Washington State Department of Commerce

2025 Affordable and Supportive Housing Sales and Use Tax: Collection and use of revenue

Annual report pursuant to RCW 82.14.540(11)

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Report to the Legislature

Director Joe Nguyễn

HOUSING DIVISION

Acknowledgments

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Executive summary

Overview

The 2019 Encouraging Investments in Affordable and Supportive Housing Act (RCW 82.14.540) authorized a new state-shared local tax option for investments in affordable and supportive housing. It authorized a local sales tax option that is a credit against the state sales tax rate. Jurisdictions can receive Affordable and Supportive Sales and Use Tax Revenues for up to 20 years.

Statutory reporting directive

This report is submitted to fulfill statutory requirements outlined in RCW 82.14.540(11):

> Counties and cities imposing the tax under this section must report annually to the department of commerce on the collection and use of the revenue. The department of commerce must adopt rules prescribing content of such reports. By December 1, 2019, and annually thereafter, and in compliance with RCW 43.01.036, the department of commerce must submit a report annually to the appropriate legislative committees with regard to such uses.

The Washington State Department of Commerce (Commerce) completed rulemaking on April 13, 2020, to prescribe the contents of jurisdictions' reports.

Summary of state fiscal year 2025 data

Commerce collected spending data from jurisdictions from July to September 2025. In total, 118 jurisdictions completed the required annual report on revenue spending for state fiscal year 2025.[1]

- A total of 127 jurisdictions — 37 counties and 90 cities — received distributions from the Department of Revenue (DOR).
- Twenty-eight of the 126 jurisdictions participate in interlocal agreements (ILAs) to pool and distribute their revenue.2
- The statewide DOR distribution was $26,922,129.73.
- Most jurisdictions did not spend Affordable and Supportive Sales Tax revenue.
- Sixteen jurisdictions or ILAs spent or committed funds toward capital projects, with an increase in total expenditures from state fiscal year 2024.
- Fifteen jurisdictions or ILAs used revenue for rent assistance programs.
- Fourteen jurisdictions or ILAs used funds for operations and maintenance costs of new housing units.
- Eight jurisdictions used revenue for other allowable purposes.
- From state fiscal year 2024 to 2025, 746 newly funded units went into service.

[1] The online report form and instructions are located on the Commerce website,
[2] These jurisdictions are located in Benton County, Chelan County, Douglas County, Franklin County, Jefferson County, North King County, South King County and Thurston County,

Introduction

Background

RCW 82.14.540 authorized a new state-shared optional local sales tax for affordable and supportive housing investments that is a credit against the state sales tax rate of 6.5%. The maximum rate imposed may not exceed either 0.0146% or 0.0073%. Jurisdictions can receive Affordable and Supportive Sales and Use Tax revenues for up to 20 years.

The maximum authorized tax distribution is based on the jurisdiction's taxable retail sales in state fiscal year 2019 multiplied by the authorized tax rate — 0.0073% or 0.0146%. For example, if a city's taxable retail sales were $1 million in fiscal year 2019, the maximum amount the city may receive is either $73 or $146 per fiscal year, depending on its authorized rate. If that city had taxable retail sales of $50,000 for a particular month and was eligible to receive the 0.0073% rate, it would receive $3.65 in tax distribution for that month.

The tax rate is based on three factors at the time of adoption:

1. The date of adoption
2. The presence of a qualifying local tax (cities only)
3. Whether the corresponding city or county was a participating jurisdiction

Allowable use of funds

Jurisdictions must use Affordable and Supportive Housing Sales and Use Tax revenues to provide housing and services to people whose income is at or below 60% of the median income of the city or county imposing the tax. All jurisdictions, no matter what size, are able to use these funds for rental assistance. Chapter 101, Laws of 2024 (SB 5604) amended the allowable uses for these funds to allow jurisdictions to use the funds for administrative costs as long as the costs do not exceed 10%.[3]

Agency roles and activities

Department of Revenue

The Department of Revenue interprets and implements RCW 82.14.540, making monthly revenue distributions to jurisdictions and calculating the maximum tax distribution that participating jurisdictions may receive each year. DOR collects minimal information from jurisdictions to administer the tax.

