

**ORDINANCE NO. 6732**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF AUBURN, WASHINGTON RELATED TO SALES AND USE TAXES; AUTHORIZING AN ADDITIONAL SALES AND USE TAX FOR AFFORDABLE AND SUPPORTIVE HOUSING, AND AMENDING CHAPTER 3.60 OF THE AUBURN CITY CODE

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, for the operations and maintenance costs of affordable or supportive housing, or, if eligible, for providing rental assistance to tenants, when that use is for persons whose income is at or below sixty percent of the King County median income; and

WHEREAS, the tax will be credited against 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, on October 22, 2018 city staff informed City Council that the City of Auburn’s adopted 2015 Comprehensive Plan Housing Element indicates that there are at least 2,430 dwelling units in Auburn where more than 30% of household income is dedicated to rent or mortgage payments. This means that there is a need to take action to create, preserve and promote opportunities for more affordable housing within the community; and

WHEREAS, believing that imposing the sales and use tax will help address this need and will benefit Auburn residents, the Auburn City Council adopted Resolution 5454 on September 16, 2019 declaring its intent to authorize the maximum capacity of the tax, which meets the statutory requirement to adopt a resolution of intent within six months of the effective date of SHB 1406; and

WHEREAS, the City Council of the City of Auburn has determined that it is in the best interest of the City to enact legislation that authorizes a sales and use tax for affordable and supportive housing.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF AUBURN, WASHINGTON, DO ORDAIN as follows:

**Section 1. Amendment to City Code.** Sections 3.60.010 and 3.60.020 of the Auburn City Code are amended as shown in Exhibit A.

**Section 2. Implementation.** The Mayor is authorized to implement those administrative procedures necessary to carry out the directives of this legislation.

**Section 3. Severability.** The provisions of this ordinance are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section or portion of this ordinance, or the invalidity of the application thereof to any person or circumstance shall not affect the validity of the remainder of this ordinance, or the validity of its application to other persons or circumstances.

**Section 4. Effective Date.** This Ordinance shall take effect and be in force five days from and after its passage, approval and publication as provided by law.

INTRODUCED: \_\_\_\_\_

PASSED: \_\_\_\_\_

APPROVED: \_\_\_\_\_

**CITY OF AUBURN**

\_\_\_\_\_  
NANCY BACKUS, MAYOR

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Shawn Campbell, MMC, City Clerk

\_\_\_\_\_  
Steven L. Gross, City Attorney

PUBLISHED: \_\_\_\_\_

### **3.60.010 Imposition of tax.**

A. There is imposed a sales or use tax, as the case may be, as authorized by RCW 82.14.030(2), upon every taxable event, as defined in RCW 82.14.020, occurring within the city. The tax shall be imposed upon and collected from those persons from whom the state sales tax or use tax is collected pursuant to Chapters 82.08 and 82.12 RCW.

B. There is imposed an additional sales or use tax upon every taxable event, as defined in RCW 82.14.020, occurring within the City, as authorized by Laws of the State of Washington, Chapter 338, § 1. Money collected under this subsection must be used solely, as required by Laws of 2019, Ch. 338, § 1 (or as may be amended in the future), for the purpose of providing rental assistance, or 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 under RCW 71.24.385, or funding the operations and maintenance costs of new units of affordable or supportive housing. This additional sales or use tax shall expire 20 years after the first date it is first imposed. (Ord. 3822 § 1, 1982.)

### **3.60.020 Rate of tax imposed.**

A. The rate of the tax imposed by ACC 3.60.010A shall be one-half of one percent of the selling price or value of the article used, as the case may be; provided, however, that during such period as there is in effect a sales tax or use tax imposed by King County under Section 17(2), Chapter 49, Laws of 1982, First Extraordinary Session at a rate equal to or greater than the rate imposed by this section, the county shall receive 15 percent of the tax imposed by ACC 3.60.010; provided further, that during such period as there is in effect a sales tax or use tax imposed by King County under Section 17(2), Chapter 49, Laws of 1982, First Extraordinary Session at a rate which is less than the rate imposed by this section, the county shall receive from the tax imposed by ACC 3.60.010 that amount of revenues equal to 15 percent of the rate of the tax imposed by the county under Section 17(2), Chapter 49, Laws of 1982, First Extraordinary Session.

B. The rate of the tax imposed by ACC 3.60.010B shall be the greater of 0.0073 percent of the selling price or value of the article used, or the maximum rate allowed to the City under Laws of 2019, Ch. 338, § 1 (or as may be amended in the future). (Ord. 4176 § 1, 1986; Ord. 3938 § 1, 1984; Ord. 3822 § 2, 1982.)