

**POULSBO DISTRIBUTION SCHEDULE**

**ORDINANCE NO. 2019-15**

**SUBJECT: Adoption of Sales and Use Tax for Affordable and Supportive Housing**

**CONFORM AS TO DATES & SIGNATURES**

- Filed with the City Clerk: 08/27/19
- Passed by the City Council: 09/11/19
- Signature of Mayor
- Signature of City Clerk
- Publication: 09/20/19
- Effective: 09/25/19
- Recorded: \_\_\_\_\_

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Rhiannon Fernandez  
City Clerk

09/12/19  
Date

**ORDINANCE NO. 2019-15**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF POULSBO, WASHINGTON, IMPOSING A LOCAL SALES AND USE TAX FOR AFFORDABLE AND SUPPORTIVE HOUSING IN ACCORDANCE WITH SUBSTITUTE HOUSE BILL 1406 (CHAPTER 338, LAWS OF 2019), PROVIDING FOR SEVERABILITY AND ESTABLISHING AN EFFECTIVE DATE.

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**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 providing rental assistance to tenants; and

**WHEREAS**, the tax will be credited against state sales taxes collected within the City of Poulsbo and, therefore, will not result in higher sales and use taxes within the City of Poulsbo and will represent an additional source of funding to address housing needs in the City of Poulsbo; and

**WHEREAS**, the tax must be used to assist persons whose income is at or below sixty percent of the City of Poulsbo median income; and

**WHEREAS**, the City of Poulsbo has a need to provide affordable housing or facilities and to provide for the operations and maintenance costs of affordable or supportive housing and provide rental assistance to tenants and has determined that imposing the sales and use tax to address this need will benefit its citizens; and

**WHEREAS**, in order for the City to impose the tax, the City was required to adopt a resolution within six months of the effective date of SHB 1406, or January 28, 2020, declaring the City's intent to adopt legislation to levy the maximum capacity of the tax; and

**WHEREAS**, in fulfillment of the resolution of intent requirement, the Poulsbo City Council passed Resolution No. 2019-9 on July 10, 2018; and

**WHEREAS**, SHB 1406 also requires that the City adopt legislation to authorize the maximum capacity of the tax within one year from the effective date of SHB 1406; and

**WHEREAS**, this ordinance constitutes the required legislation; and

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF POULSBO, WASHINGTON ORDAINS AS FOLLOWS:**

**Section 1. Imposition of Tax.** Pursuant to SHB 1406 (Chapter 338, Laws of 2019), there is hereby imposed a sales or use tax, as the case may be, on all taxable events within the City of Poulsbo defined in RCW 82.14.020, as the same now exists or as hereafter amended or superseded, for the purpose of providing for affordable and supportive housing. The rate of the tax shall be 0.0073 percent.

**Section 2. Collection of Tax by Department of Revenue.** The Washington State Department of Revenue shall deduct the amount of the tax levied in Section 1 above from the amount of sales or use 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 is authorized to collect such taxes on behalf of the City of Poulsbo at no cost to the City.

**Section 3. Distribution by Department of Revenue - Maximum Amount of Tax.** The Washington State Department of Revenue shall distribute the proceeds of the tax to the City as provided in SHB 1406, up to the maximum amount provided in such state law.

**Section 4. Use of Tax Revenues.** The City may use the revenues from the tax solely for the acquisition, construction or rehabilitation of affordable housing or facilities providing supportive housing, for the operations and maintenance costs of affordable or supportive housing, for providing rental assistance to tenants, or for any other purpose authorized by SHB 1406, as the same now exists or as hereafter amended or superseded.

**Section 5. Bonds.** SHB 1406 authorizes the City to issue general obligation or revenue bonds to carry out the purposes of such state law and to pledge the monies collected from the tax for repayment of such bonds. Such bonds, if any, shall be authorized by separate action of the Poulsbo City Council.

**Section 6. Interlocal Agreements.** SHB 1406 authorizes cities imposing the tax provided for in the ordinance to enter into interlocal agreements with one or more counties, cities, or public housing authorities in accordance with chapter 39.34 RCW. Such interlocal agreements may include, but are not limited to, pooling the tax receipts, pledging those taxes to bonds issued by one or more parties, and allocating the proceeds of the taxes levied or bonds issued in accordance with such interlocal agreement. Such interlocal agreements, if any, shall be authorized by separate action of the Poulsbo City Council.

**Section 7. Reporting.** The City shall report annually to the Washington State Department of Commerce on the collection and use of the tax revenues. The report shall be in such form and contain such content as the Department of Commerce shall prescribe by rule. The Mayor or her designee shall prepare the annual report and provide a copy to the Poulsbo City Council at the time the same is filed with the state.

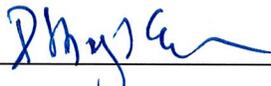
**Section 8. Expiration of Tax.** The tax imposed by this ordinance shall expire twenty years from the date this ordinance becomes effective.

**Section 9. Severability.** If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such

invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

**Section 10. Effective Date.** This ordinance shall take effect and be in full force five days after publication of the attached summary which is hereby approved.

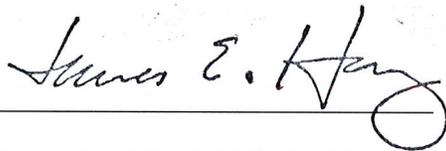
APPROVED:

  
\_\_\_\_\_  
MAYOR, BECKY ERICKSON

ATTEST/AUTHENTICATED:

  
\_\_\_\_\_  
CITY CLERK, RHIANNON FERNANDEZ CMC

APPROVED AS TO FORM:  
OFFICE OF CITY ATTORNEY:

BY:   
\_\_\_\_\_

FILED WITH THE CITY CLERK: 08/27/19  
PASSED BY THE CITY COUNCIL: 09/11/19  
PUBLISHED: 09/20/19  
EFFECTIVE DATE: 09/25/19  
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SUMMARY OF ORDINANCE NO. 2019-15  
Of the City of Poulsbo, Washington

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On September 11, 2019 the City Council of the City of Poulsbo, Washington, approved Ordinance No. 2019-15, the main point of which may be summarized by its title as follows:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF POULSBO, WASHINGTON, IMPOSING A LOCAL SALES AND USE TAX FOR AFFORDABLE AND SUPPORTIVE HOUSING IN ACCORDANCE WITH SUBSTITUTE HOUSE BILL 1406 (CHAPTER 338, LAWS OF 2019), PROVIDING FOR SEVERABILITY AND ESTABLISHING AN EFFECTIVE DATE.

The full text of this ordinance will be mailed upon request.

DATED this 11th day of September, 2019

  
CITY CLERK, RHIANNON FERNANDEZ CMC