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**SUBSTITUTE SENATE BILL 5755**

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**State of Washington**

**62nd Legislature**

**2011 Regular Session**

**By** Senate Government Operations, Tribal Relations & Elections  
(originally sponsored by Senators Ranker and White)

READ FIRST TIME 02/21/11.

1 AN ACT Relating to county and city real estate excise taxes;  
2 amending RCW 82.46.010 and 82.46.035; reenacting and amending RCW  
3 82.46.035; providing an effective date; and providing an expiration  
4 date.

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

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

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

13 (2)(a) The legislative authority of any county or any city may  
14 impose an excise tax on each sale of real property in the  
15 unincorporated areas of the county for the county tax and in the  
16 corporate limits of the city for the city tax at a rate not exceeding  
17 one-quarter of one percent of the selling price. The revenues from  
18 this tax (~~shall~~) must be used by any city or county with a population  
19 of five thousand or less and any city or county that does not plan

1 under RCW 36.70A.040 for any capital purpose identified in a capital  
2 improvements plan and local capital improvements, including those  
3 listed in RCW 35.43.040.

4 (b) After April 30, 1992, revenues generated from the tax imposed  
5 under this subsection (2) in counties over five thousand population and  
6 cities over five thousand population that are required or choose to  
7 plan under RCW 36.70A.040 (~~(shall)~~) must be used solely for financing  
8 capital projects specified in a capital facilities plan element of a  
9 comprehensive plan and housing relocation assistance under RCW  
10 59.18.440 and 59.18.450. However, revenues (~~(a)~~) (i) pledged by such  
11 counties and cities to debt retirement prior to April 30, 1992, may  
12 continue to be used for that purpose until the original debt for which  
13 the revenues were pledged is retired, or (~~(b)~~) (ii) committed prior  
14 to April 30, 1992, by such counties or cities to a project may continue  
15 to be used for that purpose until the project is completed.

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

22 (4) Taxes imposed under this section (~~(shall)~~) must be collected  
23 from persons who are taxable by the state under chapter 82.45 RCW upon  
24 the occurrence of any taxable event within the unincorporated areas of  
25 the county or within the corporate limits of the city, as the case may  
26 be.

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

30 (6) As used in this section, "city" means any city or town and  
31 "capital project" means those public works projects of a local  
32 government for planning, acquisition, construction, reconstruction,  
33 repair, replacement, rehabilitation, or improvement of streets; roads;  
34 highways; sidewalks; street and road lighting systems; traffic signals;  
35 bridges; domestic water systems; storm and sanitary sewer systems;  
36 parks; recreational facilities; law enforcement facilities; fire  
37 protection facilities; trails; libraries; administrative and/or  
38 judicial facilities; river and/or waterway flood control projects by

1 those jurisdictions that, prior to June 11, 1992, have expended funds  
2 derived from the tax authorized by this section for such purposes; and,  
3 until December 31, 1995, housing projects for those jurisdictions that,  
4 prior to June 11, 1992, have expended or committed to expend funds  
5 derived from the tax authorized by this section or the tax authorized  
6 by RCW 82.46.035 for such purposes.

7 (7) From the effective date of this section until December 31,  
8 2016, a city or county may use the greater of one hundred thousand  
9 dollars or thirty-five percent of available funds under this section,  
10 but not to exceed one million dollars per year, for the operations and  
11 maintenance of existing capital projects as defined in subsection (6)  
12 of this section.

13 **Sec. 2.** RCW 82.46.035 and 2009 c 211 s 1 are each amended to read  
14 as follows:

15 (1) The legislative authority of any county or city (~~shall~~) must  
16 identify in the adopted budget the capital projects funded in whole or  
17 in part from the proceeds of the tax authorized in this section, and  
18 (~~shall~~) must indicate that such tax is intended to be in addition to  
19 other funds that may be reasonably available for such capital projects.

20 (2) The legislative authority of any county or any city that plans  
21 under RCW 36.70A.040(1) may impose an additional excise tax on each  
22 sale of real property in the unincorporated areas of the county for the  
23 county tax and in the corporate limits of the city for the city tax at  
24 a rate not exceeding one-quarter of one percent of the selling price.  
25 Any county choosing to plan under RCW 36.70A.040(2) and any city within  
26 such a county may only adopt an ordinance imposing the excise tax  
27 authorized by this section if the ordinance is first authorized by a  
28 proposition approved by a majority of the voters of the taxing district  
29 voting on the proposition at a general election held within the  
30 district or at a special election within the taxing district called by  
31 the district for the purpose of submitting such proposition to the  
32 voters.

33 (3) Revenues generated from the tax imposed under subsection (2) of  
34 this section (~~shall~~) must be used by such counties and cities solely  
35 for financing capital projects specified in a capital facilities plan  
36 element of a comprehensive plan. However, revenues (a) pledged by such  
37 counties and cities to debt retirement prior to March 1, 1992, may

1 continue to be used for that purpose until the original debt for which  
2 the revenues were pledged is retired, or (b) committed prior to March  
3 1, 1992, by such counties or cities to a project may continue to be  
4 used for that purpose until the project is completed.

