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HOUSE BILL 2301

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State of Washington                      55th Legislature                      1998 Regular Session

By Representatives Bush, Koster, D. Sommers and Smith

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1            AN ACT Relating to motor vehicle excise tax; amending RCW  
2 82.44.020, 82.44.110, 82.08.020, 82.44.150, 82.44.170, 35.58.273, and  
3 82.14.046; and creating a new section.

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

5            **Sec. 1.** RCW 82.44.020 and 1993 sp.s. c 23 s 61 are each amended to  
6 read as follows:

7            (1) An excise tax is imposed for the privilege of using in the  
8 state any motor vehicle, except those operated under reciprocal  
9 agreements, the provisions of RCW 46.16.160 (~~as now or hereafter~~  
10 ~~amended~~), or dealer's licenses. The annual amount of such excise tax  
11 shall be (~~two~~) one and one-half percent of the value of such vehicle.

12            (2) An additional excise tax is imposed, in addition to any other  
13 tax imposed by this section, for the privilege of using in the state  
14 any such motor vehicle, and the annual amount of such additional excise  
15 shall be two-tenths of one percent of the value of such vehicle.

16            (3) Effective with October 1992 motor vehicle registration  
17 expirations, a clean air excise tax is imposed in addition to any other  
18 tax imposed by this section for the privilege of using in the state any  
19 motor vehicle as defined in RCW 82.44.010, except that farm vehicles as

1 defined in RCW 46.04.181 shall not be subject to the tax imposed by  
2 this subsection. The annual amount of the additional excise tax shall  
3 be two dollars and twenty-five cents. Effective with July 1994 motor  
4 vehicle registration expirations, the annual amount of additional  
5 excise tax shall be two dollars.

6 (4) An additional excise tax is imposed on truck-type power units  
7 that are used in combination with a trailer to transport loads in  
8 excess of forty thousand pounds combined gross weight. The annual  
9 amount of such additional excise tax shall be (~~(fifty-eight)~~) forty-  
10 five one-hundredths of one percent of the value of the vehicle.

11 The department shall distribute the additional tax collected under  
12 this subsection as follows:

13 (a) For each trailing unit subject to subsection (5) of this  
14 section, an amount equal to the clean air excise tax prescribed in  
15 subsection (3) of this section shall be distributed in the manner  
16 prescribed in RCW 82.44.110(3);

17 (b) Of the remainder of the additional excise tax collected under  
18 this subsection, (~~(ten)~~) twelve percent shall be distributed in the  
19 manner prescribed in RCW 82.44.110(2) and (~~(ninety)~~) eighty-eight  
20 percent shall be distributed in the manner prescribed in RCW  
21 82.44.110(1). This tax shall not apply to power units used exclusively  
22 for hauling logs.

23 (5) The excise taxes imposed by subsections (1) through (3) of this  
24 section shall not apply to trailing units which are used in combination  
25 with a power unit subject to the additional excise tax imposed by  
26 subsection (4) of this section. This subsection shall not apply to  
27 trailing units used for hauling logs.

28 (6) In no case shall the total tax be less than two dollars except  
29 for proportionally registered vehicles.

30 (7) Washington residents, as defined in RCW 46.16.028, who license  
31 motor vehicles in another state or foreign country and avoid Washington  
32 motor vehicle excise taxes are liable for such unpaid excise taxes.  
33 The department of revenue may assess and collect the unpaid excise  
34 taxes under chapter 82.32 RCW, including the penalties and interest  
35 provided therein.

36 **Sec. 2.** RCW 82.44.110 and 1997 c 338 s 68 are each amended to read  
37 as follows:

1 The county auditor shall regularly, when remitting license fee  
2 receipts, pay over and account to the director of licensing for the  
3 excise taxes collected under the provisions of this chapter. The  
4 director shall forthwith transmit the excise taxes to the state  
5 treasurer.

