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SENATE BILL 6823

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State of Washington                      61st Legislature                      2010 Regular Session

By Senators Fraser, Parlette, and Prentice

Read first time 02/01/10. Referred to Committee on Ways & Means.

1            AN ACT Relating to naming credits against the state sales tax;  
2 amending RCW 82.14.370, 82.14.0485, 82.14.390, 82.14.0494, 82.14.415,  
3 82.14.465, 67.28.180, 82.14.480, and 82.14.475; and providing an  
4 expiration date.

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

6            **Sec. 1.** RCW 82.14.370 and 2009 c 511 s 1 are each amended to read  
7 as follows:

8            (1) The legislative authority of a rural county may impose a sales  
9 and use tax in accordance with the terms of this chapter. The tax is  
10 in addition to other taxes authorized by law and (~~shall~~) must be  
11 collected from those persons who are taxable by the state under  
12 chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event  
13 within the county. The rate of tax (~~shall~~) may not exceed 0.09  
14 percent of the selling price in the case of a sales tax or value of the  
15 article used in the case of a use tax, except that for rural counties  
16 with population densities between sixty and one hundred persons per  
17 square mile, the rate (~~shall~~) may not exceed 0.04 percent before  
18 January 1, 2000.

1 (2) The tax imposed under subsection (1) of this section (~~shall~~)  
2 must be deducted from the amount of tax otherwise required to be  
3 collected or paid over to the department (~~of revenue~~) under chapter  
4 82.08 or 82.12 RCW. The department (~~of revenue shall~~) must perform  
5 the collection of such taxes on behalf of the county at no cost to the  
6 county.

7 (3)(a) Moneys collected under this section (~~shall~~) may only be  
8 used to finance public facilities serving economic development purposes  
9 in rural counties and finance personnel in economic development  
10 offices. The public facility must be listed as an item in the  
11 officially adopted county overall economic development plan, or the  
12 economic development section of the county's comprehensive plan, or the  
13 comprehensive plan of a city or town located within the county for  
14 those counties planning under RCW 36.70A.040. For those counties that  
15 do not have an adopted overall economic development plan and do not  
16 plan under the growth management act, the public facility must be  
17 listed in the county's capital facilities plan or the capital  
18 facilities plan of a city or town located within the county.

19 (b) In implementing this section, the county (~~shall~~) must consult  
20 with cities, towns, and port districts located within the county and  
21 the associate development organization serving the county to ensure  
22 that the expenditure meets the goals of chapter 130, Laws of 2004 and  
23 the requirements of (a) of this subsection. Each county collecting  
24 money under this section (~~shall~~) must report, as follows, to the  
25 office of the state auditor, within one hundred fifty days after the  
26 close of each fiscal year: (i) A list of new projects begun during the  
27 fiscal year, showing that the county has used the funds for those  
28 projects consistent with the goals of chapter 130, Laws of 2004 and the  
29 requirements of (a) of this subsection; and (ii) expenditures during  
30 the fiscal year on projects begun in a previous year. Any projects  
31 financed prior to June 10, 2004, from the proceeds of obligations to  
32 which the tax imposed under subsection (1) of this section has been  
33 pledged (~~shall~~) are not (~~be~~) deemed to be new projects under this  
34 subsection. No new projects funded with money collected under this  
35 section may be for justice system facilities.

36 (c) The definitions in this section apply throughout this section.

37 (i) "Public facilities" means bridges, roads, domestic and  
38 industrial water facilities, sanitary sewer facilities, earth

1 stabilization, storm sewer facilities, railroad, electricity, natural  
2 gas, buildings, structures, telecommunications infrastructure,  
3 transportation infrastructure, or commercial infrastructure, and port  
4 facilities in the state of Washington.

5 (ii) "Economic development purposes" means those purposes which  
6 facilitate the creation or retention of businesses and jobs in a  
7 county.

8 (iii) "Economic development office" means an office of a county,  
9 port districts, or an associate development organization as defined in  
10 RCW 43.330.010, which promotes economic development purposes within the  
11 county.

12 (4) No tax may be collected under this section before July 1, 1998.

13 (a) Except as provided in (b) of this subsection, no tax may be  
14 collected under this section by a county more than twenty-five years  
15 after the date that a tax is first imposed under this section.

16 (b) For counties imposing the tax at the rate of 0.09 percent  
17 before August 1, 2009, the tax expires on the date that is twenty-five  
18 years after the date that the 0.09 percent tax rate was first imposed  
19 by that county.

20 (5) For purposes of this section, "rural county" means a county  
21 with a population density of less than one hundred persons per square  
22 mile or a county smaller than two hundred twenty-five square miles as  
23 determined by the office of financial management and published each  
24 year by the department for the period July 1st to June 30th.

25 (6) The funding mechanism under this section is known as, and cited  
26 as, the "state rural county credit." After the effective date of this  
27 act, the department and counties, must refer to the funding mechanism  
28 under this section in any forms, publications, or any other documents,  
29 either newly created or updated, by the term "state rural county  
30 credit."

31 **Sec. 2.** RCW 82.14.0485 and 1995 3rd sp.s. c 1 s 101 are each  
32 amended to read as follows:

33 (1) The legislative authority of a county with a population of one  
34 million or more may impose a sales and use tax in accordance with the  
35 terms of this chapter. The tax is in addition to other taxes  
36 authorized by law and (~~shall~~) must be collected from those persons  
37 who are taxable by the state under chapters 82.08 and 82.12 RCW upon

1 the occurrence of any taxable event within the county. The rate of tax  
2 (~~shall~~) may not exceed 0.017 percent of the selling price in the case  
3 of a sales tax or value of the article used in the case of a use tax.

4 (2) The tax imposed under subsection (1) of this section (~~shall~~)  
5 must be deducted from the amount of tax otherwise required to be  
6 collected or paid over to the department of revenue under chapter 82.08  
7 or 82.12 RCW. The department (~~of revenue shall~~) must perform the  
8 collection of such taxes on behalf of the county at no cost to the  
9 county.

