding to address housing needs in the County; and
17	WHEREAS, the tax must be used to assist persons whose income is at or below
18	sixty percent of the County median income; and
19	WHEREAS, the County has a need for additional affordable and supportive
20	housing and has determined that imposing the sales and use tax to address this need will
21	benefit its citizens; and
22	WHEREAS, in order for a county to impose the tax, within six months of the
23	effective date of SHB 1406, or January 28, 2020, the governing body must adopt a

24	resolution of intent to authorize the maximum capacity of the tax, and within twelve
25	months of the effective date of SHB 1406, or July 28, 2020, must adopt legislation to
26	authorize the maximum capacity of the tax; and
27	WHEREAS, this resolution constitutes the resolution of intent required by SHB
28	1406; and
29	WHEREAS, the County Council now desires its intent to impose a local sales and
30	use tax as authorized by SB 1406 as set forth herein;
31	
32	NOW, THEREFORE,
33	BE IT ORDERED AND RESOLVED BY THE CLARK COUNTY
34	COUNCIL, STATE OF WASHINGTON, AS FOLLOWS:
35	Section 1. Resolution of Intent. The County Council declares its intent to adopt
36	legislation to authorize the maximum capacity of the sales and use tax authorized by SHB
37	1406 within one year of the effective date of SHB 1406, or by July 28, 2020.
38	Section 2. Effective Date. This resolution shall take effect immediately upon its
39	passage and adoption.
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42		CLARK COUNTY COUNCIL
43	Attest: /	CLARK COUNTY, WASHINGTON
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46	Clerk to the Council	Older Mines
47		(Eileen Quiring, Chair ()
48		
49	Approved as to Form Only:	
50	ANTHONY GOLIK	
51	Prosecuting Attorney	Temple Lentz, Councilor
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53		
54	By: Meldrife	
55	Emily Sheldrick,	Julie Olson, Councilor
56	Deputy Prosecuting Attorney	
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59		John Blom, Councilor
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63		Gary Medvigy, Councilor
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