
HOUSE BILL 2933

State of Washington 61st Legislature 2010 Regular Session

By Representatives Ericks, Morrell, and Dammeier

Read first time 01/18/10. Referred to Committee on Finance.

1 AN ACT Relating to modifying sales and use tax provisions for the
2 local infrastructure financing tool program; amending RCW 82.14.475;
3 and providing an expiration date.

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

5 **Sec. 1.** RCW 82.14.475 and 2009 c 267 s 8 are each amended to read
6 as follows:

7 (1) A sponsoring local government, and any cosponsoring local
8 government, that has been approved by the board to use local
9 infrastructure financing may impose a sales and use tax in accordance
10 with the terms of this chapter and subject to the criteria set forth in
11 this section. Except as provided in this section, the tax is in
12 addition to other taxes authorized by law and (~~shall be~~) is collected
13 from those persons who are taxable by the state under chapters 82.08
14 and 82.12 RCW upon the occurrence of any taxable event within the
15 taxing jurisdiction of the sponsoring local government or cosponsoring
16 local government.

17 (2) The tax authorized under subsection (1) of this section (~~shall~~
18 ~~be~~) is credited against the state taxes imposed under RCW 82.08.020(1)
19 and 82.12.020 at the rate provided in RCW 82.08.020(1). The department

1 ((shall)) must perform the collection of such taxes on behalf of the
2 sponsoring local government or cosponsoring local government at no cost
3 to the sponsoring local government or cosponsoring local government and
4 ((shall)) must remit the taxes as provided in RCW 82.14.060.

5 (3) The aggregate rate of tax imposed by the sponsoring local
6 government, and any cosponsoring local government, must not exceed the
7 lesser of:

8 (a) The rate provided in RCW 82.08.020(1) less:

9 (i) The aggregate rates of all other local sales and use taxes
10 imposed by any taxing authority on the same taxable events;

11 (ii) The aggregate rates of all taxes under RCW 82.14.465 and this
12 section that are authorized to be imposed on the same taxable events
13 but have not yet been imposed by a sponsoring local government or
14 cosponsoring local government that has been approved by the department
15 or the community economic revitalization board to receive a state
16 contribution under chapter(~~s~~-chapter) 39.100 or 39.102 RCW; and

17 (iii) The percentage amount of distributions required under RCW
18 82.08.020(5) multiplied by the rate of state taxes imposed under RCW
19 82.08.020(1); and

20 (b) The rate, as determined by the sponsoring local government, and
21 any cosponsoring local government, in consultation with the department,
22 reasonably necessary to receive the state contribution over ten months.

23 (4) Sponsoring local governments that have been approved before
24 October 1, 2008, by the community economic revitalization board for a
25 state contribution must select the rate of tax under this section no
26 later than September 1, 2009.

27 (5) The department, upon request, must assist a sponsoring local
28 government and cosponsoring local government in establishing their tax
29 rate in accordance with subsection (3) of this section. Once the rate
30 of tax is selected, it may not be increased.

31 (6)(a) No tax may be imposed under the authority of this section:

32 (i) Before July 1, 2008; and

33 (ii) Before July 1st of the second calendar year following the year
34 approval by the board under RCW 39.102.040 was made(~~and~~
35 ~~(iii) Before~~)).

36 (b) Until the first calendar year in which the state excise tax
37 allocation revenues and state property tax allocation revenues (~~for~~

1 ~~the preceding calendar year~~) equal or exceed the amount of project
2 award approved by the board under RCW 39.102.040, the state
3 contribution for any fiscal year may not exceed the greater of:

4 (i) The estimated increase in the amount of state excise tax
5 allocation revenues and state property tax allocation revenues for the
6 then-current fiscal year as compared to the amount of such revenues
7 received in the fiscal year preceding the year in which the tax was
8 first imposed under this section; or

9 (ii) The amount of the state contribution in the immediately
10 preceding fiscal year.

11 (b) The tax imposed under this section (~~shall~~) expires when all
12 indebtedness issued under the authority of RCW 39.102.150 is retired
13 and all other contractual obligations relating to the financing of
14 public improvements under chapter 39.102 RCW are satisfied, but not
15 more than twenty-five years after the tax is first imposed.

16 (7) An ordinance adopted by the legislative authority of a
17 sponsoring local government or cosponsoring local government imposing
18 a tax under this section (~~shall~~) must provide that:

19 (a) The tax (~~shall~~) is first (~~be~~) imposed on the first day of
20 a fiscal year;

21 (b) The cumulative amount of tax received by the sponsoring local
22 government, and any cosponsoring local government, in any fiscal year
23 (~~shall~~) may not exceed the amount of the state contribution;

24 (c) The tax (~~shall~~) will cease to be distributed for the
25 remainder of any fiscal year in which either:

26 (i) The amount of tax received by the sponsoring local government,
27 and any cosponsoring local government, equals the amount of the state
28 contribution, as limited by subsection (6)(b) of this section;

29 (ii) The amount of revenue from taxes imposed under this section by
30 all sponsoring and cosponsoring local governments equals the annual
31 state contribution limit; or

