

ORDINANCE 11-2018

**AN ORDINANCE ADDING A NEW CHAPTER TO TITLE 3 OF THE
COUNTY CODE ESTABLISHING THE COLLECTION AND DISBURSEMENT
OF ONE-HALF OF ONE PERCENT REAL ESTATE EXCISE TAX
FOR THE DEVELOPMENT OF AFFORDABLE HOUSING**

WHEREAS, citizens in San Juan County are experiencing a severe problem of affordable housing; and

WHEREAS, the lack of affordable housing makes it difficult to diversify the County's economic base and encourage a more balanced, year-round economy; and

WHEREAS, the lack of affordable housing makes it difficult for private entities, the County and other public agencies to provide services in education, public safety, public works and administration; and

WHEREAS, the lack of affordable housing makes it difficult for young people in the County to establish themselves and start families here; and

WHEREAS, in the County there exists a number of not-for-profit organizations dedicated to the provision of affordable housing. These organizations have a history of delivery of affordable housing units of outstanding quality which are well suited to the conditions and needs of San Juan County; and

WHEREAS, the not-for-profit organizations are not able to provide a sufficient supply of affordable housing units to meet the needs of very low, low and moderate income workers; and

WHEREAS, the County desires to work with any organization interested in building or preserving affordable housing in San Juan County regardless of not-for-profit status; and

WHEREAS, San Juan County established an Affordable Housing Fund and Commission through Ordinance 20-2002; and

WHEREAS, the legislature through the enactment of RCW 82.46.075 provided a mechanism whereby the legislative authority of San Juan County may impose an additional excise tax on the purchase and sale of real property in the County for the purpose of developing affordable housing for very low, low and moderate-income persons and those with special needs; and

WHEREAS, no tax may be imposed under this legislation unless the County has previously imposed a tax under RCW 82.46.070 and such tax was imposed by January 1, 2003; and

WHEREAS, the County imposed a tax under RCW 82.46.070 prior to January 1, 2003; and

WHEREAS, the imposition of a real estate excise tax pursuant to RCW 82.46.075 must be approved by a vote of the people at a general election after the filing of a petition proposing the action with the County auditor or by resolution of the County Council; and

WHEREAS, the County Council adopted Resolution 24.2018 to submit the additional one-half of one percent excise tax to the voters of San Juan County for approval at a general election; and

WHEREAS, RCW 82.46.075(6) requires the County Council to adopt a plan for the expenditure of the proceeds of the tax at least sixty days before the election is held and to consult with the Town of Friday Harbor and hold at least one public hearing before the adoption of an expenditure plan; and

WHEREAS, the County has consulted with the Mayor and Town Council of the Town of Friday Harbor as required by the state statute; and

WHEREAS, the County Council adopted Resolution 25.2018, an Administrative and Financial plan for the expenditure of real estate excise tax funds in accordance with state and federal law, and includes criteria by which application shall be approved and funded; and

WHEREAS, the County Council held a public hearing on MAY 22, 2018 to consider the adoption of this ordinance for the expenditure of the tax proceeds; and

WHEREAS, all tax funds raised pursuant to RCW 82.46.075 shall be spent in accordance with this ordinance, state law and federal law.

NOW, THEREFORE, BE IT ORDAINED by the County Council of San Juan County, State of Washington, as follows:

NEW SECTION. Sec. 1. Purpose.

The purpose of the additional one-half of one percent real estate excise tax on the sale of real property, imposed pursuant to RCW 82.46.075, is to aid in the development of affordable housing in San Juan County. Development of affordable housing shall include acquisition, building, rehabilitation, and maintenance of housing for very low, low and moderate income persons or households and those with special needs.

NEW SECTION. Sec. 2. Definitions.

These words when used in this chapter have the following definitions:

“Affordable housing” means that occupants are spending no more than 30% of their gross household income on housing costs. Housing costs for renters are considered to include rent and utilities, or, for owners, to include the principal and interest on the mortgage plus property taxes and insurance (PITA). Utility costs include water, sewage disposal, electricity and/or gas for lighting, heating and cooking.

“Affordable housing excise tax” means the tax authorized by the voters of San Juan County, pursuant to the enablement and requirements of Chapter 82.46 RCW, as now enacted, or subsequently amended, and which is:

A. Levied on each sale of real property in the County beginning thirty days after approval of the tax by the voters is certified by the County Auditor.

B. At a rate of one-half percent of one percent of the selling price to be paid ninety-nine percent by the purchaser and one percent by the seller.

C. For a period of twelve years after the initiation of the tax as set out in this definition and expiring twelve years after the date of imposition

NEW SECTION. Sec. 3. Imposition and Rate.

A. Thirty days after the approval by a majority of the voters of San Juan County of the affordable housing excise tax is certified by the County Auditor, there shall be levied and collected by the treasurer an excise tax on each sale of real property in San Juan County at the rate of one-half of one percent of the selling price. Taxes imposed under this chapter shall be imposed in the same manner and on the same occurrences and are subject to the same conditions as the taxes imposed under RCW 82.45.

B. Taxes imposed under this chapter shall be paid ninety-nine percent by the purchaser and one-percent by the seller of the property.

NEW SECTION. Sec. 4. Use of Proceeds.

A. The County treasurer shall place the proceeds of the affordable housing excise tax in the affordable housing fund. All tax revenues shall be administered by the County as part of the affordable housing fund and spent in accordance with RCW 82.46.075, the 2018 Real Estate Excise Tax Administrative and Financial Plan passed by Resolution _____ and this ordinance.