5 (4) Revenues generated by the tax imposed by this section (~~shall~~)  
6 must be deposited in a separate account.

7 (5) As used in this section: (a) "City" means any city or town;  
8 (b) "capital project" means those public works projects of a local  
9 government for planning, acquisition, construction, reconstruction,  
10 repair, replacement, rehabilitation, or improvement of streets, roads,  
11 highways, sidewalks, street and road lighting systems, traffic signals,  
12 bridges, municipally owned heavy rail short line railroads, domestic  
13 water systems, storm and sanitary sewer systems, and planning,  
14 construction, reconstruction, repair, rehabilitation, or improvement of  
15 parks; and (c) "short line railroads" means class III railroads as  
16 defined by the United States surface transportation board.

17 (6) When the governor files a notice of noncompliance under RCW  
18 36.70A.340 with the secretary of state and the appropriate county or  
19 city, the county or city's authority to impose the additional excise  
20 tax under this section (~~shall be~~) is temporarily rescinded until the  
21 governor files a subsequent notice rescinding the notice of  
22 noncompliance.

23 (7) A city or county may use revenue generated under subsection (2)  
24 of this section for municipally owned heavy short line railroads only  
25 if the revenue was collected prior to December 31, 2008, and may not  
26 use more than twenty-five percent of the total revenue generated under  
27 subsection (2) of this section for municipally owned heavy short line  
28 railroads.

29 (8) From the effective date of this section until December 31,  
30 2016, a city or county may use the greater of one hundred thousand  
31 dollars or thirty-five percent of available funds under this section,  
32 but not to exceed one million dollars per year, for operations and  
33 maintenance of existing capital projects as defined in subsection (5)  
34 of this section, and counties may use available funds under this  
35 section for the payment of existing debt service incurred for capital  
36 projects as defined in RCW 82.46.010. If a county uses available funds  
37 for payment of existing debt service under RCW 82.46.010, the total

1 amount used for payment of debt service and any amounts used for  
2 operations and maintenance is subject to the limits in this subsection.

3 **Sec. 3.** RCW 82.46.035 and 1992 c 221 s 3 and 1991 sp.s. c 32 s 33  
4 are each reenacted and amended to read as follows:

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

10 (2) The legislative authority of any county or any city that plans  
11 under RCW 36.70A.040(1) may impose an additional excise tax on each  
12 sale of real property in the unincorporated areas of the county for the  
13 county tax and in the corporate limits of the city for the city tax at  
14 a rate not exceeding one-quarter of one percent of the selling price.  
15 Any county choosing to plan under RCW 36.70A.040(2) and any city within  
16 such a county may only adopt an ordinance imposing the excise tax  
17 authorized by this section if the ordinance is first authorized by a  
18 proposition approved by a majority of the voters of the taxing district  
19 voting on the proposition at a general election held within the  
20 district or at a special election within the taxing district called by  
21 the district for the purpose of submitting such proposition to the  
22 voters.

23 (3) Revenues generated from the tax imposed under subsection (2) of  
24 this section (~~shall~~) must be used by such counties and cities solely  
25 for financing capital projects specified in a capital facilities plan  
26 element of a comprehensive plan. However, revenues (a) pledged by such  
27 counties and cities to debt retirement prior to March 1, 1992, may  
28 continue to be used for that purpose until the original debt for which  
29 the revenues were pledged is retired, or (b) committed prior to March  
30 1, 1992, by such counties or cities to a project may continue to be  
31 used for that purpose until the project is completed.

32 (4) Revenues generated by the tax imposed by this section (~~shall~~)  
33 must be deposited in a separate account.

34 (5) As used in this section, "city" means any city or town and  
35 "capital project" means those public works projects of a local  
36 government for planning, acquisition, construction, reconstruction,  
37 repair, replacement, rehabilitation, or improvement of streets, roads,

1 highways, sidewalks, street and road lighting systems, traffic signals,  
2 bridges, domestic water systems, storm and sanitary sewer systems, and  
3 planning, construction, reconstruction, repair, rehabilitation, or  
4 improvement of parks.

5 (6) When the governor files a notice of noncompliance under RCW  
6 36.70A.340 with the secretary of state and the appropriate county or  
7 city, the county or city's authority to impose the additional excise  
8 tax under this section (~~shall be~~) is temporarily rescinded until the  
9 governor files a subsequent notice rescinding the notice of  
10 noncompliance.

11 (7) From the effective date of this section until December 31,  
12 2016, a city or county may use the greater of one hundred thousand  
13 dollars or thirty-five percent of available funds under this section,  
14 but not to exceed one million dollars per year, for operations and  
15 maintenance of existing capital projects as defined in subsection (5)  
16 of this section, and counties may use available funds under this  
17 section for the payment of existing debt service incurred for capital  
18 projects as defined in RCW 82.46.010. If a county uses available funds  
19 for payment of existing debt service under RCW 82.46.010, the total  
20 amount used for payment of debt service and any amounts used for  
21 operations and maintenance is subject to the limits in this subsection.

22 NEW SECTION. Sec. 4. Section 2 of this act expires June 30, 2012.

23 NEW SECTION. Sec. 5. Section 3 of this act takes effect June 30,  
24 2012.

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