Department of Commerce

Participating jurisdictions must report to Commerce annually on the "collection and use of the revenues." Pursuant to RCW 82.14.540, Commerce conducted rulemaking in 2019 and 2020 to prescribe the content of those reports. Commerce collects information from jurisdictions on the collection and use of revenues and prepares this report annually.

[3] Washington State Legislature, "Senate Bill 5604 (2023–24 Session Laws),"

Participating jurisdictions and revenue distributions

DOR reported that 127 jurisdictions — 37 counties and 90 cities — received distributions during state fiscal year 2025, which ran from July 1, 2024, through June 30, 2025. Statewide distributions totaled $26,922,129.73.

Table 1: Participating jurisdiction and state fiscal year 2025 distributions

Location	Distribution
ADAMS COUNTY	$51,473.23
AIRWAY HEIGHTS	$19,353.36
ANACORTES	$81,267.09
ARLINGTON	$44,919.94
ASOTIN COUNTY	$30,949.24
AUBURN/KING RTA	$149,338.07
BAINBRIDGE ISLAND	$43,463.82
BELLEVUE RTA	$625,858.12
BENTON COUNTY	$618,727.25
BONNEY LAKE RTA	$49,389.32
BOTHELL/KING	$106,990.94
BREMERTON	$77,236.45
BURIEN	$63,337.24
BURLINGTON	$74,039.40
CARNATION	$3,645.58
CASHMERE	$5,052.43
CHELAN CITY	$15,706.68
CHELAN COUNTY	$199,558.97
CLALLAM COUNTY	$136,012.20
CLARK COUNTY	$773,383.81
CLYDE HILL	$7,295.89
COLUMBIA COUNTY	$10,364.43
COVINGTON	$42,544.04
COWLITZ COUNTY	$161,897.88
DAYTON	$2,548.08
DES MOINES	$32,666.74

Location	Distribution
DOUGLAS COUNTY	$127,381.86
DUVALL	$9,025.31
EAST WENATCHEE	$33,224.72
EDMONDS	$71,931.05
ELLENSBURG	$85,189.37
ENUMCLAW	$27,674.90
EVERETT RTA	$224,718.31
FEDERAL WAY	$125,065.50
FIFE	$71,422.87
FORKS	$4,713.90
FRANKLIN COUNTY	$33,108.54
GARFIELD COUNTY	$5,136.79
GRANT COUNTY	$251,237.61
GRAYS HARBOR COUNTY	$105,206.02
ISLAND COUNTY	$146,440.13
ISSAQUAH RTA	$122,956.20
JEFFERSON COUNTY	$61,855.33
KALAMA	$4,453.14
KENMORE	$22,466.15
KENT RTA	$194,889.31
KING COUNTY RTA	$4,608,280.74
KIRKLAND	$211,668.86
KITSAP COUNTY	$548,947.89
KITTITAS COUNTY	$79,043.90
KLICKITAT COUNTY	$54,212.91
LACEY	$110,373.93
LAKE FOREST PARK	$9,970.02
LAKE STEVENS	$34,891.73
LAKEWOOD	$97,697.17
LEAVENWORTH	$15,631.81

Location	Distribution
LEWIS COUNTY	$233,150.81
LIBERTY LAKE	$28,504.48
LINCOLN COUNTY	$15,053.76
LONGVIEW	$74,283.98
LYNNWOOD	$196,819.21
MAPLE VALLEY	$31,276.12
MARYSVILLE	$94,117.37
MASON COUNTY	$121,900.28
MEDINA	$9,782.77
MERCER ISLAND	$37,372.56
MILL CREEK	$24,674.77
MONROE	$45,540.66
MOSES LAKE	$57,023.92
MOUNT VERNON	$65,029.18
MUKILTEO	$22,746.85
NEWCASTLE	$12,152.37
NORMANDY PARK	$5,447.45
NORTH BEND	$23,323.54
OKANOGAN COUNTY	$76,963.29
OLYMPIA	$329,491.11
OMAK	$16,931.69
PACIFIC COUNTY	$40,900.11
PASCO	$105,831.92
PEND OREILLE COUNTY	$24,130.78
PIERCE COUNTY RTA	$1,601,254.00
PORT ANGELES	$58,025.41
PORT ORCHARD	$44,553.73
PORT TOWNSEND	$20,596.03
POULSBO	$35,922.03
PUYALLUP	$194,101.51

