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**BILL REQUEST - CODE REVISER'S OFFICE**

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BILL REQ. #: H-4818.3/02 3rd draft

ATTY/TYPIST: JM:ads

BRIEF DESCRIPTION:

2 HB 2950 - H AMD  
3 By Representative Grant

4

5 Strike everything after the enacting clause and insert the  
6 following:

7 "Sec. 1. RCW 82.08.150 and 1998 c 126 s 16 are each amended to  
8 read as follows:

9 (1) There is levied and shall be collected a tax upon each retail  
10 sale of spirits, or strong beer in the original package at the rate of  
11 fifteen percent of the selling price. The tax imposed in this  
12 subsection shall apply to all such sales including sales by the  
13 Washington state liquor stores and agencies, but excluding sales to  
14 spirits, beer, and wine restaurant licensees.

15 (2) There is levied and shall be collected a tax upon each sale of  
16 spirits, or strong beer in the original package at the rate of ten  
17 percent of the selling price on sales by Washington state liquor stores  
18 and agencies to spirits, beer, and wine restaurant licensees.

19 (3) There is levied and shall be collected an additional tax upon  
20 each retail sale of spirits in the original package at the rate of one  
21 dollar and seventy-two cents per liter. The additional tax imposed in  
22 this subsection shall apply to all such sales including sales by  
23 Washington state liquor stores and agencies, and including sales to  
24 spirits, beer, and wine restaurant licensees.

25 (4) An additional tax is imposed equal to fourteen percent  
26 multiplied by the taxes payable under subsections (1), (2), and (3) of  
27 this section.

28 (5) An additional tax is imposed upon each retail sale of spirits  
29 in the original package at the rate of seven cents per liter. The  
30 additional tax imposed in this subsection shall apply to all such sales  
31 including sales by Washington state liquor stores and agencies, and  
32 including sales to spirits, beer, and wine restaurant licensees. All  
33 revenues collected during any month from this additional tax shall be  
34 deposited in the violence reduction and drug enforcement account under  
35 RCW 69.50.520 by the twenty-fifth day of the following month.

1 (6)(a) An additional tax is imposed upon retail sale of spirits in  
2 the original package at the rate of one and seven-tenths percent of the  
3 selling price through June 30, 1995, two and six-tenths percent of the  
4 selling price for the period July 1, 1995, through June 30, 1997, and  
5 three and four-tenths of the selling price thereafter. This additional  
6 tax applies to all such sales including sales by Washington state  
7 liquor stores and agencies, but excluding sales to spirits, beer, and  
8 wine restaurant licensees.

9 (b) An additional tax is imposed upon retail sale of spirits in the  
10 original package at the rate of one and one-tenth percent of the  
11 selling price through June 30, 1995, one and seven-tenths percent of  
12 the selling price for the period July 1, 1995, through June 30, 1997,  
13 and two and three-tenths of the selling price thereafter. This  
14 additional tax applies to all such sales to spirits, beer, and wine  
15 restaurant licensees.

16 (c) An additional tax is imposed upon each retail sale of spirits  
17 in the original package at the rate of twenty cents per liter through  
18 June 30, 1995, thirty cents per liter for the period July 1, 1995,  
19 through June 30, 1997, and forty-one cents per liter thereafter. This  
20 additional tax applies to all such sales including sales by Washington  
21 state liquor stores and agencies, and including sales to spirits, beer,  
22 and wine restaurant licensees.

23 (d) All revenues collected during any month from additional taxes  
24 under this subsection shall be deposited in the health services account  
25 created under RCW 43.72.900 by the twenty-fifth day of the following  
26 month.

27 (7)(a) An additional tax is imposed upon each retail sale of  
28 spirits in the original package at the rate of two percent of the  
29 selling price, including sales by Washington state liquor stores and  
30 agencies, but excluding sales to spirits, beer, and wine restaurant  
31 licensees.

32 (b) An additional tax is imposed upon each retail sale of spirits  
33 in the original package at the rate of forty-one cents per liter. This  
34 additional tax applies to all such sales including sales by Washington  
35 state liquor stores and agencies, and including sales to spirits, beer,  
36 and wine restaurant licensees.

37 (c) All revenues collected during any month from additional taxes  
38 under this subsection (7) shall be deposited in the distressed local

1 government assistance account under section 3 of this act by the  
2 twenty-fifth day of the following month.

3 (8) The tax imposed in RCW 82.08.020 shall not apply to sales of  
4 spirits or strong beer in the original package.

