

ORDINANCE NO. 1438

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KALAMA, WASHINGTON, ADOPTING A NEW KALAMA MUNICIPAL CODE CHAPTER 3.07 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 of Kalama along with all of Cowlitz County is experiencing homelessness and issues of low income persons and families struggling to find affordable housing requiring all entities work together to address the issues and has determined that imposing the sales and use tax to address this need will benefit its citizens; and

WHEREAS, the Kalama City Council adopted Resolution No. 687 on December 5, 2019 in accordance with Washington State Legislature Chapter 338, Laws of 2019 stating the intent to adopt legislation to authorize the maximum capacity of a sales and use tax within twelve months of the effective date of Chapter 338, Laws of 2019; and

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

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

Section 1. A new Chapter of the Kalama Municipal Code is adopted as Chapter 3.07 Sales and Use Tax for Affordable Housing as follows

3.07.010 Imposition of Sales and Use Tax for Affordable Housing

A. There is imposed a sales and use tax as authorized by Washington State Legislature Chapter 338 , Laws of 2019 (HB 1406) which authorizes cities to adopt a sales and use tax (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.

B. The rate of the tax imposed by KMC 3.01.010 shall be .0073 percent of the selling price or value of the article used.

C. The tax imposed under KMC Section 3.07.010 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. The Department of Revenue will perform the collection of such taxes on behalf of the City of Kalama at no cost to the City.

D. The administration and collection of the tax imposed by Chapter 3.07 shall be in accordance with the provisions of Washington State Legislature Chapter 338, Laws of 2019 which shall be codified in Chapter 82.14 RCW.

3.07.020 Purpose of Tax

A. 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:

1. 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;
2. Funding the operations and maintenance costs of new units of affordable or supportive housing; and
3. 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. In determining the use of funds under KMC Section 3.07.020 the City must consider the income of the individuals and families to be served, the leveraging of the resources made available under KMC Section 3.07.010 and the housing needs within the City.

D. The City must report annually to the Washington State Department of Commerce, in accordance with the Department's rules, on the collection and use of the revenue from the tax imposed under KMC Section 3.07.010.

3.07.030 Effective and Expiration Dates

A. The effective date of the tax imposed under KMC Chapter 3.07 will be effective July 1, 2020 or the first day of the month after the Department of Revenue’s 30-day notification requirements.

B. The tax imposed by this Ordinance expires twenty years after the date on which the tax is first imposed.

Section 2. 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.

Section 3. All actions taken in furtherance of and not inconsistent with this ordinance are ratified and confirmed in all respects.

Section 4. 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 5. 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 6. 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 May, 2020.

Mayor Mike Reuter

Attest:

Coni McMaster, Clerk/Treasurer

Approved as to form:

City Attorney

Published: _____

Effective: _____