10 (3) Moneys collected under this section (~~shall~~) may only be used  
11 for the purpose of paying the principal and interest payments on bonds  
12 issued by a county to construct a baseball stadium.

13 (4) No tax may be collected under this section before January 1,  
14 1996, and no tax may be collected under this section unless the taxes  
15 under RCW 82.14.360 are being collected. The tax imposed in this  
16 section (~~shall~~) expires when the bonds issued for the construction of  
17 the baseball stadium are retired, but not more than twenty years after  
18 the tax is first collected.

19 (5) As used in this section, "baseball stadium" means a baseball  
20 stadium with natural turf and a retractable roof or canopy, together  
21 with associated parking facilities, constructed in the largest city in  
22 a county with a population of one million or more.

23 (6) The funding mechanism under this section is known as, and cited  
24 as, the "state baseball stadium credit." After the effective date of  
25 this act, the department and counties must refer to the funding  
26 mechanism under this section in any forms, publications, or any other  
27 documents, either newly created or updated, by the term "state baseball  
28 stadium credit."

29 **Sec. 3.** RCW 82.14.390 and 2008 c 48 s 1 are each amended to read  
30 as follows:

31 (1) Except as provided in subsection (7) of this section, the  
32 governing body of a public facilities district (a) created before July  
33 31, 2002, under chapter 35.57 or 36.100 RCW that commences construction  
34 of a new regional center, or improvement or rehabilitation of an  
35 existing new regional center, before January 1, 2004; (b) created  
36 before July 1, 2006, under chapter 35.57 RCW in a county or counties in  
37 which there are no other public facilities districts on June 7, 2006,

1 and in which the total population in the public facilities district is  
2 greater than ninety thousand that commences construction of a new  
3 regional center before February 1, 2007; (c) created under the  
4 authority of RCW 35.57.010(1)(d); or (d) created before September 1,  
5 2007, under chapter 35.57 or 36.100 RCW, in a county or counties in  
6 which there are no other public facilities districts on July 22, 2007,  
7 and in which the total population in the public facilities district is  
8 greater than seventy thousand, that commences construction of a new  
9 regional center before January 1, 2009, or before January 1, 2011, in  
10 the case of a new regional center in a county designated by the  
11 president as a disaster area in December 2007, may impose a sales and  
12 use tax in accordance with the terms of this chapter. The tax is in  
13 addition to other taxes authorized by law and (~~shall~~) must be  
14 collected from those persons who are taxable by the state under  
15 chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event  
16 within the public facilities district. The rate of tax (~~shall~~) may  
17 not exceed 0.033 percent of the selling price in the case of a sales  
18 tax or value of the article used in the case of a use tax.

19 (2)(a) The governing body of a public facilities district imposing  
20 a sales and use tax under the authority of this section may increase  
21 the rate of tax up to 0.037 percent if, within three fiscal years of  
22 July 1, 2008, the department determines that, as a result of RCW  
23 82.14.490 and the chapter 6, Laws of 2007 amendments to RCW 82.14.020,  
24 a public facilities district's sales and use tax collections for fiscal  
25 years after July 1, 2008, have been reduced by a net loss of at least  
26 0.50 percent from the fiscal year before July 1, 2008. The fiscal year  
27 in which this section becomes effective is the first fiscal year after  
28 July 1, 2008.

29 (b) The department (~~shall~~) must determine sales and use tax  
30 collection net losses under this section as provided in RCW 82.14.500  
31 (2) and (3). The department (~~shall~~) must provide written notice of  
32 its determinations to public facilities districts. Determinations by  
33 the department of a public facilities district's sales and use tax  
34 collection net losses as a result of RCW 82.14.490 and the chapter 6,  
35 Laws of 2007 amendments to RCW 82.14.020 are final and not appealable.

36 (c) A public facilities district may increase its rate of tax after  
37 it has received written notice from the department as provided in (b)  
38 of this subsection. The increase in the rate of tax must be made in

1 0.001 percent increments and must be the least amount necessary to  
2 mitigate the net loss in sales and use tax collections as a result of  
3 RCW 82.14.490 and the chapter 6, Laws of 2007 amendments to RCW  
4 82.14.020. The increase in the rate of tax is subject to RCW  
5 82.14.055.

6 (3) The tax imposed under subsection (1) of this section (~~shall~~)  
7 must be deducted from the amount of tax otherwise required to be  
8 collected or paid over to the department (~~of revenue~~) under chapter  
9 82.08 or 82.12 RCW. The department (~~of revenue shall~~) must perform  
10 the collection of such taxes on behalf of the county at no cost to the  
11 public facilities district.

12 (4) No tax may be collected under this section before August 1,  
13 2000. The tax imposed in this section (~~shall~~) expires when the bonds  
14 issued for the construction of the regional center and related parking  
15 facilities are retired, but not more than twenty-five years after the  
16 tax is first collected.

17 (5) Moneys collected under this section (~~shall~~) may only be used  
18 for the purposes set forth in RCW 35.57.020 and must be matched with an  
19 amount from other public or private sources equal to thirty-three  
20 percent of the amount collected under this section, provided that  
21 amounts generated from nonvoter approved taxes authorized under chapter  
22 35.57 RCW or nonvoter approved taxes authorized under chapter 36.100  
23 RCW (~~shall~~) do not constitute a public or private source. For the  
24 purpose of this section, public or private sources includes, but is not  
25 limited to cash or in-kind contributions used in all phases of the  
26 development or improvement of the regional center, land that is donated  
27 and used for the siting of the regional center, cash or in-kind  
28 contributions from public or private foundations, or amounts attributed  
29 to private sector partners as part of a public and private partnership  
30 agreement negotiated by the public facilities district.

31 (6) The combined total tax levied under this section (~~shall~~) may  
32 not be greater than 0.037 percent. If both a public facilities  
33 district created under chapter 35.57 RCW and a public facilities  
34 district created under chapter 36.100 RCW impose a tax under this  
35 section, the tax imposed by a public facilities district created under  
36 chapter 35.57 RCW (~~shall~~) must be credited against the tax imposed by  
37 a public facilities district created under chapter 36.100 RCW.

