

**LYNNWOOD
CITY COUNCIL
Finance Committee**

Date: Thursday, February 25, 2021

Time: 3:00 PM

**Place: This meeting will be held electronically via
Zoom. See the City of Lynnwood website for
details.**

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- | | | |
|---------|----------|--------------------------------------|
| 3:00 PM | A | Sales Tax Revenue for December 2020 |
| 3:20 PM | B | Property tax levy rate comparison |
| 3:40 PM | C | Finance Department Priorities Review |
| 4:10 PM | D | Discuss HB 1590 |

Adjourn

Memorandums for Future Agenda Items:

Memorandums for Your Information:

Contact: Council Office (425) 670-5011

CITY COUNCIL ITEM A

CITY OF LYNNWOOD City Council

TITLE: Sales Tax Revenue for December 2020

DEPARTMENT CONTACT: Corbitt Loch, Acting Finance Director

SUMMARY:

This information will be provided separately as it is not available at this time.

DOCUMENT ATTACHMENTS

Description:	Type:
Finance Committee meeting memo	Backup Material

1

2 Date: February 19, 2021

3 To: Finance Committee

4 From: Corbitt Loch, Acting Finance Director

5 **RE: FEBRUARY 25, 2021 MEETING**

6 **1. Sales Tax Revenue for December 2020**

7 This information will be provided separately as it is not available at this time.

8 **2. Property tax levy rate comparison**

9 In anticipation of the mailing of property tax statements by the Snohomish County
10 Treasurer, the following is offered for informational purposes:



1

2 **3. Staff will provide an update on the following Finance Dept. priorities:**

- 3 a. Utility bill payment rules/timeframes
- 4 b. Criminal Justice Center bond
- 5 c. Closing financials for 2020

6 **4. Discussion – 0.1% Sales tax option for affordable housing (HB 1590)**

7 The text of HB 150 and the Bill Report are attached. Staff has not conducted extensive

8 analysis of this potential revenue source. We will provide additional information at it

9 becomes available.

10

11

CITY COUNCIL ITEM B

CITY OF LYNNWOOD City Council

TITLE: Property tax levy rate comparison

DEPARTMENT CONTACT: Corbitt Loch, Acting Finance Director

SUMMARY:

In anticipation of the mailing of property tax statements by the Snohomish County Treasurer, the attached is offered for informational purposes:

DOCUMENT ATTACHMENTS

Description:

Type:

No Attachments Available

CITY COUNCIL ITEM C

CITY OF LYNNWOOD City Council

TITLE: Finance Department Priorities Review

DEPARTMENT CONTACT: Corbitt Loch, Acting Finance Director

SUMMARY:

Staff will provide an update on the following:

1. Utility bill payment rules/time frames
2. Criminal Justice Center bond
3. Closing financials for 2020

DOCUMENT ATTACHMENTS

Description:

Type:

No Attachments Available

CITY COUNCIL ITEM D

CITY OF LYNNWOOD City Council

TITLE: Discuss HB 1590

DEPARTMENT CONTACT: Corbitt Loch, Acting Finance Director

SUMMARY:

The text of HB 150 and the Bill Report are attached. Staff has not conducted extensive analysis of this potential revenue source. We will provide additional information at it becomes available.

DOCUMENT ATTACHMENTS

Description:	Type:
HB 1590 as passed	Backup Material
HB 1590 final bill report	Backup Material

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1590

66th Legislature
2020 Regular Session

Passed by the House March 9, 2020
Yeas 52 Nays 44

**Speaker of the House of
Representatives**

Passed by the Senate March 6, 2020
Yeas 27 Nays 21

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1590** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

HOUSE BILL 1590

AS AMENDED BY THE SENATE

Passed Legislature - 2020 Regular Session

State of Washington

66th Legislature

2019 Regular Session

By Representatives Doglio, Dolan, Macri, Cody, Gregerson, Wylie, Appleton, Robinson, Ormsby, Frame, and Davis

Read first time 01/24/19. Referred to Committee on Housing, Community Development & Veterans.