32 (iii) The amount of tax received by the sponsoring local government
33 equals the amount of project award granted in the approval notice
34 described in RCW 39.102.040;

35 (d) Neither the local excise tax allocation revenues nor the local
36 property tax allocation revenues may constitute more than eighty
37 percent of the total local funds as described in RCW 39.102.020(28)(b).
38 This requirement applies beginning January 1st of the fifth calendar

1 year after the calendar year in which the sponsoring local government
2 begins allocating local excise tax allocation revenues under RCW
3 39.102.110;

4 (e) The tax (~~shall~~) must be distributed again, should it cease to
5 be distributed for any of the reasons provided in (c) of this
6 subsection, at the beginning of the next fiscal year, subject to the
7 restrictions in this section; and

8 (f) Any revenue generated by the tax in excess of the amounts
9 specified in (c) of this subsection (~~shall~~) belongs to the state of
10 Washington.

11 (8) If a county and city cosponsor a revenue development area, the
12 combined amount of distributions received by both the city and county
13 may not exceed the state contribution.

14 (9) The department (~~shall~~) must determine the amount of tax
15 receipts distributed to each sponsoring local government, and any
16 cosponsoring local government, imposing sales and use tax under this
17 section and shall advise a sponsoring or cosponsoring local government
18 when tax distributions for the fiscal year equal the amount of state
19 contribution for that fiscal year as provided in subsection (11) of
20 this section. Determinations by the department of the amount of tax
21 distributions attributable to each sponsoring or cosponsoring local
22 government are final and (~~shall~~) may not be used to challenge the
23 validity of any tax imposed under this section. The department
24 (~~shall~~) must remit any tax receipts in excess of the amounts
25 specified in subsection (7)(c) of this section to the state treasurer
26 who (~~shall~~) must deposit the money in the general fund.

27 (10) If a sponsoring or cosponsoring local government fails to
28 comply with RCW 39.102.140, no tax may be distributed in the subsequent
29 fiscal year until such time as the sponsoring or cosponsoring local
30 government complies and the department calculates the state
31 contribution amount for such fiscal year.

32 (11) Each year, the amount of taxes approved by the department for
33 distribution to a sponsoring or cosponsoring local government in the
34 next fiscal year (~~shall~~) must be equal to the state contribution, as
35 limited by subsection (6)(b) of this section, and (~~shall~~) may be no
36 more than the total local funds as described in RCW 39.102.020(28)(b).
37 The department (~~shall~~) must consider information from reports
38 described in RCW 39.102.140 when determining the amount of state

1 contributions for each fiscal year, which reports and estimates may
2 include such adjustments as may be necessary to separately analyze the
3 effects of the public improvements financed using local infrastructure
4 financing from the broader negative effects of general economic
5 conditions. A sponsoring or cosponsoring local government (~~shall~~)
6 may not receive, in any fiscal year, more revenues from taxes imposed
7 under the authority of this section than the amount approved annually
8 by the department. The department (~~shall~~) may not approve the
9 receipt of more distributions of sales and use tax under this section
10 to a sponsoring or cosponsoring local government than is authorized
11 under subsection (7) of this section.

12 (12) The amount of tax distributions received from taxes imposed
13 under the authority of this section by all sponsoring and cosponsoring
14 local governments is limited annually to not more than seven million
15 five hundred thousand dollars.

16 ~~(13) ((The definitions in RCW 39.102.020 apply to this section~~
17 ~~unless the context clearly requires otherwise.~~

18 ~~(14))~~ If a sponsoring local government is a federally recognized
19 Indian tribe, the distribution of the sales and use tax authorized
20 under this section (~~shall~~) must be authorized through an interlocal
21 agreement pursuant to chapter 39.34 RCW.

22 ~~((15))~~ (14) Subject to RCW 39.102.195, the tax imposed under the
23 authority of this section may be applied either to provide for the
24 payment of debt service on bonds issued under RCW 39.102.150 by the
25 sponsoring local government or to pay public improvement costs on a
26 pay-as-you-go basis, or both.

27 ~~((16))~~ (15) The tax imposed under the authority of this section
28 (~~shall~~) must cease to be imposed if the sponsoring local government
29 or cosponsoring local government fails to issue indebtedness under the
30 authority of RCW 39.102.150, and fails to commence construction on
31 public improvements, by June 30th of the fifth fiscal year in which the
32 local tax authorized under this section is imposed.

33 ~~((17))~~ (16) For purposes of this section, the definitions in RCW
34 39.102.020 and the following definitions apply unless the context
35 clearly requires otherwise:

36 (a) "Local sales and use taxes" means sales and use taxes imposed
37 by cities, counties, public facilities districts, and other local

1 governments under the authority of this chapter, chapter 67.28 or
2 67.40 RCW, or any other chapter, and that are credited against the
3 state sales and use taxes.

4 (b) "State sales and use taxes" means the tax imposed in RCW
5 82.08.020(1) and the tax imposed in RCW 82.12.020 at the rate provided
6 in RCW 82.08.020(1).

7 NEW SECTION. **Sec. 2.** Section 1 of this act expires June 30, 2039.

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