5 ~~((+8+))~~ (9) The taxes imposed in this section shall be paid by the  
6 buyer to the seller, and each seller shall collect from the buyer the  
7 full amount of the tax payable in respect to each taxable sale under  
8 this section. The taxes required by this section to be collected by  
9 the seller shall be stated separately from the selling price and for  
10 purposes of determining the tax due from the buyer to the seller, it  
11 shall be conclusively presumed that the selling price quoted in any  
12 price list does not include the taxes imposed by this section.

13 ~~((+9+))~~ (10) As used in this section, the terms, "spirits," "strong  
14 beer," and "package" shall have the meaning ascribed to them in chapter  
15 66.04 RCW.

16 **Sec. 2.** RCW 66.24.210 and 2001 c 124 s 1 are each amended to read  
17 as follows:

18 (1) There is hereby imposed upon all wines except cider sold to  
19 wine distributors and the Washington state liquor control board, within  
20 the state a tax at the rate of twenty and one-fourth cents per liter.  
21 There is hereby imposed on all cider sold to wine distributors and the  
22 Washington state liquor control board within the state a tax at the  
23 rate of three and fifty-nine one-hundredths cents per liter: PROVIDED,  
24 HOWEVER, That wine sold or shipped in bulk from one winery to another  
25 winery shall not be subject to such tax. The tax provided for in this  
26 section shall be collected by direct payments based on wine purchased  
27 by wine distributors. Every person purchasing wine under the  
28 provisions of this section shall on or before the twentieth day of each  
29 month report to the board all purchases during the preceding calendar  
30 month in such manner and upon such forms as may be prescribed by the  
31 board, and with such report shall pay the tax due from the purchases  
32 covered by such report unless the same has previously been paid. Any  
33 such purchaser of wine whose applicable tax payment is not postmarked  
34 by the twentieth day following the month of purchase will be assessed  
35 a penalty at the rate of two percent a month or fraction thereof. The  
36 board may require that every such person shall execute to and file with  
37 the board a bond to be approved by the board, in such amount as the  
38 board may fix, securing the payment of the tax. If any such person

1 fails to pay the tax when due, the board may forthwith suspend or  
2 cancel the license until all taxes are paid.

3 (2) An additional tax is imposed equal to the rate specified in RCW  
4 82.02.030 multiplied by the tax payable under subsection (1) of this  
5 section. All revenues collected during any month from this additional  
6 tax shall be transferred to the state general fund by the twenty-fifth  
7 day of the following month.

8 (3) An additional tax is imposed on wines subject to tax under  
9 subsection (1) of this section, at the rate of one-fourth of one cent  
10 per liter for wine sold after June 30, 1987. After June 30, 1996, such  
11 additional tax does not apply to cider. An additional tax of five one-  
12 hundredths of one cent per liter is imposed on cider sold after June  
13 30, 1996. All revenues collected under this subsection (3) shall be  
14 disbursed quarterly to the Washington wine commission for use in  
15 carrying out the purposes of chapter 15.88 RCW.

16 (4) An additional tax is imposed on all wine subject to tax under  
17 subsection (1) of this section. The additional tax is equal to twenty-  
18 three and forty-four one-hundredths cents per liter on fortified wine  
19 as defined in RCW 66.04.010(38) when bottled or packaged by the  
20 manufacturer, one cent per liter on all other wine except cider, and  
21 eighteen one-hundredths of one cent per liter on cider. All revenues  
22 collected during any month from this additional tax shall be deposited  
23 in the violence reduction and drug enforcement account under RCW  
24 69.50.520 by the twenty-fifth day of the following month.

25 (5) An additional tax is imposed on fortified wine as defined in  
26 RCW 66.04.010(38) equal to twenty cents per liter when bottled or  
27 packaged by the manufacturer. All revenues collected during any month  
28 from this additional tax shall be deposited in the distressed local  
29 government assistance account under section 3 of this act by the  
30 twenty-fifth day of the following month.

31 (6)(a) An additional tax is imposed on all cider subject to tax  
32 under subsection (1) of this section. The additional tax is equal to  
33 two and four one-hundredths cents per liter of cider sold after June  
34 30, 1996, and before July 1, 1997, and is equal to four and seven one-  
35 hundredths cents per liter of cider sold after June 30, 1997.

36 (b) All revenues collected from the additional tax imposed under  
37 this subsection ((+5)) (6) shall be deposited in the health services  
38 account under RCW 43.72.900.

