



MEMORANDUM

TO: MAYOR KELLI LINVILLE
FROM: TARA SUNDIN, COMMUNITY & ECONOMIC DEVELOPMENT MANAGER
CC: BRIAN HEINRICH, DEPUTY ADMINISTRATOR
SUBJECT: RESOLUTION ON SHB 1406
DATE: SEPTEMBER 9, 2019

City and Whatcom County staff have been coordinating on our approach regarding collection and administration of a sales and use tax for affordable and supportive housing under SHB 1406. Per your direction, we have been working toward a collaborative approach whereby the County would collect and administer the monies while providing the City with an opportunity for meaningful input. If the Whatcom County Council passes a resolution stating it intends to collect the sales and use tax in the full amount authorized by the legislation, we propose the following measures be included in the ordinance the County Council is required to pass:

1. Whatcom County facilitates a county-wide housing action plan. Whatcom County is aware that the cities and the county have existing housing plans. The Whatcom County Housing Advisory Committee can take the lead in convening these partners, collate the various plans and identify common themes and goals. The committee will then create an Annual Report that reflects the priorities, strategies, and accomplishments of the entire county, with acknowledgment of action steps for the coming year.
2. The Housing Advisory Committee members. Whatcom County staff are proposing that this Committee be the body that makes recommendations on the SHB 1406 funds (estimated at \$650-\$700k in 2019). Bellingham currently has one representative on this committee. Given the largest portion of sales tax revenue is generated in Bellingham, we request two City representatives be on this committee. County staff has indicated the Housing Advisory Committee is in the process of updating its by-laws and will ensure that two representatives from the City of Bellingham are members. The committee will also take this opportunity to re-evaluate membership generally to optimize input from all relevant sectors.
3. Use of SHB 1406 funds. We propose no limitation on the use of the funds authorized by the State so long as they are used consistently with the legislation.

As a reminder, in order for a city or county to impose the tax, within six months of the effective date of SHB 1406, or January 28, 2020, the governing body must adopt a resolution of intent to authorize the maximum capacity of the tax, and within twelve months of the effective date of SHB 1406, or July 28, 2020, must adopt legislation to authorize the maximum capacity of the tax.

RESOLUTION NO. _____

**A RESOLUTION OF THE BELLINGHAM CITY COUNCIL
REGARDING A SALES AND USE TAX FOR AFFORDABLE AND
SUPPORTIVE HOUSING UNDER SUBSTITUTE HOUSE BILL 1406
(CHAPTER 338, LAWS OF 2019)**

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, and for certain cities and counties, providing rental assistance to tenants; and

WHEREAS, the tax will be credited against sales and use taxes collected by the State of Washington within the city and county imposing the tax, including Bellingham and, therefore, will not result in higher sales and use taxes within the city and county and will represent an additional source of funding to address housing needs in the city and county; and

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

WHEREAS, both Whatcom County (the “County”) and the City of Bellingham (the “City”) have a need for more housing units affordable to those earning at or below sixty percent of median income; and

WHEREAS, in order for a city or county to impose the tax, within six months of the effective date of SHB 1406, or January 28, 2020, the governing body must adopt a resolution of intent to authorize the maximum capacity of the tax, and within twelve months of the effective date of SHB 1406, or July 28, 2020, must adopt legislation to authorize the maximum capacity of the tax; and

WHEREAS, the City and the County are currently working on a proposal under which the County will impose the maximum amount of the tax instead of the City, and the jurisdictions will work collaboratively to ensure the funds are administered in a manner that is consistent with the attached memorandum; and

WHEREAS, the City Council now desires that the County pass a resolution stating its intent to impose a local sales and use tax as authorized by SHB 1406 as set forth herein and pass an ordinance consistent with the memorandum attached hereto.

Resolution Regarding Sales and Use Tax
under SHB 1406

(1)

City of Bellingham
City Attorney
210 Lottie Street
Bellingham, Washington 98225
360-778-8270

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BELLINGHAM:

Section 1. The City Council expresses its support for the proposal attached to this resolution.

Section 2. The City Council anticipates declaring that it will not levy the sales and use tax so that the County may proceed with the attached proposal.

Section 3. It is the intent of the City Council that following passage by the Whatcom County Council of a resolution and legislation that (1) authorizes the maximum capacity of the tax, and (2) is consistent with the attached proposal, the City Council will adopt a resolution declaring that it will not levy the tax.

Section 4. In the event the County Council does not complete the actions set forth in Section 3 of this resolution by November 30, 2019, the City intends to pass a resolution of intent to impose the tax under SHB 1406.

PASSED by the Council this _____ day of _____, 2019.

Council President

APPROVED by me this _____ day of _____, 2019.

Mayor

ATTEST: _____
Finance Director

APPROVED AS TO FORM:

Office of the City Attorney

Resolution Regarding Sales and Use Tax
under SHB 1406 (2)

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