1 AN ACT Relating to allowing the local sales and use tax for
2 affordable housing to be imposed by a councilmanic authority; and
3 amending RCW 82.14.530.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 82.14.530 and 2015 3rd sp.s. c 24 s 701 are each
6 amended to read as follows:

7 (1)(a)(i) A county legislative authority may submit an
8 authorizing proposition to the county voters at a special or general
9 election and, if the proposition is approved by a majority of persons
10 voting, impose a sales and use tax in accordance with the terms of
11 this chapter. The title of each ballot measure must clearly state the
12 purposes for which the proposed sales and use tax will be used. The
13 rate of tax under this section may not exceed one-tenth of one
14 percent of the selling price in the case of a sales tax, or value of
15 the article used, in the case of a use tax.

16 (ii) As an alternative to the authority provided in (a)(i) of
17 this subsection, a county legislative authority may impose, without a
18 proposition approved by a majority of persons voting, a sales and use
19 tax in accordance with the terms of this chapter. The rate of tax
20 under this section may not exceed one-tenth of one percent of the

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1 selling price in the case of a sales tax, or value of the article
2 used, in the case of a use tax.

3 (b) (i) ~~If a county ((with a population of one million five~~
4 ~~hundred thousand or less has not imposed))~~ does not impose the full
5 tax rate authorized under (a) of this subsection ~~((within two years~~
6 ~~of October 9, 2015))~~ by September 30, 2020, any city legislative
7 authority located in that county may ~~((submit))~~ :

8 (A) Submit an authorizing proposition to the city voters at a
9 special or general election and, if the proposition is approved by a
10 majority of persons voting, impose the whole or remainder of the
11 sales and use tax rate in accordance with the terms of this chapter.
12 The title of each ballot measure must clearly state the purposes for
13 which the proposed sales and use tax will be used;

14 (B) Impose, without a proposition approved by a majority of
15 persons voting, the whole or remainder of the sales and use tax rate
16 in accordance with the terms of this chapter.

17 (ii) The rate of tax under this section may not exceed one-tenth
18 of one percent of the selling price in the case of a sales tax, or
19 value of the article used, in the case of a use tax.

20 ~~((~~(ii)~~ If a))~~ (iii) A county with a population of greater than
21 one million five hundred thousand ~~((has not imposed the full))~~ may
22 impose the tax authorized under (a) ~~(ii)~~ of this subsection ~~((within~~
23 ~~three years of October 9, 2015, any city legislative authority))~~ only
24 if the county plans to spend at least thirty percent of the moneys
25 collected under this section that are attributable to taxable
26 activities or events within any city with a population greater than
27 sixty thousand located in that county ~~((may submit an authorizing~~
28 ~~proposition to the city voters at a special or general election and,~~
29 ~~if the proposition is approved by a majority of persons voting,~~
30 ~~impose the whole or remainder of the sales and use tax rate in~~
31 ~~accordance with the terms of this chapter. The title of each ballot~~
32 ~~measure must clearly state the purposes for which the proposed sales~~
33 ~~and use tax will be used. The rate of tax under this section may not~~
34 ~~exceed one-tenth of one percent of the selling price in the case of a~~
35 ~~sales tax, or value of the article used, in the case of a use tax))~~
36 within that city's boundaries.

37 (c) If a county imposes a tax authorized under (a) of this
38 subsection after a city located in that county has imposed the tax
39 authorized under (b) of this subsection, the county must provide a
40 credit against its tax for the full amount of tax imposed by ^{D-4} a city.

(d) The taxes authorized in this subsection are in addition to any other taxes authorized by law and must be collected from persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the county for a county's tax and within a city for a city's tax.

(2)(a) Notwithstanding subsection (4) of this section, a minimum of sixty percent of the moneys collected under this section must be used for the following purposes:

(i) Constructing affordable housing, which may include new units of affordable housing within an existing structure, and facilities providing housing-related services; or

(ii) Constructing mental and behavioral health-related facilities; or

(iii) Funding the operations and maintenance costs of new units of affordable housing and facilities where housing-related programs are provided, or newly constructed evaluation and treatment centers.