1       (~~(6)~~) (7) For the purposes of this section, "cider" means table  
2 wine that contains not less than one-half of one percent of alcohol by  
3 volume and not more than seven percent of alcohol by volume and is made  
4 from the normal alcoholic fermentation of the juice of sound, ripe  
5 apples or pears. "Cider" includes, but is not limited to, flavored,  
6 sparkling, or carbonated cider and cider made from condensed apple or  
7 pear must.

8       NEW SECTION. **Sec. 3.** A new section is added to chapter 82.14 RCW  
9 to read as follows:

10       The distressed local government assistance account is created in  
11 the custody of the state treasurer. The account is subject to  
12 allotment procedures under chapter 43.88 RCW, but no appropriation is  
13 required for expenditures or distributions.

14       NEW SECTION. **Sec. 4.** (1) For the remainder of the 2001-2003  
15 fiscal biennium, on the first day of each month the state treasurer  
16 shall distribute a portion of the funds deposited in the distressed  
17 local government assistance account to certain counties and to certain  
18 cities as provided in this section.

19       (2) The state treasurer shall distribute an amount from the account  
20 equal to fifty-six and two-tenths percent of the funds in the account  
21 to certain counties. The amount shall be allocated according to the  
22 percentages shown in the table in this subsection, not to exceed a  
23 specified maximum annual total. The maximum annual total that may be  
24 distributed to a jurisdiction is also indicated in the table in this  
25 subsection.

26		<b>Monthly</b>	<b>Maximum</b>
27		<b>Percentage</b>	<b>Annual</b>
28	<b>County</b>	<b>Allocation</b>	<b>Distribution</b>
29	Adams	6.04%	556,282
30	Asotin	6.53%	601,603
31	Columbia	8.86%	816,440
32	Douglas	6.94%	639,378
33	Ferry	4.53%	417,177
34	Garfield	8.98%	827,048
35	Lincoln	5.03%	463,126
36	Mason	12.55%	1,156,589

1	Okanogan	7.43%	684,757
2	Pacific	5.16%	475,333
3	Pend Oreille	4.94%	454,992
4	Stevens	9.00%	828,832
5	Wahkiakum	6.51%	599,584
6	Walla Walla	7.51%	692,201
7	Totals	100.00%	9,213,342

8 (3) The state treasurer shall distribute an amount from the account  
9 equal to forty-three and eight-tenths percent of the funds in the  
10 account to certain cities. The amount shall be allocated according to  
11 the percentages shown in the table in this subsection, not to exceed a  
12 specified maximum annual total. The maximum annual total that may be  
13 distributed to a jurisdiction is also specified in the table in this  
14 subsection.

15		<b>Monthly</b>	<b>Maximum</b>
16		<b>Percentage</b>	<b>Annual</b>
17	<b>City</b>	<b>Allocation</b>	<b>Distribution</b>
18	Airway Heights	0.24%	\$ 17,186
19	Albion	0.57%	\$ 40,990
20	Almira	0.03%	\$ 1,934
21	Asotin	0.25%	\$ 17,802
22	Benton City	0.48%	\$ 34,410
23	Black Diamond	0.55%	\$ 39,343
24	Bridgeport	1.62%	\$ 116,295
25	Brier	4.58%	\$ 328,719
26	Bucoda	0.45%	\$ 32,671
27	Carbonado	0.49%	\$ 35,086
28	Cashmere	0.26%	\$ 18,660
29	Cheney	0.68%	\$ 48,552
30	Chewelah	0.14%	\$ 10,308
31	Clyde Hill	0.29%	\$ 21,128
32	Colfax	0.16%	\$ 11,535
33	College Place	4.53%	\$ 325,301
34	Colton	0.12%	\$ 8,488
35	Conconully	0.12%	\$ 8,450
36	Concrete	0.06%	\$ 4,172
37	Connell	0.71%	\$ 50,960
38	Coulee Dam	0.13%	\$ 9,486

