
SUBSTITUTE HOUSE BILL 1232

State of Washington

60th Legislature

2007 Regular Session

By House Committee on Local Government (originally sponsored by Representatives Hunt, Alexander, Curtis, Simpson, Chandler, Armstrong and Appleton)

READ FIRST TIME 02/27/07.

1 AN ACT Relating to the use of local government real estate excise
2 tax proceeds for the acquisition of equipment and software related to
3 business applications; and amending RCW 82.46.010.

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

5 **Sec. 1.** RCW 82.46.010 and 1994 c 272 s 1 are each amended to read
6 as follows:

7 (1) The legislative authority of any county or city shall identify
8 in the adopted budget the capital projects funded in whole or in part
9 from the proceeds of the tax authorized in subsection (2) of this
10 section, and shall indicate that such tax is intended to be in addition
11 to other funds that may be reasonably available for such capital
12 projects.

13 (2) The legislative authority of any county or any city may impose
14 an excise tax on each sale of real property in the unincorporated areas
15 of the county for the county tax and in the corporate limits of the
16 city for the city tax at a rate not exceeding one-quarter of one
17 percent of the selling price.

18 (a) The revenues from this tax shall be used by any city or county
19 with a population of five thousand or less and any city or county that

1 does not plan under RCW 36.70A.040 for any capital purpose identified
2 in a capital improvements plan and local capital improvements,
3 including those listed in RCW 35.43.040. For purposes of this
4 subsection (2), "capital projects" include equipment items that may
5 contain and employ a software element necessary for initial
6 installation and operation that may be included in the capital
7 expenditure on a one-time basis during initial acquisition by a county
8 or city in the regular course of business in connection with associated
9 capital improvements. These expenditures must be capitalized with a
10 lifetime of at least five years and must be tied directly to the dollar
11 amount used solely for the economic development value of an existing or
12 planned capital improvement. None of the tax proceeds may be used for
13 daily operations or upgrading of the original capital investment.

14 (b) After April 30, 1992, revenues generated from the tax imposed
15 under this subsection in counties over five thousand population and
16 cities over five thousand population that are required or choose to
17 plan under RCW 36.70A.040 shall be used solely for financing capital
18 projects specified in a capital facilities plan element of a
19 comprehensive plan and housing relocation assistance under RCW
20 59.18.440 and 59.18.450. However, revenues (~~((a))~~) (i) pledged by such
21 counties and cities to debt retirement prior to April 30, 1992, may
22 continue to be used for that purpose until the original debt for which
23 the revenues were pledged is retired, or (~~((b))~~) (ii) committed prior
24 to April 30, 1992, by such counties or cities to a project may continue
25 to be used for that purpose until the project is completed.

26 (3) In lieu of imposing the tax authorized in RCW 82.14.030(2), the
27 legislative authority of any county or any city may impose an
28 additional excise tax on each sale of real property in the
29 unincorporated areas of the county for the county tax and in the
30 corporate limits of the city for the city tax at a rate not exceeding
31 one-half of one percent of the selling price.

32 (4) Taxes imposed under this section shall be collected from
33 persons who are taxable by the state under chapter 82.45 RCW upon the
34 occurrence of any taxable event within the unincorporated areas of the
35 county or within the corporate limits of the city, as the case may be.

36 (5) Taxes imposed under this section shall comply with all
37 applicable rules, regulations, laws, and court decisions regarding real
38 estate excise taxes as imposed by the state under chapter 82.45 RCW.

1 (6) As used in this section, the following definitions apply:

2 (a) "City" means any city or town; and

3 (b) "Capital project" means those public works projects of a local
4 government for planning, acquisition, construction, reconstruction,
5 repair, replacement, rehabilitation, or improvement of streets; roads;
6 highways; sidewalks; street and road lighting systems; traffic signals;
7 bridges; domestic water systems; storm and sanitary sewer systems;
8 parks; recreational facilities; law enforcement facilities; fire
9 protection facilities; trails; libraries; administrative and/or
10 judicial facilities; river and/or waterway flood control projects by
11 those jurisdictions that, prior to June 11, 1992, have expended funds
12 derived from the tax authorized by this section for such purposes; and,
13 until December 31, 1995, housing projects for those jurisdictions that,
14 prior to June 11, 1992, have expended or committed to expend funds
15 derived from the tax authorized by this section or the tax authorized
16 by RCW 82.46.035 for such purposes. "Capital project" includes
17 equipment that may contain and employ software elements necessary for
18 initial installation and operation that may be included in the capital
19 budget expenditure on a one-time basis during the initial acquisition
20 by a county or city in the regular course of business in connection
21 with associated capital improvements. These capital expenditures must
22 be capitalized with a lifetime of at least five years and must be tied
23 directly to the dollar amount used solely for the economic development
24 value of an existing or planned capital improvement. None of the tax
25 proceeds may be used for daily operation, maintenance, or upgrading of
26 the original capital investment.

27 (7) All expenditures made by counties and cities for capital
28 purposes, local capital improvements, and capital projects authorized
29 under this section on or before the effective date of this act are
30 declared to be valid.

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