

ORDINANCE O-4727

AN ORDINANCE OF THE CITY OF KIRKLAND ADOPTING LEGISLATION TO AUTHORIZE A SALES AND USE TAX FOR AFFORDABLE HOUSING AND FACILITIES PROVIDING SUPPORTIVE SERVICES IN ACCORDANCE WITH SUBSTITUTE HOUSE BILL 1406 (CHAPTER 338, LAWS OF 2019), AND ADOPTING KIRKLAND MUNICIPAL CODE CHAPTER 5.28.

1 WHEREAS, in the 2019 Regular Session, the Washington
2 State Legislature approved, and the Governor signed, Substitute
3 House Bill 1406 (Chapter 338, Laws of 2019) ("SHB 1406"); and

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

10 WHEREAS, the tax will be credited against state sales taxes
11 collected within the City of Kirkland ("City") and, therefore, will
12 not result in higher sales and use taxes within the City and will
13 represent an additional source of funding to address housing
14 needs in the City; and

15 WHEREAS, the tax must be used to assist persons whose
16 income is at or below sixty percent of the King County median
17 income; and

18 WHEREAS, the City Council adopted Resolution R-5313,
19 accepting the recommendations of the Housing Strategy Advisory
20 Group and putting in place the Housing Strategy Work Program
21 for 2018-2020; and

22 WHEREAS, on November 7, 2019, the City Council
23 approved Resolution R-5344, adopting the City's 2019 State
24 Legislative Agenda, which included supporting "new local funding
25 and policy tools to address homelessness and create more
26 affordable housing" as a top priority; and

27 WHEREAS, the City has determined that there is a demand
28 and need for affordable housing and that imposing the sales and
29 use tax to address this need will benefit its residents; and

30 WHEREAS, the City Council, in accordance with RCW
31 82.14.540, adopted Resolution R-5385 on September 3, 2019,
32 declaring its intent to adopt legislation to authorize the maximum
33 capacity of the sales and use tax authorized by SHB 1406; and

34 WHEREAS, the Department of Revenue requires 30 days'
35 notice of adoption of sales tax credits and the credit will then take
36 effect on the first day of the month following the 30-day period;
37 and

38 WHEREAS, the local sales and use tax revenue shall be
39 spent on acquiring, rehabilitating, or constructing affordable
40 housing or supportive housing and other related expenditures as
41 authorized by RCW 82.14.540; and

42 WHEREAS, this ordinance constitutes the legislation
43 required by SHB 1406; and

44 WHEREAS, the City Council now desires to impose the local
45 sales and use tax authorized by SHB 1406 as set forth herein.
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47 NOW, THEREFORE, the City Council of the City of Kirkland
48 do ordain as follows:
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50 Section 1. A new Kirkland Municipal Code Chapter 5.28 is
51 hereby adopted to read as follows:
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53 Chapter 5.28
54 SALES AND USE TAX FOR AFFORDABLE HOUSING
55

56 Sections:
57

- 58 5.28.010 Imposition of sales—Affordable and supportive
- 59 housing.
- 60 5.28.020 Rate of tax imposed.
- 61 5.28.030 Administration and collection of tax.
- 62 5.28.040 Purpose of Tax.
- 63 5.28.050 Consent to inspection of records.
- 64 5.28.060 Authorizing execution of collection.
- 65 5.28.070 Penalties.
- 66 5.28.080 Expiration Date.

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68 **5.28.010 Imposition of sales—Affordable and**
69 **supportive housing.**

70 As authorized by RCW 82.14.540(2), upon every taxable
71 event, as defined in RCW 82.14.020, occurring within the
72 city, the city shall receive a portion of the State of

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Washington’s portion of the state sales tax or use tax that is collected pursuant to RCW Chapters 82.08 and 82.12, as the same now exist or may hereafter be amended.

5.28.020 Rate of tax imposed.

The rate of the tax imposed by Section 5.28.010 shall be 0.0073% of the selling price or value of the article used, as the case may be. The tax imposed under RCW 82.14.540(2) must be deducted from the amount of tax otherwise required to be collected or paid to the Department of Revenue under Chapters 82.08 and 82.12 RCW.

5.28.030 Administration and collection of tax.

The administration and collection of the tax imposed by this chapter shall be in accordance with the provisions of RCW 82.14.050, as the same now exists or may hereafter be amended.

The city must report annually to the Washington State Department of Commerce on the collection and use of the revenue. The Department of Commerce must adopt rules prescribing content of such reports. By December 1, 2019, and annually thereafter, and in compliance with RCW 43.01.036, the Department of Commerce must submit a report annually to the appropriate legislative committees with regard to such uses.

5.28.040 Purpose of Tax.

Moneys collected or bonds issued under this article may only be used, as required by RCW 82.14.540(6), for the following purposes:

- (1) 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; or
- (2) Funding the operations and maintenance costs of new units of affordable or supportive housing; or
- (3) Providing rental assistance to tenants.

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In all cases, the housing and services may only be provided to persons whose income is at or below sixty percent of King County median income, as required by RCW 82.14.540(7).

5.28.050 Consent to inspection of records.

The city consents to the inspection of such records as are necessary to qualify the city for inspection of records of the Department of Revenue, pursuant to RCW 82.32.330.

5.28.060 Authorizing execution of collection.

The city manager is authorized to enter into a contract with the Department of Revenue for the collection of this tax.

5.28.070 Penalties.

It is unlawful for any seller to fail or refuse to collect taxes with intent to violate the provisions of this chapter or to gain some advantage or benefit, either direct or indirect, or for any buyer to refuse to pay any tax due under this chapter.

5.28.080 Expiration Date.

The tax imposed under this section will expire 20 years after the date on which the tax is first imposed.

Section 2. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance or the application of the provision to other persons or circumstances is not affected.

Section 3. This ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication pursuant to Section 1.08.017, Kirkland Municipal Code in the summary form attached to the original of this ordinance and by this reference approved by the City Council.

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Passed by majority vote of the Kirkland City Council in open meeting this 19 day of May, 2020.

Signed in authentication thereof this 19 day of May, 2020.



Penny Sweet, Mayor

Attest:



Kathi Anderson, City Clerk

Approved as to Form:



Kevin Raymond, City Attorney

Publication Date: 05/27/2020

PUBLICATION SUMMARY
OF ORDINANCE NO. 4727

AN ORDINANCE OF THE CITY OF KIRKLAND ADOPTING LEGISLATION TO AUTHORIZE A SALES AND USE TAX FOR AFFORDABLE HOUSING AND FACILITIES PROVIDING SUPPORTIVE SERVICES IN ACCORDANCE WITH SUBSTITUTE HOUSE BILL 1406 (CHAPTER 338, LAWS OF 2019), AND ADOPTING KIRKLAND MUNICIPAL CODE CHAPTER 5.28.

SECTION 1. Adopts a new Kirkland Municipal Code Chapter 5.28 related to sales and use tax for affordable housing.

SECTION 2. Provides a severability clause for the ordinance.

SECTION 3. Authorizes publication of the ordinance by summary, which summary is approved by the City Council pursuant to Section 1.08.017 Kirkland Municipal Code and establishes the effective date as five days after publication of summary.

The full text of this Ordinance will be mailed without charge to any person upon request made to the City Clerk for the City of Kirkland. The Ordinance was passed by the Kirkland City Council at its meeting on the 19 day of May, 2020.

I certify that the foregoing is a summary of Ordinance 4727 approved by the Kirkland City Council for summary publication.



Kathi Anderson, City Clerk