6 (1) The state treasurer shall deposit the excise taxes collected  
7 under RCW 82.44.020(1) as follows:

8 (a) (~~((1.60))~~) 2.1330 percent into the motor vehicle fund to defray  
9 administrative and other expenses incurred by the department in the  
10 collection of the excise tax.

11 (b) (~~((8.15))~~) 10.8670 percent into the Puget Sound capital  
12 construction account in the motor vehicle fund.

13 (c) (~~((4.07))~~) 5.4270 percent into the Puget Sound ferry operations  
14 account in the motor vehicle fund.

15 (d) (~~((5.88))~~) 7.8400 percent into the general fund to be distributed  
16 under RCW 82.44.155.

17 (e) (~~((4.75))~~) 6.3330 percent into the municipal sales and use tax  
18 equalization account in the general fund created in RCW 82.14.210.

19 (f) (~~((1.60))~~) 2.1330 percent into the county sales and use tax  
20 equalization account in the general fund created in RCW 82.14.200.

21 (g) (~~((62.6440))~~) 50.1927 percent into the (~~((general))~~) transportation  
22 fund (~~((through June 30, 1995, and 57.6440 percent into the general fund~~  
23 ~~beginning July 1, 1995.~~

24 (~~(h) 5 percent into the transportation fund created in RCW 82.44.180~~  
25 ~~beginning July 1, 1995.~~

26 (~~(i) 5.9686~~) (h) 7.9581 percent into the county criminal justice  
27 assistance account created in RCW 82.14.310.

28 (~~((j) 1.1937))~~) (i) 1.5916 percent into the municipal criminal  
29 justice assistance account for distribution under RCW 82.14.320.

30 (~~((k) 1.1937))~~) (j) 1.5916 percent into the municipal criminal  
31 justice assistance account for distribution under RCW 82.14.330.

32 (~~((l) 2.95))~~) (k) 3.9330 percent into the county public health  
33 account created in RCW 70.05.125.

34 Notwithstanding (~~((i))~~) (h) through (~~((k))~~) (j) of this subsection,  
35 no more than sixty million dollars shall be deposited into the accounts  
36 specified in (~~((i))~~) (h) through (~~((k))~~) (j) of this subsection for the  
37 period January 1, 1994, through June 30, 1995. Not more than five  
38 percent of the funds deposited to these accounts shall be available for  
39 appropriations for enhancements to the state patrol crime laboratory

1 system and the continuing costs related to these enhancements. Motor  
2 vehicle excise tax funds appropriated for such enhancements shall not  
3 supplant existing funds from the state general fund. For the fiscal  
4 year ending June 30, 1998, and for each fiscal year thereafter, the  
5 amounts deposited into the accounts specified in ~~((i))~~ (h) through  
6 ~~((k))~~ (j) of this subsection shall not increase by more than the  
7 amounts deposited into those accounts in the previous fiscal year  
8 increased by the implicit price deflator for the previous fiscal year.  
9 Any revenues in excess of this amount shall be deposited into the  
10 violence reduction and drug enforcement account.

11 (2) The state treasurer shall deposit the excise taxes collected  
12 under RCW 82.44.020(2) into the transportation fund.

13 (3) The state treasurer shall deposit the excise tax imposed by RCW  
14 82.44.020(3) into the air pollution control account created by RCW  
15 70.94.015.

16 **Sec. 3.** RCW 82.08.020 and 1992 c 194 s 9 are each amended to read  
17 as follows:

18 (1) There is levied and there shall be collected a tax on each  
19 retail sale in this state equal to six and five-tenths percent of the  
20 selling price.

21 (2) There is levied and there shall be collected an additional tax  
22 on each retail car rental, regardless of whether the vehicle is  
23 licensed in this state, equal to ~~((five and nine tenths))~~ four and six-  
24 tenths percent of the selling price. ~~((Ninety-one))~~ Eighty-eight  
25 percent of the revenue collected under this subsection shall be  
26 deposited and distributed in the same manner as motor vehicle excise  
27 tax revenue collected under RCW 82.44.020(1). ~~((Nine))~~ Twelve percent  
28 of the revenue collected under this subsection shall be deposited in  
29 the transportation fund and distributed in the same manner as motor  
30 vehicle excise tax revenue collected under RCW 82.44.020(2).