1 (7) A public facilities district created under chapter 36.100 RCW  
2 is not eligible to impose the tax under this section if the legislative  
3 authority of the county where the public facilities district is located  
4 has imposed a sales and use tax under RCW 82.14.0485 or 82.14.0494.

5 (8) The funding mechanism under this section is known as, and cited  
6 as, the "state public facilities district credit." After the effective  
7 date of this act, the department and public facilities districts, must  
8 refer to the funding mechanism under this section in any forms,  
9 publications, or any other documents, either newly created or updated,  
10 by the term "state public facilities district credit."

11 **Sec. 4.** RCW 82.14.0494 and 1997 c 220 s 204 are each amended to  
12 read as follows:

13 (1) The legislative authority of a county that has created a public  
14 stadium authority to develop a stadium and exhibition center under RCW  
15 36.102.050 may impose a sales and use tax in accordance with this  
16 chapter. The tax is in addition to other taxes authorized by law and  
17 (~~shall~~) must be collected from those persons who are taxable by the  
18 state under chapters 82.08 and 82.12 RCW upon the occurrence of any  
19 taxable event within the county. The rate of tax (~~shall be~~) is 0.016  
20 percent of the selling price in the case of a sales tax or value of the  
21 article used in the case of a use tax.

22 (2) The tax imposed under subsection (1) of this section (~~shall~~)  
23 must be deducted from the amount of tax otherwise required to be  
24 collected or paid over to the department (~~of revenue~~) under chapter  
25 82.08 or 82.12 RCW. The department (~~of revenue shall~~) must perform  
26 the collection of such taxes on behalf of the county at no cost to the  
27 county.

28 (3) Before the issuance of bonds in RCW 43.99N.020, all revenues  
29 collected on behalf of the county under this section (~~shall~~) must be  
30 transferred to the public stadium authority. After bonds are issued  
31 under RCW 43.99N.020, all revenues collected on behalf of the county  
32 under this section (~~shall~~) must be deposited in the stadium and  
33 exhibition center account under RCW 43.99N.060.

34 (4) The definitions in RCW 36.102.010 apply to this section.

35 (5) This section expires on the earliest of the following dates:

36 (a) December 31, 1999, if the conditions for issuance of bonds  
37 under RCW 43.99N.020 have not been met before that date;

1 (b) The date on which all bonds issued under RCW 43.99N.020 have  
2 been retired; or

3 (c) Twenty-three years after the date the tax under this section is  
4 first imposed.

5 (6) The funding mechanism under this section is known as, and cited  
6 as, the "state stadium and exhibition center credit." After the  
7 effective date of this act, the department, any counties, and a public  
8 stadium authority must refer to the funding mechanism under this  
9 section in any forms, publications, or any other documents, either  
10 newly created or updated, by the term "state stadium and exhibition  
11 center credit."

12 **Sec. 5.** RCW 82.14.415 and 2009 c 550 s 1 are each amended to read  
13 as follows:

14 (1) The legislative authority of any city that is located in a  
15 county with a population greater than six hundred thousand that annexes  
16 an area consistent with its comprehensive plan required by chapter  
17 36.70A RCW(~~(7)~~) may impose a sales and use tax in accordance with the  
18 terms of this chapter. The tax is in addition to other taxes  
19 authorized by law and (~~shall~~) must be collected from those persons  
20 who are taxable by the state under chapters 82.08 and 82.12 RCW upon  
21 the occurrence of any taxable event within the city. The tax may only  
22 be imposed by a city if:

23 (a) The city has commenced annexation of an area having a  
24 population of at least ten thousand people, or four thousand in the  
25 case of a city described under subsection (3)(a)(i) of this section,  
26 prior to January 1, 2015; and

27 (b) The city legislative authority determines by resolution or  
28 ordinance that the projected cost to provide municipal services to the  
29 annexation area exceeds the projected general revenue that the city  
30 would otherwise receive from the annexation area on an annual basis.

31 (2) The tax authorized under this section is a credit against the  
32 state tax under chapter 82.08 or 82.12 RCW. The department (~~of~~  
33 ~~revenue shall~~) must perform the collection of such taxes on behalf of  
34 the city at no cost to the city and (~~shall~~) must remit the tax to the  
35 city as provided in RCW 82.14.060.

36 (3)(a) Except as provided in (b) of this subsection, the maximum  
37 rate of tax any city may impose under this section is:

1 (i) 0.1 percent for each annexed area in which the population is  
2 greater than ten thousand and less than twenty thousand. The ten  
3 thousand population threshold in this subsection (3)(a)(i) is four  
4 thousand for a city with a population between one hundred fifteen  
5 thousand and one hundred forty thousand and located within a county  
6 with a population over one million five hundred thousand; and

7 (ii) 0.2 percent for an annexed area in which the population is  
8 greater than twenty thousand.

9 (b) Beginning July 1, 2011, the maximum rate of tax imposed under  
10 this section is 0.85 percent for an annexed area in which the  
11 population is greater than eighteen thousand if the annexed area was,  
12 prior to November 1, 2008, officially designated as a potential  
13 annexation area by more than one city, one of which has a population  
14 greater than four hundred thousand.

15 (4)(a) Except as provided in (b) of this subsection, the maximum  
16 cumulative rate of tax a city may impose under subsection (3)(a) of  
17 this section is 0.2 percent for the total number of annexed areas the  
18 city may annex.

19 (b) The maximum cumulative rate of tax a city may impose under  
20 subsection (3)(a) of this section is 0.3 percent, beginning July 1,  
21 2011, if the city commenced annexation of an area, prior to January 1,  
22 2010, that would have otherwise allowed the city to increase the rate  
23 of tax imposed under this section absent the rate limit imposed in (a)  
24 of this subsection.

25 (c) The maximum cumulative rate of tax a city may impose under  
26 subsection (3)(b) of this section is 0.85 percent for the single  
27 annexed area the city may annex and the amount of tax distributed to a  
28 city under subsection (3)(b) of this section (~~shall~~) may not exceed  
29 five million dollars per fiscal year.

