
SENATE BILL 6294

State of Washington

54th Legislature

1996 Regular Session

By Senators Bauer and Prince

Read first time 01/10/96. Referred to Committee on Ways & Means.

1 AN ACT Relating to the distribution of motor vehicle excise taxes
2 to cities; amending RCW 82.14.210; and providing an effective date.

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

4 **Sec. 1.** RCW 82.14.210 and 1991 sp.s. c 13 s 16 are each amended to
5 read as follows:

6 There is created in the state treasury a special account to be
7 known as the "municipal sales and use tax equalization account." Into
8 this account shall be placed such revenues as are provided under RCW
9 82.44.110(1)(e). Funds in this account shall be allocated by the state
10 treasurer according to the following procedure:

11 (1) Prior to January 1st of each year the department of revenue
12 shall determine the total and the per capita levels of revenues for
13 each city and the state-wide weighted average per capita level of
14 revenues for all cities imposing the sales and use tax authorized under
15 RCW 82.14.030(1) for the previous calendar year.

16 (2) At such times as distributions are made under RCW 82.44.150,
17 the state treasurer shall apportion to each city not imposing the sales
18 and use tax under RCW 82.14.030(2) an amount from the municipal sales
19 and use tax equalization account equal to the amount distributed to the

1 city under RCW 82.44.155, multiplied by (~~thirty-five sixty-fifths~~)
2 forty-five fifty-fifths.

3 (3) Subsequent to the distributions under subsection (2) of this
4 section, and at such times as distributions are made under RCW
5 82.44.150, the state treasurer shall apportion to each city imposing
6 the sales and use tax under RCW 82.14.030(1) at the maximum rate and
7 receiving less than seventy percent of the state-wide weighted average
8 per capita level of revenues for all cities as determined by the
9 department of revenue under subsection (1) of this section, an amount
10 from the municipal sales and use tax equalization account sufficient,
11 when added to the per capita level of revenues received the previous
12 calendar year by the city, to equal seventy percent of the state-wide
13 weighted average per capita level of revenues for all cities determined
14 under subsection (1) of this section, subject to reduction under
15 subsection (6) of this section.

16 (4) Subsequent to the distributions under subsection (3) of this
17 section, and at such times as distributions are made under RCW
18 82.44.150, the state treasurer shall apportion to each city imposing
19 the sales and use tax under RCW 82.14.030(2) at the maximum rate and
20 receiving a distribution under subsection (3) of this section, a third
21 distribution from the municipal sales and use tax equalization account.
22 The distribution to each qualifying city shall be equal to the
23 distribution to the city under subsection (3) of this section, subject
24 to the reduction under subsection (6) of this section. To qualify for
25 the distributions under this subsection, the city must impose the tax
26 under RCW 82.14.030(2) for the entire calendar year. Cities imposing
27 the tax for less than the full year shall qualify for prorated
28 allocations under this subsection proportionate to the number of months
29 of the year during which the tax is imposed.

30 (5) For a city with an official incorporation date after January 1,
31 1990, municipal sales and use tax equalization distributions shall be
32 made according to the procedures in this subsection. Municipal sales
33 and use tax equalization distributions to eligible new cities shall be
34 made at the same time as distributions are made under subsections (3)
35 and (4) of this section. The department of revenue shall follow the
36 estimating procedures outlined in this subsection until the new city
37 has received a full year's worth of revenues under RCW 82.14.030(1) as
38 of the January municipal sales and use tax equalization distribution.

1 (a) Whether a newly incorporated city determined to receive funds
2 under this subsection receives its first equalization payment at the
3 January, April, July, or October municipal sales and use tax
4 equalization distribution shall depend on the date the city first
5 imposes the tax authorized under RCW 82.14.030(1).

6 (i) A newly incorporated city imposing the tax authorized under RCW
7 82.14.030(1) effective as of January 1st shall be eligible to receive
8 funds under this subsection beginning with the April municipal sales
9 and use tax equalization distribution of that year.

10 (ii) A newly incorporated city imposing the tax authorized under
11 RCW 82.14.030(1) effective as of February 1st, March 1st, or April 1st
12 shall be eligible to receive funds under this subsection beginning with
13 the July municipal sales and use tax equalization distribution of that
14 year.

15 (iii) A newly incorporated city imposing the tax authorized under
16 RCW 82.14.030(1) effective as of May 1st, June 1st, or July 1st shall
17 be eligible to receive funds under this subsection beginning with the
18 October municipal sales and use tax equalization distribution of that
19 year.

20 (iv) A newly incorporated city imposing the tax authorized under
21 RCW 82.14.030(1) effective as of August 1st, September 1st, or October
22 1st shall be eligible to receive funds under this subsection beginning
23 with the January municipal sales and use tax equalization distribution
24 of the next year.

25 (v) A newly incorporated city imposing the tax authorized under RCW
26 82.14.030(1) effective as of November 1st or December 1st shall be
27 eligible to receive funds under this subsection beginning with the
28 April municipal sales and use tax equalization distribution of the next
29 year.

30 (b) For purposes of calculating the amount of funds the new city
31 should receive under this subsection, the department of revenue shall:

32 (i) Estimate the per capita amount of revenues from the tax
33 authorized under RCW 82.14.030(1) that the new city would have received
34 had the city received revenues from the tax the entire calendar year;

35 (ii) Calculate the amount provided under subsection (3) of this
36 section based on the per capita revenues determined under (b)(i) of
37 this subsection;

1 (iii) Prorate the amount determined under (b)(ii) of this
2 subsection by the number of months the tax authorized under RCW
3 82.14.030(1) is imposed.

4 (c) A new city imposing the tax under RCW 82.14.030(2) at the
5 maximum rate and receiving a distribution calculated under (b) of this
6 subsection shall receive another distribution from the municipal sales
7 and use tax equalization account. This distribution shall be equal to
8 the calculation made under (b)(ii) of this subsection, prorated by the
9 number of months the city imposes the tax authorized under RCW
10 82.14.030(2) at the full rate.

11 (d) The department of revenue shall advise the state treasurer of
12 the amounts calculated under (b) and (c) of this subsection and the
13 state treasurer shall distribute these amounts to the new city from the
14 municipal sales and use tax equalization account subject to the
15 limitations imposed in subsection (6) of this section.

16 (e) Revenues estimated under this subsection shall not affect the
17 calculation of the state-wide weighted average per capita level of
18 revenues for all cities made under subsection (1) of this section.

19 (6) If inadequate revenues exist in the municipal sales and use tax
20 equalization account to make the distributions under subsection (3),
21 (4), or (5) of this section, then the distributions under subsections
22 (3), (4), and (5) of this section shall be reduced ratably among the
23 qualifying cities. At such time during the year as additional funds
24 accrue to the municipal sales and use tax equalization account,
25 additional distributions shall be made under subsections (3), (4), and
26 (5) of this section to the cities.

27 (7) If the level of revenues in the municipal sales and use tax
28 equalization account exceeds the amount necessary to make the
29 distributions under subsections (2) through (5) of this section, then
30 the additional revenues shall be apportioned among the several cities
31 within the state ratably on the basis of population as last determined
32 by the office of financial management: PROVIDED, That no such
33 distribution shall be made to those cities receiving a distribution
34 under subsection (2) of this section.

35 NEW SECTION. **Sec. 2.** This act shall take effect July 1, 1996.

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