31 (3) The taxes imposed under this chapter shall apply to successive  
32 retail sales of the same property.

33 (4) The rates provided in this section apply to taxes imposed under  
34 chapter 82.12 RCW as provided in RCW 82.12.020.

35 **Sec. 4.** RCW 82.44.150 and 1995 2nd sp.s. c 14 s 538 are each  
36 amended to read as follows:

1 (1) The director of licensing shall, on the twenty-fifth day of  
2 February, May, August, and November of each year, advise the state  
3 treasurer of the total amount of motor vehicle excise taxes imposed by  
4 RCW 82.44.020 (1) and (2) remitted to the department during the  
5 preceding calendar quarter ending on the last day of March, June,  
6 September, and December, respectively, except for those payable under  
7 RCW 82.44.030, from motor vehicle owners residing within each  
8 municipality which has levied a tax under RCW 35.58.273, which amount  
9 of excise taxes shall be determined by the director as follows:

10 The total amount of motor vehicle excise taxes remitted to the  
11 department, except those payable under RCW 82.44.020(3) and 82.44.030,  
12 from each county shall be multiplied by a fraction, the numerator of  
13 which is the population of the municipality residing in such county,  
14 and the denominator of which is the total population of the county in  
15 which such municipality or portion thereof is located. The product of  
16 this computation shall be the amount of excise taxes from motor vehicle  
17 owners residing within such municipality or portion thereof. Where the  
18 municipality levying a tax under RCW 35.58.273 is located in more than  
19 one county, the above computation shall be made by county, and the  
20 combined products shall provide the total amount of motor vehicle  
21 excise taxes from motor vehicle owners residing in the municipality as  
22 a whole. Population figures required for these computations shall be  
23 supplied to the director by the office of financial management, who  
24 shall adjust the fraction annually.

25 (2) On the first day of the months of January, April, July, and  
26 October of each year, the state treasurer based upon information  
27 provided by the department shall, from motor vehicle excise taxes  
28 deposited in the (~~general~~) transportation fund, under RCW  
29 82.44.110(1)(g), make the following deposits:

30 (a) To the high capacity transportation account created in RCW  
31 47.78.010, a sum equal to four and five-tenths percent of the special  
32 excise tax levied under RCW 35.58.273 by those municipalities  
33 authorized to levy a special excise tax within each county that has a  
34 population of one hundred seventy-five thousand or more and has an  
35 interstate highway within its borders; except that in a case of a  
36 municipality located in a county that has a population of one hundred  
37 seventy-five thousand or more that does not have an interstate highway  
38 located within its borders, that sum shall be deposited in the  
39 passenger ferry account;

1 (b) To the central Puget Sound public transportation account  
2 created in RCW 82.44.180, for revenues distributed after December 31,  
3 1992, within a county with a population of one million or more and a  
4 county with a population of from two hundred thousand to less than one  
5 million bordering a county with a population of one million or more, a  
6 sum equal to the difference between (i) the special excise tax levied  
7 and collected under RCW 35.58.273 by those municipalities authorized to  
8 levy and collect a special excise tax subject to the requirements of  
9 subsections (3) ~~((and))~~, (4), and (5) of this section and (ii) the  
10 special excise tax that the municipality would otherwise have been  
11 eligible to levy and collect at a tax rate of .815 percent, less the  
12 amount, if any, deducted as a pro rata reduction under subsection (4)  
13 of this section, and been able to match with locally generated tax  
14 revenues, other than the excise tax imposed under RCW 35.58.273,  
15 budgeted for any public transportation purpose. Before this deposit,  
16 the sum shall be reduced by an amount equal to the amount distributed  
17 under (a) of this subsection for each of the municipalities within the  
18 counties to which this subsection (2)(b) applies; however, any transfer  
19 under this subsection (2)(b) must be greater than zero; and