B. Disbursements of the RCW 82.46.075 tax funds in the affordable housing fund shall be made following a competitive grant and loan process. The County Council has approved an Administrative and Financial Plan by Resolution 25-2018, which includes criteria by which the applications shall be approved and funded.

NEW SECTION. Sec. 5. Liens.

Any tax imposed under this chapter and any interest and penalties thereon is a specific lien upon each piece of real property sold from the time of the sale until the tax is paid, which lien may be enforced in the manner prescribed for the foreclosure of mortgages.

NEW SECTION. Sec. 6. Taxpayer's Obligations.

The taxes levied in this chapter are an obligation on the purchaser (ninety-nine percent) and the seller (one-percent). The tax obligations of the seller and purchaser may be enforced

through an action of debt against the seller or in the manner prescribed for the foreclosure of mortgages. Resort to one course of enforcement is not an election not to pursue the other.

NEW SECTION. Sec. 7. Expenditure Plan.

Grants and loans pursuant to RCW.82.46.075 shall comply with the 2018 Housing Real Estate Excise Tax Administrative and Financial Plan adopted by the County Council.

NEW SECTION. Sec. 8. Codification.

Sections 1 through 7 of this Ordinance constitute a new chapter in Title 3 of the San Juan County Code.

NEW SECTION. Sec. 9. Effective Date.

This ordinance shall not become effective until certification by the County Auditor that a majority of the voters of San Juan County voting in an election to be held on November 6, 2018 approved the imposition of the excise tax authorized in RCW 82.46.075 and in this ordinance.

NEW SECTION. Sec. 10. Severability

If any provision of this ordinance or application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions of application of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are declared to be severable.

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ADOPTED this 22ND day of MAY 2018.


ATTEST: Clerk of the Council

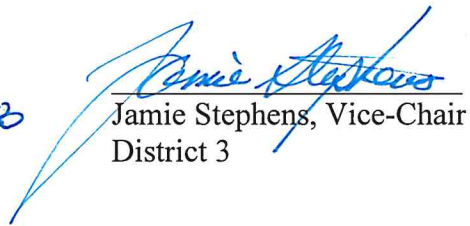
**COUNTY COUNCIL
SAN JUAN COUNTY, WASHINGTON**

 5.22.2018
Ingrid Gabriel, Clerk Date



Bill Watson, Chair
District 1

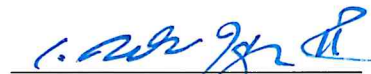
REVIEWED BY COUNTY MANAGER

 5/22/18
Michael J. Thomas Date


Jamie Stephens, Vice-Chair
District 3

RANDALL K. GAYLORD
APPROVED AS TO FORM ONLY

By:  5/7/18
Date


Rick Hughes, Member
District 2

RESOLUTION 24 - 2018

**A RESOLUTION SETTING AN ELECTION FOR THE IMPOSITION OF
A ONE-HALF OF ONE PERCENT REAL ESTATE EXCISE TAX FOR
AFFORDABLE HOUSING**

WHEREAS, the Washington State Legislature adopted RCW 82.46.075 allowing the imposition of an excise tax in support of affordable housing by the county legislative authority after an election approving such a tax; and

WHEREAS, RCW 82.46.075 provides that the tax may only be adopted by counties which have imposed a tax under RCW 82.46.070 at the maximum rate on or before January 1, 2003; and

WHEREAS, San Juan County imposed a real estate excise tax at the maximum amount under RCW 82.46.070 prior to January 1, 2003; and

WHEREAS, RCW 82.46.074(4) authorizes the County Council to adopt a Resolution proposing an excise tax in support of affordable housing prior to action by the voters; and

WHEREAS, RCW 82.46.075(6) requires the County Council to adopt a plan for the expenditure of the proceeds of the tax at least sixty days before the election is held and to consult with the Town of Friday Harbor and hold at least one public hearing before the adoption of an expenditure plan; and

WHEREAS, the County has consulted with the Mayor and the Town Council of Friday Harbor as required by statute; and

WHEREAS, the County Council has adopted Resolution 25⁻²⁰¹⁸ adopting an expenditure plan for the proceeds of the real estate excise tax.

NOW THEREFORE BE IT RESOLVED by the County Council of San Juan County, State of Washington, that:

1. A proposition be placed on the ballot in the general election to be held on November 6, 2018, for the enactment of a real estate excise tax in the amount of one-half of one percent on the purchase and sale of real property in San Juan County; and
2. The real estate excise tax shall be paid ninety-nine percent by the purchaser and one percent by the seller; and

3. The imposition of the tax shall begin 30 days after certification by the County Auditor that a majority of the voters of San Juan County voting in an election to be held on November 6, 2018 approved the imposition of the excise tax authorized in RCW 82.46.075; the tax shall expire twelve years after the date of imposition.

ADOPTED this 22ND day of MAY 2018.

ATTEST: Clerk of the Council

**COUNTY COUNCIL
SAN JUAN COUNTY,
WASHINGTON**

Ingrid Gabriel 05.22.2018
Ingrid Gabriel, Clerk Date

Bill Watson
Bill Watson, Chair
District 1

REVIEWED BY COUNTY MANAGER

Michael J. Thomas 5/22/18
Michael J. Thomas Date

Jamie Stephens
Jamie Stephens, Vice-Chair
District 3

RANDALL K. GAYLORD
APPROVED AS TO FORM ONLY

By: [Signature] 5/7/18
Date

Rick Hughes
Rick Hughes, Member
District 2