ORDINANCE NO. 4341

AN ORDINANCE of the City Council of the City of Kent, Washington, relating to local sales or use taxes; imposing the maximum capacity of the tax authorized under the provisions of RCW 82.14.540 for affordable and supportive housing; amending Chapter 3.16 of the Kent City Code by adding a new section 3.16.035, entitled "Additional sales or use tax for housing"; and authorizing the Mayor to use the funds and pool resources with South King Housing and Homelessness Partners.

RECITALS

A. In 2019, Washington State enacted Substitute House Bill 1406 (Chapter 338, Laws of 2019), now codified as RCW 82.14.540, a revenue sharing program with local governments to encourage investments in affordable and supportive housing.

B. Through a credit against state retail sales or use taxes, the program authorizes the City to impose an additional local sales or use tax to be used for acquiring, rehabilitating, or constructing affordable housing, which may include new units of affordable housing within an existing structure or facilities providing supportive housing services, or funding the operations and maintenance costs of new units of affordable or supportive housing.

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C. The tax imposed under the new law will be deducted against the state sales tax collected in the City, so it does not increase the total taxes paid by the final consumer or end user.

D. The additional funds raised may only be used for housing and services for persons whose income is at or below 60 percent of the City median income.

E. The additional funds may be pooled through an interlocal agreement with one or more other counties, cities, or housing authorities to provide affordable or supportive housing. South King Housing Homelessness Partners (SKHHP), formed in 2019 through an interlocal agreement between the cities of Kent, Auburn, Burien, Covington, Des Moines, Federal Way, Normandy Park, Renton, Tukwila, and King County, may provide such an opportunity. The Executive Board of SKHPP is currently considering pooling public resources to address affordable housing needs in south King County.

F. Cities imposing the tax must submit annual reports on the collection and uses of the revenue to the Department of Commerce.

G. To impose the tax under the new law, the City Council had to adopt a resolution of intent to authorize the maximum amount of the tax, which the Council did on October 1, 2019, and it now must adopt an ordinance authorizing the maximum capacity of the tax by July 28, 2020.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF KENT, WASHINGTON, DOES HEREBY ORDAIN AS FOLLOWS:

Amend KCC 3.16 - Re: Sales and Use Tax for Housing
ORDINANCE

SECTION 1. Amendment. Chapter 3.16 of the Kent City Code is amended to add a new section 3.16.035, entitled “Additional sales or use tax for housing,” as follows:

Sec. 3.16.035. Additional sales or use tax for housing.
A. There is hereby imposed an additional sales or use tax as authorized by RCW 82.14.540 upon every taxable event, as defined in RCW 82.14.020, occurring within the City.

B. The rate of the tax shall be the maximum rate permitted under RCW 82.14.540.

C. The tax shall be imposed upon and collected from those persons from whom the state sales or use tax is collected pursuant to Chapters 82.08 and 82.12 RCW, but shall be credited against the state’s share of the tax.

D. Funds collected under this subsection shall be used in accordance with RCW 82.14.540 (or as may be amended in the future) for acquiring, rehabilitating, or constructing affordable housing, which may include new units of affordable housing within an existing structure or facilities providing supportive housing services, or funding the operations and maintenance costs of new units of affordable or supportive housing.

E. The Finance Director shall report annually to the State Department of Commerce on the collection and use of the funds as required by RCW 82.14.540.
F. This additional sales or use tax shall expire 20 years after the date on which the tax is first imposed, unless further extended by amendment to RCW 82.14.540.

**SECTION 2. – Use of Funds.** The Mayor is hereby authorized to expend any or all funds collected in accordance with this ordinance for uses authorized by RCW 82.14.540, and may pool any or all funds collected with other cities and counties pursuant to the interlocal agreement with South King Housing and Homelessness Partners (SKHHP), and is authorized to execute any agreements necessary for the use or transfer of such funds.

**SECTION 3. – Severability.** If any one or more section, subsection, or sentence of this ordinance is held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portion of this ordinance and the same shall remain in full force and effect.

**SECTION 4. – Corrections by City Clerk or Code Reviser.** Upon approval of the city attorney, the city clerk and the code reviser are authorized to make necessary corrections to this ordinance, including the correction of clerical errors; ordinance, section, or subsection numbering; or references to other local, state, or federal laws, codes, rules, or regulations.

**SECTION 5. – Effective Date.** This ordinance, pursuant to RCW 35A.11.090(7), shall take effect and be in force five days after its publication, as provided by law.

DANA RALPH, MAYOR

November 19, 2019
Date Approved

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