20 (c) To the public transportation systems account created in RCW  
21 82.44.180, for revenues distributed after December 31, 1992, within  
22 counties not described in (b) of this subsection, a sum equal to the  
23 difference between (i) the special excise tax levied and collected  
24 under RCW 35.58.273 by those municipalities authorized to levy and  
25 collect a special excise tax subject to the requirements of subsections  
26 (3) ~~((and))~~, (4), and (5) of this section and (ii) the special excise  
27 tax that the municipality would otherwise have been eligible to levy  
28 and collect at a tax rate of .815 percent, less the amount, if any,  
29 deducted as a pro rata reduction under subsection (4) of this section,  
30 and been able to match with locally generated tax revenues, other than  
31 the excise tax imposed under RCW 35.58.273, budgeted for any public  
32 transportation purpose. Before this deposit, the sum shall be reduced  
33 by an amount equal to the amount distributed under (a) of this  
34 subsection for each of the municipalities within the counties to which  
35 this subsection (2)(c) applies; however, any transfer under this  
36 subsection (2)(c) must be greater than zero(~~and~~

37 ~~(d) To the general fund, for revenues distributed after June 30,~~  
38 ~~1993, and to the transportation fund, for revenues distributed after~~  
39 ~~June 30, 1995, a sum equal to the difference between (i) the special~~

1 ~~excise tax levied and collected under RCW 35.58.273 by those~~  
2 ~~municipalities authorized to levy and collect a special excise tax~~  
3 ~~subject to the requirements of subsections (3) and (4) of this section~~  
4 ~~and (ii) the special excise tax that the municipality would otherwise~~  
5 ~~have been eligible to levy and collect at a tax rate of .815 percent~~  
6 ~~notwithstanding the requirements set forth in subsections (3) through~~  
7 ~~((6)) of this section, reduced by an amount equal to distributions~~  
8 ~~made under (a), (b), and (c) of this subsection and RCW 82.14.046)).~~

9 (3) On the first day of the months of January, April, July, and  
10 October of each year, the state treasurer, based upon information  
11 provided by the department, shall remit motor vehicle excise tax  
12 revenues imposed and collected under RCW 35.58.273 as follows:

13 (a) The amount required to be remitted by the state treasurer to  
14 the treasurer of any municipality levying the tax shall not exceed in  
15 any calendar year the amount of locally-generated tax revenues,  
16 excluding (i) the excise tax imposed under RCW 35.58.273 for the  
17 purposes of this section, which shall have been budgeted by the  
18 municipality to be collected in such calendar year for any public  
19 transportation purposes including but not limited to operating costs,  
20 capital costs, and debt service on general obligation or revenue bonds  
21 issued for these purposes; and (ii) the sales and use tax equalization  
22 distributions provided under RCW 82.14.046; and

23 (b) In no event may the amount remitted in a single calendar  
24 quarter exceed the amount collected on behalf of the municipality under  
25 RCW 35.58.273 during the calendar quarter next preceding the  
26 immediately preceding quarter, excluding the sales and use tax  
27 equalization distributions provided under RCW 82.14.046.

28 (4) Beginning January 1, 1999, the amount distributed to  
29 municipalities under this section in any calendar year may not exceed  
30 36.5 percent of revenue distributed under RCW 82.44.110. If the  
31 cumulative amount collected on behalf of the municipalities under RCW  
32 35.58.273 exceeds the maximum amount available for distribution  
33 identified in this subsection, the treasurer shall reduce the amount  
34 distributed to each municipality on a pro rata basis to achieve the  
35 maximum amount.

