



Meeting Date: DECEMBER 13, 2021  
 Agenda Item No:

| <b>Kitsap County Board of Commissioners</b>  |   |  |   |
|--|---|--|---|
| <b>Office/Department:</b> Commissioners Office   |   |  |   |
| <b>Staff Contact &amp; Phone Number:</b> Eric Baker, MS-4, 337-4495  |   |  |   |
| <b>Agenda Item Title:</b> AN ORDINANCE IMPOSING AN ADDITIONAL SALES AND USE TAX OF ONE-TENTH OF ONE PERCENT FOR HOUSING AND RELATED SERVICES AS AUTHORIZED BY RCW 82.14.530; ADDING A NEW CHAPTER 4.34 TO KITSAP COUNTY CODE |   |  |   |
| <b>Recommended Action:</b> Recommend Board approve the Ordinance   |   |  |   |
| <b>Summary:</b>  | Kitsap County has a severe affordable housing crisis in our community. This issue has only increased through the COVID-19 pandemic. Additional affordable housing units have been a documented need in the 2019 Kitsap Homeless Crisis Response and Housing Plan and 2020 Affordable Housing Recommendation Report. The state legislature has approved a mechanism to provide additional local revenue to address this crisis. The proposed ordinance includes a 1/10 <sup>th</sup> of 1% sales tax to be imposed on eligible sales with the proceeds going towards the creation of affordable housing units. This ordinance may be approved councilmatically and does not require a public vote. |  |   |
| <b>Attachments:</b>  | 1. Ordinance  |  |   |
| <b>Fiscal Impact for this Specific Action</b>  |   |  |   |
| <b>Expenditure required for this specific action:</b>  | \$0   |  |   |
| <b>Related Revenue for this specific action:</b>   | \$0   |  |   |
| <b>Cost Savings for this specific action:</b>  | \$0   |  |   |
| <b>Net Fiscal Impact:</b>  | \$0   |  |   |
| <b>Source of Funds:</b>  | NA  |  |   |
| <b>Fiscal Impact for Total Project</b>   |   |  |   |
| <b>Project Costs:</b>  | \$0   |  |   |
| <b>Project Costs Savings:</b>  | \$0   |  |   |
| <b>Project Related Revenue:</b>  | \$0   |  |   |
| <b>Project Net Total:</b>  | \$0   |  |   |
| <b>Fiscal Impact (DAS) Review</b>  |   |  |   |
| <b>Departmental/Office Review &amp; Coordination</b>   |   |  |   |
| <b>Department/Office</b>   | <b>Elected Official/Department Director</b>   |  |   |
| Human Services   | Doug Washburn   |  |   |
| <b>Contract Information</b>  |   |  |   |
| <b>Contract Number</b>   | <b>Date Original Contract or Amend Approved</b>   | <b>Amount of Original Contract Amendment</b> | <b>Total Amount of Amended Contract</b> |
|  |   |  |   |

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE IMPOSING AN ADDITIONAL SALES AND USE TAX OF ONE-TENTH OF ONE PERCENT FOR HOUSING AND RELATED SERVICES AS AUTHORIZED BY RCW 82.14.530; ADDING A NEW CHAPTER 4.34 TO KITSAP COUNTY CODE.**

**WHEREAS**, in the 2020 Regular Session, the Washington State Legislature approved, and the Governor signed, House Bill 1590 (Chapter 222, Laws of 2020), which amended RCW 82.14.530 Sales and Use Tax For Housing And Related Services; and

**WHEREAS**, as amended, RCW 82.14.530 authorizes the governing body of a city or county to impose a local sales and use tax for affordable housing and related services; and

**WHEREAS**, pursuant to RCW 82.14.530(2)(a), at least 60% of the revenue must be used for:

- i) constructing affordable housing or facilities providing housing-related services, where the housing or facilities providing services are provided to people whose income is 60% or less of the county median income and who are within specified population groups listed in RCW 82.14.530(2)(b);
- ii) constructing mental and behavioral health-related facilities; or
- iii) funding the operations and maintenance costs of new units of affordable housing, of facilities where housing-related programs are provided, or of newly constructed evaluation and treatment centers; and

**WHEREAS**, pursuant to RCW 82.14.530(2)(c), the remaining revenue from the sales and use tax may be used for the operation, delivery, or evaluation of mental and behavioral health treatment programs and services or housing-related services; and

**WHEREAS**, pursuant to RCW 82.14.530(6)(b), no more than 10% of the revenue may be used to supplant existing local funds; and