30 (5) The tax imposed by this section (~~shall~~) may only be imposed  
31 at the beginning of a fiscal year and (~~shall~~) continues for no more  
32 than ten years from the date that each increment of the tax is first  
33 imposed. Tax rate increases due to additional annexed areas (~~shall~~  
34 ~~be~~) are effective on July 1st of the fiscal year following the fiscal  
35 year in which the annexation occurred, provided that notice is given to  
36 the department as set forth in subsection (9) of this section.

37 (6) All revenue collected under this section (~~shall~~) must be used

1 solely to provide, maintain, and operate municipal services for the  
2 annexation area.

3 (7) The revenues from the tax authorized in this section may not  
4 exceed that which the city deems necessary to generate revenue equal to  
5 the difference between the city's cost to provide, maintain, and  
6 operate municipal services for the annexation area and the general  
7 revenues that the cities would otherwise expect to receive from the  
8 annexation during a year. If the revenues from the tax authorized in  
9 this section and the revenues from the annexation area exceed the costs  
10 to the city to provide, maintain, and operate municipal services for  
11 the annexation area during a given year, the city (~~shall~~) must notify  
12 the department and the tax distributions authorized in this section  
13 (~~shall~~) must be suspended for the remainder of the year.

14 (8) No tax may be imposed under this section before July 1, 2007.  
15 Before imposing a tax under this section, the legislative authority of  
16 a city (~~shall~~) must adopt an ordinance that includes the following:

17 (a) A certification that the amount needed to provide municipal  
18 services to the annexed area reflects the city's true and actual costs;

19 (b) The rate of tax under this section that (~~shall be~~) is imposed  
20 within the city; and

21 (c) The threshold amount for the first fiscal year following the  
22 annexation and passage of the ordinance.

23 (9) The tax (~~shall~~) must cease to be distributed to the city for  
24 the remainder of the fiscal year once the threshold amount has been  
25 reached. No later than March 1st of each year, the city (~~shall~~) must  
26 provide the department with a certification of the city's true and  
27 actual costs to provide municipal services to the annexed area, a new  
28 threshold amount for the next fiscal year, and notice of any applicable  
29 tax rate changes. Distributions of tax under this section (~~shall~~)  
30 begin again on July 1st of the next fiscal year and continue until the  
31 new threshold amount has been reached or June 30th, whichever is  
32 sooner. Any revenue generated by the tax in excess of the threshold  
33 amount (~~shall~~) belongs to the state of Washington. Any amount  
34 resulting from the threshold amount less the total fiscal year  
35 distributions, as of June 30th, (~~shall~~) may not be carried forward to  
36 the next fiscal year.

37 (10) The tax (~~shall~~) must cease to be distributed to a city

1 imposing the tax under subsection (3)(b) of this section for the  
2 remainder of the fiscal year, if the total distributions to the city  
3 imposing the tax exceed five million dollars for the fiscal year.

4 (11) The following definitions apply throughout this section unless  
5 the context clearly requires otherwise:

6 (a) "Annexation area" means an area that has been annexed to a city  
7 under chapter 35.13 or 35A.14 RCW. "Annexation area" includes all  
8 territory described in the city resolution.

9 (b) "Commenced annexation" means the initiation of annexation  
10 proceedings has taken place under the direct petition method or the  
11 election method under chapter 35.13 or 35A.14 RCW.

12 (c) "Department" means the department of revenue.

13 (d) "Municipal services" means those services customarily provided  
14 to the public by city government.

15 (e) "Fiscal year" means the year beginning July 1st and ending the  
16 following June 30th.

17 (f) "Potential annexation area" means one or more geographic areas  
18 that a city has officially designated for potential future annexation,  
19 as part of its comprehensive plan adoption process under the state  
20 growth management act, chapter 36.70A RCW.

21 (g) "Threshold amount" means the maximum amount of tax  
22 distributions as determined by the city in accordance with subsection  
23 (7) of this section that the department (~~shall~~) distributes to the  
24 city generated from the tax imposed under this section in a fiscal  
25 year.

26 (12) The funding mechanism under this section is known as, and  
27 cited as, the "state annexation credit." After the effective date of  
28 this act, the department and cities must refer to the funding mechanism  
29 under this section in any forms, publications, or any other documents,  
30 either newly created or updated, by the term "state annexation credit."

31 **Sec. 6.** RCW 82.14.465 and 2009 c 535 s 1109 are each amended to  
32 read as follows:

33 (1) A city, town, or county that creates a benefit zone and  
34 finances public improvements pursuant to chapter 39.100 RCW may impose  
35 a sales and use tax in accordance with the terms of this chapter and  
36 subject to the criteria set forth in this section. Except as provided  
37 in this section, the tax is in addition to other taxes authorized by

1 law and (~~shall~~) must be collected from those persons who are taxable  
2 by the state under chapters 82.08 and 82.12 RCW upon the occurrence of  
3 any taxable event within the taxing jurisdiction of the city, town, or  
4 county. The rate of tax (~~shall~~) may not exceed the rate provided in  
5 RCW 82.08.020(1) in the case of a sales tax or a use tax, less the  
6 aggregate rates of any other taxes imposed on the same events that are  
7 credited against the state taxes imposed under chapters 82.08 and 82.12  
8 RCW. The tax rate (~~shall~~) must be no higher than what is reasonably  
9 necessary for the local government to receive its entire annual state  
10 contribution in a ten-month period of time.

11 (2) The tax imposed under subsection (1) of this section (~~shall~~)  
12 must be deducted from the amount of tax otherwise required to be  
13 collected or paid over to the department under chapter 82.08 or 82.12  
14 RCW. The department (~~shall~~) must perform the collection of such  
15 taxes on behalf of the city, town, or county at no cost to the city,  
16 town, or county.