Location	Distribution
QUINCY	$63,355.81
REDMOND RTA	$289,265.78
RENTON RTA	$226,431.09
RIDGEFIELD	$23,741.44
SAMMAMISH RTA	$53,098.32
SAN JUAN COUNTY	$82,053.83
SEATAC	$147,445.46
SEATTLE	$4,228,362.75
SEDRO WOOLLEY	$14,140.23
SEQUIM	$29,920.82
SHORELINE	$86,235.08
SKAGIT COUNTY	$277,060.89
SKAMANIA COUNTY	$11,908.78
SNOHOMISH CITY	$37,391.39
SNOHOMISH COUNTY RTA	$1,343,274.79
SNOQUALMIE	$23,572.63
SPOKANE CITY	$402,274.47
SPOKANE COUNTY	$937,880.63
SPOKANE VALLEY	$193,522.69
STANWOOD	$14,544.47
STEVENSON	$4,807.77
SUMNER	$51,630.01
TACOMA	$853,070.46
THURSTON COUNTY	$502,551.38
TUKWILA	$165,998.21
TUMWATER	$63,703.51
UNIVERSITY PLACE	$25,412.69
VANCOUVER	$658,931.05
WAHKIAKUM COUNTY	$6,946.98
WALLA WALLA COUNTY	$96,061.54

Location	Distribution
WASHOUGAL	$14,467.98
WENATCHEE	$85,427.15
WHATCOM COUNTY	$683,598.73
WHITMAN COUNTY	$64,337.46
WINTHROP	$3,550.64
WOODINVILLE RTA	$63,206.56
WOODWAY	$1,747.86
YAKIMA CITY	$147,516.63
YAKIMA COUNTY	$351,655.51
YARROW POINT	$1,887.01
YELM	$17,401.39
Total	**$26,922,129.73**

Jurisdictions' use of funds

Approximately 84% of participating jurisdictions completed the reporting requirement for fiscal year 2025. This means the data reported below may not reflect a complete summary of statewide expenditures.

Jurisdictions spent a total of $22,503,778.26:

- $1,182,483.55 on rent assistance, a 21% decrease from state fiscal year 2024
- $14,967,464.39 on capital projects, a 33% increase from state fiscal year 2024
- $6,353,830.32 on operations and maintenance, a 25% decrease from state fiscal year 2024

Fifty-three participating jurisdictions spent revenue on new or existing projects:

- 15 jurisdictions used revenue for rent assistance programs (shown in Table 2)
- 16 jurisdictions used revenue for capital projects (shown in Table 3)
- 14 jurisdictions used revenue to support operations and maintenance costs of new units of affordable housing (shown in Table 4)
- 8 jurisdictions used revenue for other expenses (shown in Table 5)

Of the jurisdictions with capital expenditures (Table 6), they reported:

- 95 units under contract
- 549 units under construction
- 911 units in service

Table 2: Rent assistance expenditures by jurisdiction

Jurisdiction	Total spent	Total households served	Priority population(s) served
Arlington	$43,317.20	29	Pandemic recovery; below 60% Area Median Income (AMI)
Clark County	$32,209.50	15	Below 30% AMI
Covington	$32,177.77	158	Below 60% AMI
Enumclaw	$173,807.15	145	Households paying more than 50% of income in rent
Lakewood	$72,505.00	6	N/A
Mercer Island	$96,724.00	36	Below 80% AMI
Monroe	$100,290.15	49	Below 60% AMI
San Juan County	$38,321.26	91	Seniors, people with disabilities, below 30% AMI
SeaTac	$189,000.00	55	N/A
Sedro Wooley	$15,443.75	7	N/A
Shoreline	$155,181.85	77	N/A
Snohomish	$51,326.00	27	Low income
Stanwood	$13,838.02	10	Low income
Tukwila	$39,500.00	28	Below 60% AMI
Whatcom County	$128,841.90	58	Families with children; single adults
Total	**$1,182,483.55**	**791**	

