

**City of Blaine**  
**Request for Council Action**  
**Meeting Date: October 14, 2019**

**Subject:** Resolution 1779-19 – To Declare the City’s Intent Regarding Substitute House Bill 1406

**Department:** City Manager

**Prepared By:** \_\_\_\_\_  
(Digital Signature)

**Agenda Location:**     Consent Agenda     Council Action     Unfinished Business

---

**Attachments:**

1. Resolution 1779-19
- 

**Background/Summary:**

The State passed Substitute House Bill 1406 (SBH 1406) during the last session. It became effective July 28, 2019. The law allows for a tax rebate to local jurisdictions to assist in funding certain qualifying affordable housing programs. The rebate is 0.0146% of state sale taxes returned to the local jurisdiction. To participate in the rebate program, the local legislative authority must pass a Resolution of Intent before January 28, 2020.

Through the Small Cities Caucus we’ve developed agreement at an administrative level to cooperate regionally to collect and use SHB 1406 funds. Each of the seven Whatcom County cities, Bellingham included, are considering a resolution stating their intent to NOT take the tax and support the county to do so instead. The county will essentially accept the rebate for all jurisdictions. This will allow the county to expand affordable housing services that help residents in all the cities and throughout the county. The county has an existing administrative program for the distribution of funds that support affordable housing efforts. By using the county’s existing system, we avoid the administrative costs that would be incurred if each of the seven cities were to collect and distribute the tax rebate separately. A centralized effort also helps to ensure that the funding is well-targeted and avoids a disjointed effort.

If all the cities decide to have the county take the tax distribution on their behalf, then each of the seven cities will pass an ordinance before July 28, 2020 that takes the tax distribution and states the framework for how the monies will be used. The law outlines how and when the funds are received. The county must report annually to the Department of Commerce on the collection and use of the revenue. There are ongoing conversations about how the cities will be involved in the distribution decisions.

---

**Budget Implications:**     Current Budget     New Budget Request     Non-Budgetary

This has no impact on the 2019 Budget.

It would impact the yet to be adopted 2020 Budget by forgoing revenue (approx. \$20,000) and avoiding the expenses related running a program to distribute the funds and report to the state on the distribution.

---

**Recommendation:**

The City Manager recommends the City Council adopt Resolution 1779-19, declaring the City's intent regarding Substitute House Bill 1406.

---

**Reviewed By:**

City Manager \_\_\_\_\_ Finance Director \_\_\_\_\_ City Clerk \_\_\_\_\_  
(Digital Signature) (Digital Signature) (Digital Signature)

**RESOLUTION NO. 1779-19**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BLAINE,  
WASHINGTON, TO DECLARE THE CITY'S INTENT REGARDING SUBSTITUTE  
HOUSE BILL 1406.**

**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 for facilities providing supportive housing, and for the operations and maintenance costs of affordable or supportive housing; and

**WHEREAS**, the tax will be credited against state sales taxes collected within the City of Blaine and, therefore, will not result in higher sales and use taxes within the City yet will represent an additional source of funding to address housing needs in Whatcom County; and

**WHEREAS**, the City of Blaine does not have a qualifying tax that would allow collection of said sales tax credit; and

**WHEREAS**, the City of Blaine is therefore a non-participating city that does not impose a sales and use tax in accordance with SHB 1406; and

**WHEREAS**, Whatcom County is a participating county that has a qualifying local tax; and

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

**WHEREAS**, in order for Whatcom County to impose the tax, the cities within the county must declare their intent not to collect the tax on behalf of their municipality; and

**WHEREAS**, the City of Blaine agrees to have Whatcom County collect the tax on behalf of its municipality.

**NOW, THEREFORE, BE IT RESOLVED** by the City of Blaine that:

the City declares it will not adopt legislation at this time to authorize the maximum capacity of the sales and use tax authorized by SHB 1406; and

the City authorizes Whatcom County to collect maximum capacity of the sales and use tax for them as authorized by SHB 1406; and

this resolution shall take effect immediately upon its passage and adoption.

**PASSED BY** the City Council of the City of Blaine, Washington and approved by the Mayor on this 14<sup>th</sup> day of October, 2019.

---

Bonnie Onyon, Mayor

ATTEST:

---

Samuel Crawford, City Clerk

DRAFT