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**THIRD SUBSTITUTE HOUSE BILL 1938**

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**State of Washington**

**66th Legislature**

**2020 Regular Session**

**By** House Housing, Community Development & Veterans (originally sponsored by Representatives Steele, Barkis, and Chapman)

1 AN ACT Relating to creating a local infrastructure investment  
2 program to support the development of affordable housing, workforce  
3 housing, and revitalization efforts; and adding a new chapter to  
4 Title 39 RCW.

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

6 NEW SECTION. **Sec. 1.** The definitions in this section apply  
7 throughout this chapter unless the context clearly requires  
8 otherwise.

9 (1) "Affordable workforce housing" means residential housing  
10 units that are rented or owned by a moderate income person or  
11 household with an income at or below one hundred ten percent of the  
12 median income for the county in which the housing is located.

13 (2) "Department" means the department of revenue.

14 (3) "Eligible city or county" means any county located east of  
15 the crest of the Cascade mountains with a population greater than  
16 forty thousand but no more than one hundred twenty-five thousand and  
17 the cities within those counties.

18 (4) "Eligible project" means an affordable workforce housing  
19 project or revitalization effort within a revitalization district. In  
20 counties and cities fully planning under RCW 36.70A.040, an eligible  
21 project must be wholly located within the limits of an urban growth

1 area as described in RCW 36.70A.110 or within limited areas of more  
2 intense rural development as described in WAC 365-196-425 as of the  
3 effective date of this section. In counties and cities not fully  
4 planning under RCW 36.70A.040, an eligible project must be in a  
5 location consistent with a locally adopted development plan. The  
6 eligible project may be housing, mixed-use, industrial, commercial,  
7 or a combination of multiple development types.

8 (5) "Local infrastructure" has the same meaning as provided for  
9 "public improvements" in RCW 39.104.020.

10 (6) "Participating local jurisdiction" means an eligible city or  
11 county that establishes a local infrastructure investment program.

12 (7) "Revitalization effort" means a project that promotes the  
13 continued economic growth of a participating local jurisdiction, as  
14 defined through the ordinance process provided in section 3 of this  
15 act.

16 NEW SECTION. **Sec. 2.** (1) A participating local jurisdiction  
17 that builds approved local infrastructure to support the development  
18 of affordable workforce housing or to support revitalization efforts  
19 within a revitalization district may receive a remittance that is the  
20 equivalent of a 4.37 percent sales or use tax on the construction of  
21 such housing developed under the local infrastructure investment  
22 program.

23 (2) The remittance may be claimed once per project. The  
24 remittance received by the participating local jurisdiction under  
25 this section must be credited against the sales and use tax due to  
26 the state under chapters 82.08 and 82.12 RCW on the same sales.

27 NEW SECTION. **Sec. 3.** (1) To commence a local infrastructure  
28 investment program, a participating local jurisdiction must adopt an  
29 ordinance establishing the local definition of revitalization effort  
30 and the geographic boundaries of the revitalization district.

31 (2) The participating local jurisdiction must hold a public  
32 hearing on the proposed local infrastructure investment program  
33 before passage of the ordinance establishing the program. The public  
34 hearing must be attended by at least a majority of the whole  
35 governing body. The public hearing is subject to the notice  
36 requirements in section 4 of this act.

1        NEW SECTION.        **Sec. 4.**        (1) Prior to adopting the ordinance  
2 creating the local infrastructure investment program, the  
3 participating local jurisdiction must provide public notice.

4        (2) Notice of the public hearing must be published in a legal  
5 newspaper of general circulation within the participating local  
6 jurisdiction at least ten days before the public hearing and posted  
7 in at least six conspicuous public places located in the  
8 participating local jurisdiction.

9        (3) Notice must also be sent by United States mail to the  
10 property owners within the participating local jurisdiction at least  
11 thirty days prior to the hearing.

12        NEW SECTION.        **Sec. 5.**        (1) A participating local jurisdiction  
13 must submit an application for the remittance to the department  
14 before construction is initiated on the eligible project. The  
15 application must be made to the department in a form and manner  
16 prescribed by the department. The application must provide  
17 information about the estimated amount of sales and use tax to be  
18 paid on the eligible project; the estimated date when construction  
19 will be completed; and any other information required by the  
20 department to determine the estimated amount of remittance.

21        (2) (a) The department must rule on the application within sixty  
22 days. Applications must be approved on a first-in-time basis. The  
23 department may not approve any application that would cause the total  
24 statewide amount of approvals to exceed seven hundred fifty thousand  
25 dollars plus any amounts available under (b) of this subsection in  
26 any fiscal year.

27        (b) If the total dollar amount of approved applications in any  
28 fiscal year is less than seven hundred fifty thousand dollars, a  
29 dollar amount equaling the difference between the approved  
30 applications and seven hundred fifty thousand dollars must be  
31 available to participating local jurisdictions in subsequent fiscal  
32 years.

33        (c) The department may not approve any application after June 30,  
34 2027.

35        (3) Upon completion of the eligible project, a participating  
36 local jurisdiction may claim the remittance by submitting a request  
37 to the department, in a form and manner prescribed by the department,  
38 that provides the following information about the eligible project:

1 (a) The total amount of construction costs for the eligible  
2 project;

3 (b) The total amount of sales and use tax paid on the eligible  
4 project; and

5 (c) Any other information required by the department to determine  
6 the amount of remittance due to the participating local jurisdiction.

7 (4) By November 1, 2026, and in compliance with RCW 43.01.036,  
8 the department must submit a report to the appropriate committees of  
9 the legislature that details:

10 (a) The total amount of each approved application by  
11 participating local jurisdiction and fiscal year; and

12 (b) The total amount of construction costs, sales tax paid, and  
13 remittance claimed for each eligible project by participating local  
14 jurisdiction and fiscal year.

15 NEW SECTION. **Sec. 6.** Sections 1 through 5 of this act  
16 constitute a new chapter in Title 39 RCW.

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