Table 3: Capital project expenditures by jurisdiction

Jurisdiction	Total spent	Activity
ARCH ILA	$9,200,278.00	Emma McRedmond Manor
Chelan City	$78,357.26	Heritage Heights memory care (remodel and kitchen renovation)
Clark County	$198,841.01	○ Crown Villa Apartments ○ St. Helens Manor
Cowlitz County	$120,138.56	Habitat for Humanity — A Brush with Kindness
Enumclaw	$696,034.39	N/A
Kitsap County	$399,010.49	Mile Hill Shelter (Pacific Building)
Thurston County ILA	$55,511.00	Low Income Housing Institute — Lotus Court
Lakewood	$249,765.63	○ 8509 Idlewood Dr. SW ○ 8125 Winona St.
Okanogan County	$554,070.93	○ Pateros Gardens Roof Replacement/Rehab ○ Fyre Village Wildrose Multifamily Housing
Pierce County	$289,149.12	○ LIHI Patsy Surh Place (new construction for seniors 50% AMI and below) ○ Mercy Aviva Crossing (new construction for 60% AMI and below) ○ Parkview Graham (group home rehab for SRO units)
San Juan County	$37,555.03	○ Cottages at Pea Patch ○ OPAL Reddick Apartments rehab
Skagit County	$3,342.32	NWYS North 4th Street Project
SKHHP ILA	$140,000.00	○ Victorian Place II ○ Burien Miller Creek
Spokane County	$2,919,631.68	○ Hifumi En (new construction) ○ Crosswalk 2.0 (new construction youth shelter)
Tacoma	$19,935.22	Viridian Grove
Whatcom County	$5,843.75	YWCA Garden Street Apartments
Total	**$14,967,464.39**	

Table 4: Operations and maintenance expenditures by jurisdiction

Jurisdiction	Total spent	Units supported
Burlington	$110,098.47	45
Cashmere	$23,388.98	18
Chelan & Douglas Counties ILA	$53,981.00	100
Lake Forest Park	$16,834.32	0
Lincoln County	$35,082.00	2
Moses Lake	$28,828.95	37
Mount Vernon	$61,869.81	70
Port Orchard	$43,200.00	3
Seattle	$2,491,565.64	204
Sedro Wooley	$8,000.50	0
Skagit County	$6,152.70	70
Vancouver	$3,180,700.00	80
Wenatchee	$84,067.00	20
Whatcom County	210,060.95	163
Total	**$6,353,830.32**	**812**

Table 5: Other expenses reported

Jurisdiction	Activity
Clallam County	Rehabilitation
Covington	Membership dues to South King County Housing and Homelessness Partners
Enumclaw	Utility and bill assistance for families
Kittitas County	Administrative expenses
Lakewood	Single-family homeowner rehabilitation program for households below 60% AMI
Newcastle	Membership to ARCH ILA trust fund
Okanogan County	Repairs and improvements to apartments; Operations and planning for new youth village
Spokane City	Administrative expenses

Table 6: Project and unit status by jurisdiction with capital projects

Jurisdiction	Units under contract	Units under construction	Units in service
Anacortes	0	0	50
ARCH ILA	0	3	0
Benton & Franklin Counties	36	0	0
Burlington	0	0	45
Clallam County	0	5	0
Clark County	0	80	134
Kittitas County	50	0	0
Omak	0	2	0
Pierce County	0	354	225
Seattle	0	0	204
Skagit County	5	0	70
SKHHP ILA	0	0	91
Spokane County	0	1	86
Tacoma	0	98	0
Thurston County ILA	4	0	0
Whatcom County	0	6	6
Total	**95**	**549**	**911**