
SENATE BILL 6314

State of Washington

55th Legislature

1998 Regular Session

By Senators Morton, Rasmussen and Oke

Read first time 01/15/98. Referred to Committee on Natural Resources & Parks.

1 AN ACT Relating to endangered species recovery plan funding;
2 amending RCW 82.24.020 and 82.24.027; adding a new section to chapter
3 43.79 RCW; adding a new section to chapter 82.24 RCW; creating a new
4 section; making an appropriation; and declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that an emergency
7 exists relating to threatened and endangered fish species listed under
8 the endangered species act. Washington state currently has four
9 salmonid stocks that are listed under the endangered species act with
10 the potential of ten more salmonid stocks being listed in the near
11 future. Each listing and impending listing has the potential to
12 adversely affect the economy of Washington state because regulation or
13 restriction will, by necessity, curtail human activities as part of
14 each recovery plan. The state of Washington needs quick action to
15 assure the recovery of threatened or endangered salmonid species and to
16 protect the economy of the state. Quick action means that a
17 comprehensive recovery plan is needed to restore each endangered or
18 threatened fish listing. Furthermore, a stable source of funding is
19 needed to implement the plan without triggering Initiative 601

1 limitations on new taxes. Therefore, a dedicated funding source shall
2 be authorized that provides certainty, results in no new taxes, and is
3 correlated to the purpose for which the funds are to be used. Such a
4 source is available in the form of cigarette tax revenues collected on
5 Indian reservations from cigarette sales to non-Indian purchasers.

6 According to an estimate by the department of revenue, sixty
7 million in tax revenue is lost annually from the sale of cigarettes to
8 non-Indian purchasers on Indian reservations. Recent legislation,
9 codified in RCW 82.24.010 and 82.24.500, shifts the enforcement of
10 cigarette excise taxation from the department of revenue to the liquor
11 control board. That legislation will result in the curtailment of
12 illegal sales on Indian reservations. Appropriating an until-now-
13 uncollected tax from smoke shop cigarette sales to non-Indian
14 purchasers is tax-neutral to members of bona fide Indian tribes.
15 Rather, the tax burden remains with the non-Indian cigarette purchaser
16 and the funds derived from such tax are passed to areas of the state
17 where salmon restoration is needed. Additionally, the funds derived
18 from such a tax will directly benefit the members of Washington tribes
19 when they apply for restoration funds and meet certain application
20 criteria. These criteria will be universally applied to all requests
21 for funding regardless of the source of the request.

22 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.79 RCW
23 to read as follows:

24 The salmonid restoration account is created in the state treasury.
25 All receipts derived from excise taxes authorized under RCW 82.24.020
26 and 82.24.027 from the sale of cigarettes on Indian reservations to
27 non-Indian purchasers must be deposited in the account. Moneys in the
28 account may be spent only after appropriation. Expenditures from the
29 account may be used only for salmonid restoration projects, for the
30 recovery of threatened or endangered salmonids, and for aiding in
31 deterrence of salmonid species listings under the endangered species
32 act, except that the first two million seven hundred fifty thousand
33 dollars of the moneys deposited into the account must be transferred to
34 the state general fund.

35 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.24 RCW
36 to read as follows:

1 The liquor control board shall report annually to the legislature
2 on the implementation of chapter 420, Laws of 1997.

3 **Sec. 4.** RCW 82.24.020 and 1994 sp.s. c 7 s 904 are each amended to
4 read as follows:

5 (1) There is levied and there shall be collected as provided in
6 this chapter, a tax upon the sale, use, consumption, handling,
7 possession or distribution of all cigarettes, in an amount equal to the
8 rate of eleven and one-half mills per cigarette. All revenues
9 collected under this subsection shall be deposited into the general
10 fund, except revenues collected from the sale of cigarettes to non-
11 Indian purchasers on Indian reservations shall be deposited into the
12 salmonid restoration account.

13 (2) An additional tax is imposed upon the sale, use, consumption,
14 handling, possession, or distribution of all cigarettes, in an amount
15 equal to the rate of five and one-fourth mills per cigarette. All
16 revenues collected during any month from this additional tax shall be
17 deposited in the violence reduction and drug enforcement account under
18 RCW 69.50.520 by the twenty-fifth day of the following month, except
19 that revenues collected from the sale of cigarettes to non-Indian
20 purchasers on Indian reservations shall be deposited into the salmonid
21 restoration account.

22 (3) An additional tax is imposed upon the sale, use, consumption,
23 handling, possession, or distribution of all cigarettes, in an amount
24 equal to the rate of (~~ten mills per cigarette through June 30, 1994,~~
25 ~~eleven and one-fourth mills per cigarette for the period July 1, 1994,~~
26 ~~through June 30, 1995, twenty mills per cigarette for the period July~~
27 ~~1, 1995, through June 30, 1996, and~~) twenty and one-half mills per
28 cigarette (~~thereafter~~). All revenues collected during any month from
29 this additional tax shall be deposited in the health services account
30 created under RCW 43.72.900 by the twenty-fifth day of the following
31 month, except that revenues collected from the sale of cigarettes to
32 non-Indian purchasers on Indian reservations shall be deposited into
33 the salmonid restoration account.

34 (4) Wholesalers and retailers subject to the payment of this tax
35 may, if they wish, absorb one-half mill per cigarette of the tax and
36 not pass it on to purchasers without being in violation of this section
37 or any other act relating to the sale or taxation of cigarettes.

1 (5) For purposes of this chapter, "possession" shall mean both (a)
2 physical possession by the purchaser and, (b) when cigarettes are being
3 transported to or held for the purchaser or his or her designee by a
4 person other than the purchaser, constructive possession by the
5 purchaser or his or her designee, which constructive possession shall
6 be deemed to occur at the location of the cigarettes being so
7 transported or held.

8 **Sec. 5.** RCW 82.24.027 and 1986 c 3 s 12 are each amended to read
9 as follows:

10 There is hereby levied and there shall be collected by the
11 department of revenue from the persons mentioned in and in the manner
12 provided by this chapter, an additional tax upon the sale, use,
13 consumption, handling, possession, or distribution of cigarettes in an
14 amount equal to the rate of four mills per cigarette.

15 The moneys collected under this section shall be deposited in the
16 water quality account under RCW 70.146.030 through June 30, 2021, and
17 in the general fund thereafter, except that revenues collected from the
18 sale of cigarettes to non-Indian purchasers on Indian reservations
19 shall be deposited into the salmonid restoration account.

20 NEW SECTION. **Sec. 6.** The sum of two million seven hundred fifty
21 dollars, or as much thereof as may be necessary, is appropriated from
22 the general fund to the liquor control board for the fiscal year ending
23 June 30, 1999, for twenty-five additional enforcement officers to
24 implement chapter 420, Laws of 1997.

25 NEW SECTION. **Sec. 7.** This act is necessary for the immediate
26 preservation of the public peace, health, or safety, or support of the
27 state government and its existing public institutions, and takes effect
28 immediately.

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