36 (5) At the close of each calendar year accounting period, but not  
37 later than April 1, each municipality that has received motor vehicle  
38 excise taxes under subsection (3) of this section shall transmit to the  
39 director of licensing and the state auditor a written report showing by

1 source the previous year's budgeted tax revenues for public  
2 transportation purposes as compared to actual collections. Any  
3 municipality that has not submitted the report by April 1 shall cease  
4 to be eligible to receive motor vehicle excise taxes under subsection  
5 (3) of this section until the report is received by the director of  
6 licensing. If a municipality has received more or less money under  
7 subsection (3) of this section for the period covered by the report  
8 than it is entitled to receive by reason of its locally-generated  
9 collected tax revenues, the director of licensing shall, during the  
10 next ensuing quarter that the municipality is eligible to receive motor  
11 vehicle excise tax funds, increase or decrease the amount to be  
12 remitted in an amount equal to the difference between the locally-  
13 generated budgeted tax revenues and the locally-generated collected tax  
14 revenues. In no event may the amount remitted for a calendar year  
15 exceed the amount collected on behalf of the municipality under RCW  
16 35.58.273 during that same calendar year excluding the sales and use  
17 tax equalization distributions provided under RCW 82.14.046. At the  
18 time of the next fiscal audit of each municipality, the state auditor  
19 shall verify the accuracy of the report submitted and notify the  
20 director of licensing of any discrepancies.

21 ~~((+5))~~(6) The motor vehicle excise taxes imposed under RCW  
22 35.58.273 and required to be remitted under this section and RCW  
23 82.14.046 shall be remitted without legislative appropriation.

24 ~~((+6))~~(7) Any municipality levying and collecting a tax under RCW  
25 35.58.273 which does not have an operating, public transit system or a  
26 contract for public transportation services in effect within one year  
27 from the initial effective date of the tax shall return to the state  
28 treasurer all motor vehicle excise taxes received under subsection (3)  
29 of this section.

30 **Sec. 5.** RCW 82.44.170 and 1990 c 42 s 311 are each amended to read  
31 as follows:

32 For each IRP jurisdiction that cannot report to the director the  
33 sums of dollars that are collected for the motor vehicle excise tax  
34 pursuant to chapter 82.44 RCW separately from other vehicle licensing  
35 fees pursuant to RCW 46.16.070 and 46.16.085, the director shall  
36 distribute ~~((thirty-three))~~ twenty-six percent of the total fees  
37 collected as reported on the IRP vehicle registration recap information  
38 forwarded to the director by such jurisdiction pursuant to RCW



1 82.44.110, until such time as such jurisdiction begins reporting excise  
2 tax amounts separately from other vehicle licensing fees. The  
3 remainder of the fees collected shall be distributed in accordance with  
4 RCW 46.68.035.

5 **Sec. 6.** RCW 35.58.273 and 1992 c 194 s 11 are each amended to read  
6 as follows:

7 (1) Through June 30, 1992, any municipality, as defined in this  
8 subsection, is authorized to levy and collect a special excise tax not  
9 exceeding .7824 percent and beginning July 1, 1992, .725 percent on the  
10 value, as determined under chapter 82.44 RCW, of every motor vehicle  
11 owned by a resident of such municipality for the privilege of using  
12 such motor vehicle provided that in no event shall the tax be less than  
13 one dollar and, subject to RCW 82.44.150 (3) (~~and~~), (4), and (5), the  
14 amount of such tax shall be credited against the amount of the excise  
15 tax levied by the state under RCW 82.44.020(1). As used in this  
16 subsection, the term "municipality" means a municipality that is  
17 located within (a) each county with a population of two hundred ten  
18 thousand or more and (b) each county with a population of from one  
19 hundred twenty-five thousand to less than two hundred ten thousand  
20 except for those counties that do not border a county with a population  
21 as described under (~~subsection~~) (a) of this subsection.