17 (3) No tax may be imposed under this section before July 1, 2007.  
18 Before imposing a tax under this section, the city, town, or county  
19 (~~shall~~) must first have received tax allocation revenues during the  
20 preceding calendar year. The tax imposed under this section (~~shall~~)  
21 expires on the earlier of the date: (a) The tax allocation revenues  
22 are no longer used for public improvements and public improvement  
23 costs; (b) the bonds issued under the authority of chapter 39.100 RCW  
24 are retired, if the bonds are issued; or (c) that is thirty years after  
25 the tax is first imposed.

26 (4) An ordinance adopted by the legislative authority of a city,  
27 town, or county imposing a tax under this section (~~shall~~) must  
28 provide that:

29 (a) The tax (~~shall~~) must first be imposed on the first day of a  
30 fiscal year;

31 (b) The amount of tax received by the local government in any  
32 fiscal year (~~shall~~) may not exceed the amount of the state  
33 contribution;

34 (c) The tax (~~shall~~) must cease to be distributed for the  
35 remainder of any fiscal year in which either:

36 (i) The amount of tax distributions totals the amount of the state  
37 contribution;

1 (ii) The amount of tax distributions totals the amount of local  
2 public sources, dedicated in the previous calendar year to finance  
3 public improvements authorized under chapter 39.100 RCW, expended in  
4 the previous year for public improvement costs or used to pay for other  
5 bonds issued to pay for public improvements; or

6 (iii) The amount of revenue from taxes imposed under this section  
7 by all cities, towns, and counties totals the annual state credit limit  
8 as provided in RCW 82.32.700(3);

9 (d) The tax (~~shall~~) must be distributed again, should it cease to  
10 be distributed for any of the reasons provided in (c) of this  
11 subsection, at the beginning of the next fiscal year, subject to the  
12 restrictions in this section; and

13 (e) Any revenue generated by the tax in excess of the amounts  
14 specified in (b) and (c) of this subsection (~~shall~~) belongs to the  
15 state of Washington.

16 (5) If both a county and a city or town impose a tax under this  
17 section, the tax imposed by the city, town, or county (~~shall~~) must be  
18 credited as follows:

19 (a) If the county has created a benefit zone before the city or  
20 town, the tax imposed by the county (~~shall~~) must be credited against  
21 the tax imposed by the city or town, the purpose of such credit is to  
22 give priority to the county tax; and

23 (b) If the city or town has created a benefit zone before the  
24 county, the tax imposed by the city or town (~~shall~~) must be credited  
25 against the tax imposed by the county, the purpose of such credit is to  
26 give priority to the city or town tax.

27 (6) The department (~~shall~~) must determine the amount of tax  
28 distributions attributable to each city, town, and county imposing a  
29 sales and use tax under this section and (~~shall~~) must advise a city,  
30 town, or county when the tax will cease to be distributed for the  
31 remainder of the fiscal year as provided in subsection (4)(c) of this  
32 section. Determinations by the department of the amount of taxes  
33 attributable to a city, town, or county are final and (~~shall~~) may not  
34 be used to challenge the validity of any tax imposed under this  
35 section. The department (~~shall~~) must remit any tax revenues in  
36 excess of the amounts specified in subsection (4)(b) and (c) of this  
37 section to the state treasurer who (~~shall~~) must deposit the moneys in  
38 the general fund.

1 (7) The definitions in this subsection apply throughout this  
2 section and RCW 82.14.470 unless the context clearly requires  
3 otherwise.

4 (a) "Base year" means the calendar year immediately following the  
5 creation of a benefit zone.

6 (b) "Benefit zone" has the same meaning as provided in RCW  
7 39.100.010.

8 (c) "Excess local excise taxes" has the same meaning as provided in  
9 RCW 39.100.050.

10 (d) "Excess state excise taxes" means the amount of excise taxes  
11 received by the state during the measurement year from taxable activity  
12 within the benefit zone over and above the amount of excise taxes  
13 received by the state during the base year from taxable activity within  
14 the benefit zone. However, if a local government creates the benefit  
15 zone and reasonably determines that no activity subject to tax under  
16 chapters 82.08 and 82.12 RCW occurred in the twelve months immediately  
17 preceding the creation of the benefit zone within the boundaries of the  
18 area that became the benefit zone, "excess state excise taxes" means  
19 the entire amount of state excise taxes the state receives during a  
20 calendar year period beginning with the calendar year immediately  
21 following the creation of the benefit zone and continuing with each  
22 measurement year thereafter.

23 (e) "State excise taxes" means revenues derived from state retail  
24 sales and use taxes under chapters 82.08 and 82.12 RCW, less the amount  
25 of tax distributions from all local retail sales and use taxes imposed  
26 on the same taxable events that are credited against the state retail  
27 sales and use taxes under chapters 82.08 and 82.12 RCW except for the  
28 local tax authorized in this section.

29 (f) "Fiscal year" has the same meaning as provided in RCW  
30 39.100.030.

31 (g) "Measurement year" means a calendar year, beginning with the  
32 calendar year following the base year and each calendar year  
33 thereafter, that is used annually to measure the amount of excess state  
34 excise taxes and excess local excise taxes.

35 (h) "State contribution" means the lesser of two million dollars or  
36 an amount equal to excess state excise taxes received by the state  
37 during the preceding calendar year.

1 (i) "Tax allocation revenues" has the same meaning as provided in  
2 RCW 39.100.010.

3 (j) "Public improvements" and "public improvement costs" have the  
4 same meanings as provided in RCW 39.100.010.

5 (k) "Local public sources" includes, but is not limited to, private  
6 monetary contributions, assessments, dedicated local government funds,  
7 and tax allocation revenues. "Local public sources" does not include  
8 local government funds derived from any state loan or state grant, any  
9 local tax that is credited against the state sales and use taxes, or  
10 any other state funds.

11 (8) The funding mechanism under this section is known as, and cited  
12 as, the "state hospital benefit zone credit." After the effective date  
13 of this act, the department and any cities, towns, or counties, must  
14 refer to the funding mechanism under this section in any forms,  
15 publications, or any other documents, either newly created or updated,  
16 by the term "state hospital benefit zone credit."

