

**ORDINANCE NO. 266
CITY OF LIBERTY LAKE
SPOKANE COUNTY, WASHINGTON**

**AN ORDINANCE OF THE CITY OF LIBERTY LAKE, WASHINGTON,
AUTHORIZING THE MAXIMUM CAPACITY OF A LOCAL SALES AND USE TAX
TO FUND INVESTMENTS IN AFFORDABLE AND SUPPORTIVE HOUSING, TO BE
CODIFIED AT TITLE 2, CHAPTER 3 OF THE CITY OF LIBERTY LAKE
MUNICIPAL CODE; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN
EFFECTIVE DATE**

WHEREAS, Housing Goal 2 of the City of Liberty Lake Comprehensive Plan states that the City will encourage the availability of affordable housing to all economic segments; and

WHEREAS, Housing Policy 5 of the City of Liberty Lake Comprehensive Plan states that the City of Liberty Lake will support the efforts of low-income housing advocacy organizations; and

WHEREAS, the Liberty Lake City Council, in accordance with Washington State Legislature Chapter 338, Laws of 2019, has adopted a resolution of intent to adopt legislation to authorize the maximum capacity of a sales and use tax within six months of the effective date of Chapter 338, Laws of 2019; and

WHEREAS, the City of Liberty Lake intends to impose the maximum local sales and use tax authorized under Chapter 338, Laws of 2019 within one year of the date on which said law takes effect; and

WHEREAS, the Department of Revenue requires 30 days' notice of adoption of sales tax credits and the credit will then take effect on the first day of the month following the 30-day period; and

WHEREAS, the local sales and use tax will be credited against the state sales and use tax so that the total tax paid by the consumer will not increase; and

WHEREAS, the local sales and use tax revenue shall be spent on acquiring, rehabilitating, constructing affordable housing or supportive housing, or rental assistance and other related expenditures as authorized by Chapter 338, Laws of 2019; and

WHEREAS, Chapter 338, Laws of 2019 authorizes the City of Liberty Lake to issue general obligation or revenue bonds to carry out the purposes of the legislation and to pledge the revenue collected by the local sales and use tax to repay the bonds; and

WHEREAS, the City of Liberty Lake is a member of the Spokane County Community Development Block Grant Consortium, which is responsible for the allocation of CDBG funds, HOME, Affordable Housing Trust Fund, Homeless Housing Assistance Act activities, and

will likely manage Spokane County’s affordable and supportive housing local sales and use tax; and

WHEREAS, the City has had preliminary discussions with Spokane County, the City of Spokane, the City of Spokane Valley, and Spokane Valley Community Partners regarding potential opportunities to collaboratively pool resources in support of affordable and supportive housing projects and/or programs; and

WHEREAS, it is likely the most cost effective and efficient approach for the City of Liberty Lake is to partner with a larger jurisdiction or not-for-profit within Spokane County to cooperatively pool resources to address affordable housing needs in the region; however, no decisions have been made at this time; and

WHEREAS, the City has determined it is in the best interest of the City and its residents to begin implementation of the tax and then later determine the process for the distribution of the funds collected by a resolution of the Liberty Lake City Council to meet the requirements of Chapter 338, Laws of 2019;

NOW THEREFORE, the City Council of the City of Liberty Lake Washington, does hereby ordain as follows:

Section 1. A new Section 2-3-1-3 shall be added to Title 2, Chapter 3 of the City of Liberty Lake Municipal Code, and is hereby adopted as follows:

2-3-1-3: Local Sales and Use Tax for Affordable and Supportive Housing:

- A. Imposition. There is imposed a sales and use tax as authorized by Washington State Legislature Chapter 338, Laws of 2019, which shall be codified in Chapter 82.14 RCW, upon every taxable event, as defined in Chapter 82.14 RCW, occurring within the City of Liberty Lake. The tax shall be imposed upon and collected from those persons from whom the State sales tax or use tax is collected pursuant to Chapter 82.08 and 82.12 RCW.

- B. Tax Rate. The rate of the tax imposed by City of Liberty Lake Municipal Code Section 2-3-1-3 shall be 0.0073 percent of the selling price or value of the article used. The tax imposed under Paragraph A of this Section shall be deducted from the amount of 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 will perform the collection of such taxes on behalf of the City of Liberty Lake at no cost to the City.

- C. Purpose and Regulations.

1. The City may use the moneys collected by the tax imposed under Paragraph A of this Section only for the following purposes:
 - a. 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; and
 - b. Providing the operations and maintenance costs of new units of affordable or supportive housing; and
 - c. Providing rental assistance to tenants.
2. The housing and services provided under this Paragraph may only be provided to persons whose income is at or below 60 percent of the median income of the City.
3. In determining the use of funds under this Paragraph, the City must consider the income of the individuals and families to be served, the leveraging of the resources made available under Paragraph A, and the housing needs within the City.
4. The Finance Director must report annually to the Washington State Department of Commerce, in accordance with the Department's rules, on the collection and use of the revenue from the tax imposed under Paragraph A.
5. The tax imposed by the City under Paragraph A will expire 20 years after the date on which the tax is first imposed. The Finance Director shall provide notice to the City Council and the Mayor of the expiration date of the tax each year beginning three years before the expiration date, and shall also promptly notify the City Council and the Mayor of any changes to the expiration date.

D. Administration and Collection. The administration and collection of the tax imposed by Paragraph A of this Section shall be in accordance with the provisions of Washington State Legislature Chapter 338, Laws of 2019, which shall be codified in Chapter 82.14 RCW.

Section 2. The Finance Director is authorized to provide any necessary notice to the Department of Revenue to effectuate the tax enacted by this Ordinance and to execute, for and on behalf of the City of Liberty Lake, any necessary agreement with the Department of Revenue for the collection and administration of the tax enacted by this Ordinance.

Section 3. 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 4. Effective Date. This Ordinance shall be in full force and effect five (5) days after publication of this Ordinance or a summary thereof in the official newspaper of the City as provided by law.

PASSED by the City Council this 7th day of July, 2020.



MAYOR SHANE BRICKNER

ATTEST:



ANN SWENSON, City Clerk

APPROVED AS TO FORM:



SEAN P. BOUTZ, City Attorney