22 (2) Through June 30, 1992, any other municipality is authorized to  
23 levy and collect a special excise tax not exceeding .815 percent, and  
24 beginning July 1, 1992, .725 percent on the value, as determined under  
25 chapter 82.44 RCW, of every motor vehicle owned by a resident of such  
26 municipality for the privilege of using such motor vehicle provided  
27 that in no event shall the tax be less than one dollar and, subject to  
28 RCW 82.44.150 (3) (~~and~~), (4), and (5), the amount of such tax shall  
29 be credited against the amount of the excise tax levied by the state  
30 under RCW 82.44.020(1). Before utilization of any excise tax moneys  
31 collected under authorization of this section for acquisition of right  
32 of way or construction of a mass transit facility on a separate right  
33 of way the municipality shall adopt rules affording the public an  
34 opportunity for "corridor public hearings" and "design public hearings"  
35 as herein defined, which rule shall provide in detail the procedures  
36 necessary for public participation in the following instances: (a)  
37 Prior to adoption of location and design plans having a substantial  
38 social, economic or environmental effect upon the locality upon which

1 they are to be constructed or (b) on such mass rapid transit systems  
2 operating on a separate right of way whenever a substantial change is  
3 proposed relating to location or design in the adopted plan. In  
4 adopting rules the municipality shall adhere to the provisions of the  
5 Administrative Procedure Act.

6 (3) A "corridor public hearing" is a public hearing that: (a) Is  
7 held before the municipality is committed to a specific mass transit  
8 route proposal, and before a route location is established; (b) is held  
9 to afford an opportunity for participation by those interested in the  
10 determination of the need for, and the location of, the mass rapid  
11 transit system; (c) provides a public forum that affords a full  
12 opportunity for presenting views on the mass rapid transit system route  
13 location, and the social, economic and environmental effects on that  
14 location and alternate locations: PROVIDED, That such hearing shall  
15 not be deemed to be necessary before adoption of an overall mass rapid  
16 transit system plan by a vote of the electorate of the municipality.

17 (4) A "design public hearing" is a public hearing that: (a) Is  
18 held after the location is established but before the design is  
19 adopted; and (b) is held to afford an opportunity for participation by  
20 those interested in the determination of major design features of the  
21 mass rapid transit system; and (c) provides a public forum to afford a  
22 full opportunity for presenting views on the mass rapid transit system  
23 design, and the social, economic, environmental effects of that design  
24 and alternate designs.

25 (5) A municipality imposing a tax under subsection (1) or (2) of  
26 this section may also impose a sales and use tax, in addition to the  
27 tax authorized by RCW 82.14.030, upon retail car rentals within the  
28 municipality that are taxable by the state under chapters 82.08 and  
29 82.12 RCW. The rate of tax shall bear the same ratio to the rate  
30 imposed under RCW 82.08.020(2) as the excise tax rate imposed under  
31 subsection (1) of this section bears to the excise tax rate imposed  
32 under RCW 82.44.020 (1) and (2). The base of the tax shall be the  
33 selling price in the case of a sales tax or the rental value of the  
34 vehicle used in the case of a use tax. The tax imposed under this  
35 section shall be deducted from the amount of tax otherwise due under  
36 RCW 82.08.020(2). The revenue collected under this subsection shall be  
37 distributed in the same manner as special excise taxes under  
38 subsections (1) and (2) of this section.

1       **Sec. 7.** RCW 82.14.046 and 1995 c 298 s 1 are each amended to read  
2 as follows:

3       Beginning with distributions made to municipalities under RCW  
4 82.44.150 on January 1, 1996, municipalities as defined in RCW  
5 35.58.272 imposing local transit taxes, which for purposes of this  
6 section include the sales and use tax under RCW 82.14.045, the business  
7 and occupation tax under RCW 35.95.040, and excise taxes under RCW  
8 35.95.040, shall be eligible for sales and use tax equalization  
9 payments from motor vehicle excise taxes distributed under RCW  
10 82.44.150 as follows:

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 municipality imposing local transit taxes and the state-wide  
14 weighted average per capita level of sales and use tax revenues imposed  
15 under chapters 82.08 and 82.12 RCW for the previous calendar year  
16 calculated for a sales and use tax rate of one-tenth percent. For  
17 purposes of this section, the department of revenue shall determine a  
18 local transit tax rate for each municipality for the previous calendar  
19 year. The tax rate shall be equivalent to the sales and use tax rate  
20 for the municipality that would have generated an amount of revenue  
21 equal to the amount of local transit taxes collected by the  
22 municipality.