17 **Sec. 7.** RCW 67.28.180 and 2007 c 189 s 1 are each amended to read  
18 as follows:

19 (1) Subject to the conditions set forth in subsections (2) and (3)  
20 of this section, the legislative body of any county or any city, is  
21 authorized to levy and collect a special excise tax of not to exceed  
22 two percent on the sale of or charge made for the furnishing of lodging  
23 that is subject to tax under chapter 82.08 RCW.

24 (2) Any levy authorized by this section (~~shall be~~) is subject to  
25 the following:

26 (a) Any county ordinance or resolution adopted pursuant to this  
27 section (~~shall~~) must contain, in addition to all other provisions  
28 required to conform to this chapter, a provision allowing a credit  
29 against the county tax for the full amount of any city tax imposed  
30 pursuant to this section upon the same taxable event.

31 (b)(i) In the event that any county has levied the tax authorized  
32 by this section and has, prior to June 26, 1975, either pledged the tax  
33 revenues for payment of principal and interest on city revenue or  
34 general obligation bonds authorized and issued pursuant to RCW  
35 67.28.150 through 67.28.160 or has authorized and issued revenue or  
36 general obligation bonds pursuant to the provisions of RCW 67.28.150  
37 through 67.28.160, such county (~~shall be~~) is exempt from the

1 provisions of (a) of this subsection, to the extent that the tax  
2 revenues are pledged for payment of principal and interest on bonds  
3 issued at any time pursuant to the provisions of RCW 67.28.150 through  
4 67.28.160: PROVIDED, That so much of such pledged tax revenues,  
5 together with any investment earnings thereon, not immediately  
6 necessary for actual payment of principal and interest on such bonds  
7 may be used: ~~((+i+))~~ (A) In any county with a population of one  
8 million or more, for repayment either of limited tax levy general  
9 obligation bonds or of any county fund or account from which a loan was  
10 made, the proceeds from the bonds or loan being used to pay for  
11 constructing, installing, improving, and equipping stadium capital  
12 improvement projects, and to pay for any engineering, planning,  
13 financial, legal and professional services incident to the development  
14 of such stadium capital improvement projects, regardless of the date  
15 the debt for such capital improvement projects was or may be incurred;  
16 ~~((+ii+))~~ (B) in any county with a population of one million or more,  
17 for repayment or refinancing of bonded indebtedness incurred prior to  
18 January 1, 1997, for any purpose authorized by this section or relating  
19 to stadium repairs or rehabilitation, including but not limited to the  
20 cost of settling legal claims, reimbursing operating funds, interest  
21 payments on short-term loans, and any other purpose for which such debt  
22 has been incurred if the county has created a public stadium authority  
23 to develop a stadium and exhibition center under RCW 36.102.030; or  
24 ~~((+iii+))~~ (C) in other counties, for county-owned facilities for  
25 agricultural promotion until January 1, 2009, and thereafter for any  
26 purpose authorized in this chapter.

27 (ii) A county is exempt under this subsection with respect to city  
28 revenue or general obligation bonds issued after April 1, 1991, only if  
29 such bonds mature before January 1, 2013. If any county located east  
30 of the crest of the Cascade mountains has levied the tax authorized by  
31 this section and has, prior to June 26, 1975, pledged the tax revenue  
32 for payment of principal and interest on city revenue or general  
33 obligation bonds, the county is exempt under this subsection with  
34 respect to revenue or general obligation bonds issued after January 1,  
35 2007, only if the bonds mature before January 1, 2021. Such a county  
36 may only use funds under this subsection (2)(b) for constructing or  
37 improving facilities authorized under this chapter, including county-

1 owned facilities for agricultural promotion, and must perform an annual  
2 financial audit of organizations receiving funding on the use of the  
3 funds.

4 (iii) As used in this subsection (2)(b), "capital improvement  
5 projects" may include, but not be limited to a stadium restaurant  
6 facility, restroom facilities, artificial turf system, seating  
7 facilities, parking facilities and scoreboard and information system  
8 adjacent to or within a county owned stadium, together with equipment,  
9 utilities, accessories and appurtenances necessary thereto. The  
10 stadium restaurant authorized by this subsection (2)(b) (~~shall~~) must  
11 be operated by a private concessionaire under a contract with the  
12 county.

13 (c)(i) No city within a county exempt under subsection (2)(b) of  
14 this section may levy the tax authorized by this section so long as  
15 said county is so exempt.

16 (ii) If bonds have been issued under RCW 43.99N.020 and any  
17 necessary property transfers have been made under RCW 36.102.100, no  
18 city within a county with a population of one million or more may levy  
19 the tax authorized by this section before January 1, 2021.

20 (iii) However, in the event that any city in a county described in  
21 (i) or (ii) of this subsection (2)(c) has levied the tax authorized by  
22 this section and has, prior to June 26, 1975, authorized and issued  
23 revenue or general obligation bonds pursuant to the provisions of RCW  
24 67.28.150 through 67.28.160, such city may levy the tax so long as the  
25 tax revenues are pledged for payment of principal and interest on bonds  
26 issued at any time pursuant to the provisions of RCW 67.28.150 through  
27 67.28.160.

28 (3) Any levy authorized by this section by a county that has levied  
29 the tax authorized by this section and has, prior to June 26, 1975,  
30 either pledged the tax revenues for payment of principal and interest  
31 on city revenue or general obligation bonds authorized and issued  
32 pursuant to RCW 67.28.150 through 67.28.160 or has authorized and  
33 issued revenue or general obligation bonds pursuant to the provisions  
34 of RCW 67.28.150 through 67.28.160 (~~shall be~~) is subject to the  
35 following:

36 (a) Taxes collected under this section in any calendar year before  
37 2013 in excess of five million three hundred thousand dollars (~~shall~~)  
38 must only be used as follows:

1 (i) Seventy-five percent from January 1, 1992, through December 31,  
2 2000, and seventy percent from January 1, 2001, through December 31,  
3 2012, for art museums, cultural museums, heritage museums, the arts,  
4 and the performing arts. Moneys spent under this subsection (3)(a)(i)  
5 (~~shall~~) must be used for the purposes of this subsection (3)(a)(i) in  
6 all parts of the county.