(b) The affordable housing and facilities providing housing-related programs in (a)(i) of this subsection may only be provided to persons within any of the following population groups whose income is at or below sixty percent of the median income of the county imposing the tax:

(i) Persons with (~~mental illness~~) behavioral health disabilities;

(ii) Veterans;

(iii) Senior citizens;

(iv) Homeless, or at-risk of being homeless, families with children;

(v) Unaccompanied homeless youth or young adults;

(vi) Persons with disabilities; or

(vii) Domestic violence survivors.

(c) The remainder of the moneys collected under this section must be used for the operation, delivery, or evaluation of mental and behavioral health treatment programs and services or housing-related services.

(3) A county that imposes the tax under this section must consult with a city before the county may construct any of the facilities authorized under subsection (2)(a) of this section within the city limits.

(4) A county that has not imposed the tax authorized under RCW 82.14.460 prior to October 9, 2015, but imposes the tax authorized

1 under this section after a city in that county has imposed the tax
2 authorized under RCW 82.14.460 prior to October 9, 2015, must enter
3 into an interlocal agreement with that city to determine how the
4 services and provisions described in subsection (2) of this section
5 will be allocated and funded in the city.

6 (5) To carry out the purposes of subsection (2)(a) and (b) of
7 this section, the legislative authority of the county or city
8 imposing the tax has the authority to issue general obligation or
9 revenue bonds within the limitations now or hereafter prescribed by
10 the laws of this state, and may use, and is authorized to pledge, up
11 to fifty percent of the moneys collected under this section for
12 repayment of such bonds, in order to finance the provision or
13 construction of affordable housing, facilities where housing-related
14 programs are provided, or evaluation and treatment centers described
15 in subsection (2)(a)(iii) of this section.

16 (6)(a) Moneys collected under this section may be used to offset
17 reductions in state or federal funds for the purposes described in
18 subsection (2) of this section.

19 (b) No more than ten percent of the moneys collected under this
20 section may be used to supplant existing local funds.

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FINAL BILL REPORT

HB 1590

C 222 L 20
Synopsis as Enacted

Brief Description: Allowing the local sales and use tax for affordable housing to be imposed by a councilmanic authority.

Sponsors: Representatives Doglio, Dolan, Macri, Cody, Gregerson, Wylie, Appleton, Robinson, Ormsby, Frame and Davis.

House Committee on Housing, Community Development & Veterans
House Committee on Finance
Senate Committee on Local Government

Background:

Sales and Use Tax.

Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use tax applies to the value of the property, digital product, or service when used in this state. The state, all counties, and all cities levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 3.9 percent, depending on the location.

Local Sales and Use Tax for Housing and Related Services.

County legislative authorities may implement a 0.1 percent sales and use tax, if approved by a majority of voters, in order to fund housing and related services. A city legislative authority may implement the whole or remainder of the tax if the county has not opted to implement the full tax within two years of October 9, 2015, in a county with a population of less than 1.5 million, or three years of October 9, 2015, in a county with a population of over 1.5 million. City voters must approve the sales and use tax by a majority of persons voting.

A minimum of 60 percent of revenues collected must be used for constructing affordable housing and facilities providing housing-related services, constructing mental and behavioral health-related facilities, or funding the operations and maintenance costs of newly constructed affordable housing, facilities providing housing-related services, or evaluation and treatment centers. The affordable housing and facilities providing housing-related programs may only serve the following individuals with income below 60 percent of area

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

median income: individuals with mental illness, veterans, senior citizens, homeless families with children, unaccompanied homeless youth, persons with disabilities, or domestic violence victims. The remainder of the moneys collected must be used for the operation, delivery, or evaluation of mental and behavioral health treatment programs and services or housing-related services.

Summary:

As an alternative to submitting an authorizing proposition to voters for approval the of the tax, a county or city legislative authority may impose the local sales and use tax for housing and related services by councilmanic action. A county with a population of greater than 1.5 million may impose the tax by councilmanic action only if the county plans to spend at least 30 percent of the moneys collected that are attributable to taxable activities or events within any city with a population of greater than 60,000 located in that county within the city's boundaries.

Votes on Final Passage:

House	52	46	
Senate	27	21	(Senate amended)
House	52	44	(House concurred)

Effective: June 11, 2020