23       (2) For each tenth of one percent of the local transit tax rate,  
24 the state treasurer shall apportion to each municipality receiving less  
25 than eighty percent of the state-wide weighted average per capita level  
26 of sales and use tax revenues imposed under chapters 82.08 and 82.12  
27 RCW as determined by the department of revenue under subsection (1) of  
28 this section, an amount when added to the per capita level of revenues  
29 received the previous calendar year by the municipality, to equal  
30 eighty percent of the state-wide weighted average per capita level of  
31 revenues determined under subsection (1) of this section. In no event  
32 may the sales and use tax equalization distribution to a municipality  
33 in a single calendar year exceed: (a) Fifty percent of the amount of  
34 local transit taxes collected during the prior calendar year; or (b)  
35 the maximum amount of revenue that could have been collected at a local  
36 transit tax rate of three-tenths percent in the prior calendar year.

37       (3) For a municipality established after January 1, 1995, sales and  
38 use tax equalization distributions shall be made according to the  
39 procedures in this subsection. Sales and use tax equalization

1 distributions to eligible new municipalities shall be made at the same  
2 time as distributions are made under subsection (2) of this section.  
3 The department of revenue shall follow the estimating procedures  
4 outlined in this subsection until the new municipality has received a  
5 full year's worth of local transit tax revenues as of the January sales  
6 and use tax equalization distribution.

7 (a) Whether a newly established municipality determined to receive  
8 funds under this subsection receives its first equalization payment at  
9 the January, April, July, or October sales and use tax equalization  
10 distribution shall depend on the date the system first imposes local  
11 transit taxes.

12 (i) A newly established municipality imposing local transit taxes  
13 taking effect during the first calendar quarter shall be eligible to  
14 receive funds under this subsection beginning with the July sales and  
15 use tax equalization distribution of that year.

16 (ii) A newly established municipality imposing local transit taxes  
17 taking effect during the second calendar quarter shall be eligible to  
18 receive funds under this subsection beginning with the October sales  
19 and use tax equalization distribution of that year.

20 (iii) A newly established municipality imposing local transit taxes  
21 taking effect during the third calendar quarter shall be eligible to  
22 receive funds under this subsection beginning with the January sales  
23 and use tax equalization distribution of the next year.

24 (iv) A newly established municipality imposing local transit taxes  
25 taking effect during the fourth calendar quarter shall be eligible to  
26 receive funds under this subsection beginning with the April sales and  
27 use tax equalization distribution of the next year.

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

31 (i) Estimate the per capita amount of revenues from local transit  
32 taxes that the new municipality would have received had the  
33 municipality received revenues from the tax the entire calendar year;

34 (ii) Calculate the amount provided under subsection (2) of this  
35 section based on the per capita revenues determined under (b)(i) of  
36 this subsection;

37 (iii) Prorate the amount determined under (b)(ii) of this  
38 subsection by the number of months the local transit taxes have been  
39 imposed.

1 (c) The department of revenue shall advise the state treasurer of  
2 the amounts calculated under (b) of this subsection and the state  
3 treasurer shall distribute these amounts to the new municipality from  
4 the motor vehicle excise tax distributed under RCW 82.44.150(~~(+2)(d)~~).

5 (4) A municipality whose governing body implements a tax change  
6 that reduces its local transit tax rate after January 1, 1994, may not  
7 receive distributions under this section.

8 NEW SECTION. **Sec. 8.** This act applies to motor vehicle fees due  
9 after June 30, 1998.

--- END ---