7 (ii) Twenty-five percent from January 1, 1992, through December 31,  
8 2000, and thirty percent from January 1, 2001, through December 31,  
9 2012, for the following purposes and in a manner reflecting the  
10 following order of priority: Stadium purposes as authorized under  
11 subsection (2)(b) of this section; acquisition of open space lands;  
12 youth sports activities; and tourism promotion. If all or part of the  
13 debt on the stadium is refinanced, all revenues under this subsection  
14 (3)(a)(ii) (~~shall~~) must be used to retire the debt.

15 (b) From January 1, 2013, through December 31, 2015, in a county  
16 with a population of one million or more, all revenues under this  
17 section (~~shall~~) must be used to retire the debt on the stadium, or  
18 deposited in the stadium and exhibition center account under RCW  
19 43.99N.060 after the debt on the stadium is retired.

20 (c) From January 1, 2016, through December 31, 2020, in a county  
21 with a population of one million or more, all revenues under this  
22 section (~~shall~~) must be deposited in the stadium and exhibition  
23 center account under RCW 43.99N.060.

24 (d) At least seventy percent of moneys spent under (a)(i) of this  
25 subsection for the period January 1, 1992, through December 31, 2000,  
26 (~~shall~~) must be used only for the purchase, design, construction, and  
27 remodeling of performing arts, visual arts, heritage, and cultural  
28 facilities, and for the purchase of fixed assets that will benefit art,  
29 heritage, and cultural organizations. For purposes of this subsection,  
30 fixed assets are tangible objects such as machinery and other equipment  
31 intended to be held or used for ten years or more. Moneys received  
32 under this subsection (3)(d) may be used for payment of principal and  
33 interest on bonds issued for capital projects. Qualifying  
34 organizations receiving moneys under this subsection (3)(d) must be  
35 financially stable and have at least the following:

- 36 (i) A legally constituted and working board of directors;
- 37 (ii) A record of artistic, heritage, or cultural accomplishments;
- 38 (iii) Been in existence and operating for at least two years;

1 (iv) Demonstrated ability to maintain net current liabilities at  
2 less than thirty percent of general operating expenses;

3 (v) Demonstrated ability to sustain operational capacity subsequent  
4 to completion of projects or purchase of machinery and equipment; and

5 (vi) Evidence that there has been independent financial review of  
6 the organization.

7 (e) At least forty percent of the revenues distributed pursuant to  
8 (a)(i) of this subsection for the period January 1, 2001, through  
9 December 31, 2012, (~~shall~~) must be deposited in an account and  
10 (~~shall~~) must be used to establish an endowment. Principal in the  
11 account (~~shall~~) must remain permanent and irreducible. The earnings  
12 from investments of balances in the account may only be used for the  
13 purposes of (a)(i) of this subsection.

14 (f) School districts and schools (~~shall~~) may not receive revenues  
15 distributed pursuant to (a)(i) of this subsection.

16 (g) Moneys distributed to art museums, cultural museums, heritage  
17 museums, the arts, and the performing arts, and moneys distributed for  
18 tourism promotion (~~shall~~) must be in addition to and may not be used  
19 to replace or supplant any other funding by the legislative body of the  
20 county.

21 (h) As used in this section, "tourism promotion" includes  
22 activities intended to attract visitors for overnight stays, arts,  
23 heritage, and cultural events, and recreational, professional, and  
24 amateur sports events. Moneys allocated to tourism promotion in a  
25 class AA county (~~shall~~) must be allocated to nonprofit organizations  
26 formed for the express purpose of tourism promotion in the county.  
27 Such organizations (~~shall~~) must use moneys from the taxes to promote  
28 events in all parts of the class AA county.

29 (i) No taxes collected under this section may be used for the  
30 operation or maintenance of a public stadium that is financed directly  
31 or indirectly by bonds to which the tax is pledged. Expenditures for  
32 operation or maintenance include all expenditures other than  
33 expenditures that directly result in new fixed assets or that directly  
34 increase the capacity, life span, or operating economy of existing  
35 fixed assets.

36 (j) No ad valorem property taxes may be used for debt service on  
37 bonds issued for a public stadium that is financed by bonds to which

1 the tax is pledged, unless the taxes collected under this section are  
2 or are projected to be insufficient to meet debt service requirements  
3 on such bonds.

4 (k) If a substantial part of the operation and management of a  
5 public stadium that is financed directly or indirectly by bonds to  
6 which the tax is pledged is performed by a nonpublic entity or if a  
7 public stadium is sold that is financed directly or indirectly by bonds  
8 to which the tax is pledged, any bonds to which the tax is pledged  
9 (~~shall~~) must be retired. This subsection (3)(k) does not apply in  
10 respect to a public stadium under chapter 36.102 RCW transferred to,  
11 owned by, or constructed by a public facilities district under chapter  
12 36.100 RCW or a stadium and exhibition center.

13 (1) The county (~~shall~~) may not lease a public stadium that is  
14 financed directly or indirectly by bonds to which the tax is pledged  
15 to, or authorize the use of the public stadium by, a professional major  
16 league sports franchise unless the sports franchise gives the right of  
17 first refusal to purchase the sports franchise, upon its sale, to local  
18 government. This subsection (3)(1) does not apply to contracts in  
19 existence on April 1, 1986.

20 (4) If a court of competent jurisdiction declares any provision of  
21 (~~this~~) subsection (3) of this act invalid, then that invalid  
22 provision (~~shall be~~) is null and void and the remainder of this  
23 section is not affected.

24 (5) The funding mechanism under this section is known as, and cited  
25 as, the "state hotel/motel credit." After the effective date of this  
26 act, the department and any county must refer to the funding mechanism  
27 under this section in any forms, publications, or any other documents,  
28 either newly created or updated, by the term "state hotel/motel  
29 credit."