**WHEREAS**, the Kitsap County Board of Commissioners updated the Kitsap Homeless Crisis Response and Housing Plan in 2019; and

**WHEREAS**, affordability, which states that affordable housing is housing for which the occupants are paying no more than 30 percent of their income on housing costs, including utilities; and

**WHEREAS**, the 2020 Affordable Housing Recommendation Report funded by Kitsap County and the City of Bremerton found that Kitsap County has the need for more affordable housing to low-income individuals; and

**WHEREAS**, population forecasts indicate Kitsap County and its jurisdictions will need approximately 25,150 new housing units through 2036, or about 1,480 per year for the next 17 years, of all types and price and

**WHEREAS**, over the 2010-2017 time period, jurisdictions across the County produced only 3,600 new housing units, or about 515 units per year thus, jurisdictions will need to almost triple their annual housing production to accommodate the expected 25,150 new units through 2036, and

**WHEREAS**, Kitsap has also been significantly underproducing housing, producing only 42 new units for every 100 new households formed over the 2010-2017 timeframe, and

**WHEREAS**, one of the high priority recommendations of the 2020 Affordable Housing Study is to establish additional affordable housing funding sources, and

**WHEREAS**, funds generated through this action will leverage other funds for affordable housing construction and acquisition, and

**WHEREAS**, RCW 82.14.530 allows a county to vote to impose a sales and use tax of up to 0.01 percent for constructing affordable housing, and

**WHEREAS**, the housing affordability problem and its impact to increase homelessness in Kitsap County continues to increase, and requires prompt attention to reduce human suffering for County residents; and

**WHEREAS**, the resolution documents an urgent need for additional affordable housing funding in Kitsap County;

**WHEREAS**, the Kitsap County Board of Commissioners held a duly noticed Public Hearing on December 13, 2021 to take testimony on a proposed ordinance to levy a one-tenth of one percent sales and use tax for housing and related services as authorized by RCW 82.14.530, and deliberated on the hearing record; and

**WHEREAS**, Kitsap County has determined that the tax should be imposed and that the proceeds will be used solely for purposes authorized by RCW 82.14.530; and

**WHEREAS**, the City of Poulsbo has already imposed this sales tax within their jurisdiction.

**NOW, THEREFORE**, Kitsap County Board of Commissioners hereby ordains as follows:

Section 1. Additional Sales and Use Tax Imposed. A new Chapter 4.34 is hereby added to the Kitsap County Code imposing the one-tenth of one percent sales and use tax authorized by RCW 82.14.530, and shall read as follows:

#### **Chapter 4.34**

### **ADDITIONAL SALES AND USE TAX FOR HOUSING AND RELATED SERVICES**

#### **4.34.010 Tax Imposed.**

There is hereby imposed an additional sales and use tax, separate and apart from any other sales and use tax imposed by this title, upon every taxable event occurring in the County except those

within the incorporated limits of the City of Poulsbo, to be used for housing and related services as authorized by RCW 82.14.530.

**4.34.020 Applicability of Tax.**

As used in this section, the term “taxable event” has the same meaning as in RCW 82.14.020(3), as it now exists or may be amended.

**4.34.030 Rate of Tax.**

The rate of the sales and use tax imposed by this chapter shall be one-tenth of one percent of the selling price, in the case of a sales tax, or the value of the article used, in the case of a use tax.

**4.34.040 Administration and Collection.**

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 RCW and Chapter 82.12 RCW.

**4.34.050 Use of Funds.**

Monies collected from the tax shall be used solely for those housing and related services authorized by RCW 82.14.530, as it now exists or may be amended.

**4.34.060 Administration of Funds.**

The Funds shall be collected in a Kitsap County fund dedicated to affordable housing, and shall be administered by the Board of County Commissioners or the Board’s designee.

Section 2. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court, board or tribunal 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 3. Effective Date. This ordinance or a summary thereof consisting of the title shall take effect and be in full force upon adoption, provided, that pursuant to RCW 82.14.055 the additional sales and use tax imposed by Section 1 shall apply only to taxable events occurring on and after April 1, 2022.

Section 4. Code Reviser. The Code Reviser shall codify this ordinance as a separate chapter in Title 4 of the Kitsap County Code, namely as Chapter 4.34 KCC.

**ADOPTED** this \_\_\_\_ day of January 2022.

KITSAP COUNTY  
BOARD OF COUNTY COMMISSIONERS

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Edward E. Wolfe, Chair

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Robert Gelder

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Charlotte Garrido

ATTEST:

APPROVED AS TO FORM:

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Dana Daniels  
Clerk of the Board

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Deputy Prosecutor