30 **Sec. 8.** RCW 82.14.480 and 2007 c 251 s 11 are each amended to read  
31 as follows:

32 (1) The legislative authority of a local jurisdiction that has  
33 created a health sciences and services authority under RCW 35.104.030  
34 may impose a sales and use tax in accordance with the terms of this  
35 chapter. The tax is in addition to other taxes authorized by law and  
36 (~~shall~~) must be collected from those persons who are taxable by the  
37 state under chapters 82.08 and 82.12 RCW upon the occurrence of any

1 taxable event within the local jurisdiction. The rate of the tax  
2 (~~shall~~) may not exceed 0.020 percent of the selling price in the case  
3 of a sales tax or the value of the article used in the case of a use  
4 tax.

5 (2) The tax imposed under subsection (1) of this section (~~shall~~)  
6 must be deducted from the amount of tax otherwise required to be  
7 collected or paid over to the department under chapter 82.08 or 82.12  
8 RCW. The department (~~of revenue shall~~) must perform the collection  
9 of the tax on behalf of the authority at no cost to the authority.

10 (3) The amounts received under this section may only be used in  
11 accordance with RCW 35.104.060 or to finance and retire the  
12 indebtedness incurred pursuant to RCW 35.104.070, in whole or in part.

13 (4) The funding mechanism under this section is known as, and cited  
14 as, the "state health science and services credit." After the  
15 effective date of this act, the department and any counties, cities, or  
16 towns, must refer to the funding mechanism under this section in any  
17 forms, publications, or any other documents, either newly created or  
18 updated, by the term "state health science and services credit."

19 (5) This section expires January 1, 2023.

20 **Sec. 9.** RCW 82.14.475 and 2009 c 267 s 8 are each amended to read  
21 as follows:

22 (1) A sponsoring local government, and any cosponsoring local  
23 government, that has been approved by the board to use local  
24 infrastructure financing may impose a sales and use tax in accordance  
25 with the terms of this chapter and subject to the criteria set forth in  
26 this section. Except as provided in this section, the tax is in  
27 addition to other taxes authorized by law and (~~shall~~) must be  
28 collected from those persons who are taxable by the state under  
29 chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event  
30 within the taxing jurisdiction of the sponsoring local government or  
31 cosponsoring local government.

32 (2) The tax authorized under subsection (1) of this section  
33 (~~shall~~) must be credited against the state taxes imposed under RCW  
34 82.08.020(1) and 82.12.020 at the rate provided in RCW 82.08.020(1).  
35 The department (~~shall~~) must perform the collection of such taxes on  
36 behalf of the sponsoring local government or cosponsoring local

1 government at no cost to the sponsoring local government or  
2 cosponsoring local government and (~~shall~~) must remit the taxes as  
3 provided in RCW 82.14.060.

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

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

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

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

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

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

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

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

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

31 (i) Before July 1, 2008;

32 (ii) Before July 1st of the second calendar year following the year  
33 approval by the board under RCW 39.102.040 was made; and

34 (iii) Before the state excise tax allocation revenues and state  
35 property tax allocation revenues for the preceding calendar year equal  
36 or exceed the amount of project award approved by the board under RCW  
37 39.102.040.

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

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

9 (a) The tax (~~shall~~) must first be imposed on the first day of a  
10 fiscal year;

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

14 (c) The tax (~~shall~~) must cease to be distributed for the  
15 remainder of any fiscal year in which either:

16 (i) The amount of tax received by the sponsoring local government,  
17 and any cosponsoring local government, equals the amount of the state  
18 contribution;

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

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

25 (d) Neither the local excise tax allocation revenues nor the local  
26 property tax allocation revenues may constitute more than eighty  
27 percent of the total local funds as described in RCW 39.102.020(28)(b).  
28 This requirement applies beginning January 1st of the fifth calendar  
29 year after the calendar year in which the sponsoring local government  
30 begins allocating local excise tax allocation revenues under RCW  
31 39.102.110;

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

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

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

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

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

22 (11) Each year, the amount of taxes approved by the department for  
23 distribution to a sponsoring or cosponsoring local government in the  
24 next fiscal year (~~shall~~) must be equal to the state contribution and  
25 (~~shall~~) may be no more than the total local funds as described in RCW  
26 39.102.020(28)(b). The department (~~shall~~) must consider information  
27 from reports described in RCW 39.102.140 when determining the amount of  
28 state contributions for each fiscal year. A sponsoring or cosponsoring  
29 local government (~~shall~~) may not receive, in any fiscal year, more  
30 revenues from taxes imposed under the authority of this section than  
31 the amount approved annually by the department. The department  
32 (~~shall~~) may not approve the receipt of more distributions of sales  
33 and use tax under this section to a sponsoring or cosponsoring local  
34 government than is authorized under subsection (7) of this section.

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

1 (13) The definitions in RCW 39.102.020 apply to this section unless  
2 the context clearly requires otherwise.

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

7 (15) Subject to RCW 39.102.195, the tax imposed under the authority  
8 of this section may be applied either to provide for the payment of  
9 debt service on bonds issued under RCW 39.102.150 by the sponsoring  
10 local government or to pay public improvement costs on a pay-as-you-go  
11 basis, or both.

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

18 (17) For purposes of this section, the following definitions apply:

19 (a) "Local sales and use taxes" means sales and use taxes imposed  
20 by cities, counties, public facilities districts, and other local  
21 governments under the authority of this chapter, chapter 67.28 or  
22 67.40 RCW, or any other chapter, and that are credited against the  
23 state sales and use taxes.

24 (b) "State sales and use taxes" means the tax imposed in RCW  
25 82.08.020(1) and the tax imposed in RCW 82.12.020 at the rate provided  
26 in RCW 82.08.020(1).

27 (18) The funding mechanism under this section is known as, and  
28 cited as, the "state local infrastructure financing credit." After the  
29 effective date of this act, the department or any local government,  
30 must refer to the funding mechanism under this section in any forms,  
31 publications, or any other documents, either newly created or updated,  
32 by the term "state local infrastructure financing credit."

33 NEW SECTION. Sec. 10. Section 9 of this act expires June 30,  
34 2039.

--- END ---