1	Covington	2.97%	\$	213,431
2	Creston	0.06%	\$	3,987
3	Cusick	0.02%	\$	1,443
4	Darrington	0.13%	\$	9,243
5	Davenport	0.14%	\$	10,249
6	Dayton	0.20%	\$	14,317
7	Des Moines	3.19%	\$	228,943
8	Edgewood	7.76%	\$	557,183
9	Electric City	0.75%	\$	53,906
10	Elma	0.18%	\$	13,080
11	Elmer City	0.26%	\$	18,419
12	Endicott	0.25%	\$	17,769
13	Entiat	0.25%	\$	17,994
14	Everson	0.15%	\$	10,429
15	Fairfield	0.04%	\$	2,864
16	Farmington	0.05%	\$	3,730
17	Fircrest	1.66%	\$	119,296
18	Forks	0.24%	\$	17,102
19	Garfield	0.39%	\$	27,967
20	George	0.04%	\$	2,984
21	Gold Bar	0.58%	\$	41,562
22	Grandview	0.55%	\$	39,598
23	Granger	0.74%	\$	53,476
24	Hamilton	0.08%	\$	5,387
25	Harrah	0.40%	\$	29,008
26	Harrington	0.04%	\$	2,797
27	Hartline	0.10%	\$	7,039
28	Hatton	0.10%	\$	7,523
29	Hoquiam	0.81%	\$	57,911
30	Index	0.01%	\$	646
31	Ione	0.04%	\$	2,713
32	Kahlotus	0.17%	\$	12,487
33	Kenmore	4.73%	\$	339,647
34	Kettle Falls	0.14%	\$	9,951
35	Kittitas	0.31%	\$	22,459
36	Krupp	0.02%	\$	1,373
37	Lacrosse	0.09%	\$	6,222
38	Lake Forest Park	3.86%	\$	277,407
39	Lake Stevens	0.31%	\$	21,980

1	Lakewood	6.36%	\$	456,476
2	Lamont	0.06%	\$	4,629
3	Latah	0.05%	\$	3,695
4	Lyman	0.07%	\$	5,172
5	Mabton	1.23%	\$	88,042
6	Malden	0.19%	\$	13,339
7	Mansfield	0.23%	\$	16,525
8	Maple Valley	0.77%	\$	55,529
9	Marcus	0.12%	\$	8,728
10	Mattawa	0.43%	\$	30,914
11	McCleary	0.46%	\$	32,688
12	Medical Lake	0.25%	\$	17,660
13	Mesa	0.04%	\$	2,601
14	Metaline	0.07%	\$	4,769
15	Metaline Falls	0.03%	\$	2,186
16	Mossyrock	0.04%	\$	2,556
17	Mountlake Terrace	1.53%	\$	109,857
18	Moxee	0.09%	\$	6,248
19	Napavine	0.41%	\$	29,668
20	Nespelem	0.15%	\$	10,883
21	Newcastle	0.63%	\$	44,920
22	Nooksack	0.25%	\$	17,974
23	Normandy Park	2.10%	\$	151,107
24	North Bonneville	0.07%	\$	4,723
25	Northport	0.20%	\$	14,513
26	Oakesdale	0.07%	\$	4,798
27	Oakville	0.19%	\$	13,412
28	Orting	0.41%	\$	29,536
29	Palouse	0.24%	\$	17,012
30	Pateros	0.06%	\$	4,328
31	Pe Ell	0.47%	\$	33,860
32	Pomeroy	0.11%	\$	8,107
33	Prescott	0.03%	\$	1,908
34	Pullman	1.26%	\$	90,312
35	Rainier	0.48%	\$	34,453
36	Raymond	0.18%	\$	13,178
37	Reardan	0.16%	\$	11,797
38	Republic	0.05%	\$	3,875
39	Riverside	0.23%	\$	16,809

1	Rock Island	0.16%	\$	11,285
2	Rockford	0.04%	\$	2,930
3	Rosalia	0.16%	\$	11,344
4	Roslyn	0.28%	\$	19,949
5	Royal City	0.29%	\$	20,593
6	Ruston	0.22%	\$	15,542
7	Sammamish	10.16%	\$	729,541
8	Shoreline	3.19%	\$	229,409
9	Soap Lake	0.44%	\$	31,754
10	South Bend	0.16%	\$	11,713
11	South Cle Elum	0.20%	\$	14,473
12	South Prairie	0.04%	\$	2,902
13	Sprague	0.05%	\$	3,542
14	Springdale	0.02%	\$	1,712
15	Starbuck	0.08%	\$	5,530
16	Steilacoom	0.61%	\$	44,149
17	Tekoa	0.11%	\$	7,627
18	Tenino	0.15%	\$	10,631
19	Tieton	0.32%	\$	23,018
20	Toppenish	1.91%	\$	137,011
21	Uniontown	0.09%	\$	6,119
22	University Place	8.13%	\$	583,869
23	Vader	0.35%	\$	25,112
24	Waitsburg	0.35%	\$	25,054
25	Wapato	0.99%	\$	71,298
26	Warden	0.23%	\$	16,314
27	Washtucna	0.18%	\$	12,761
28	Waterville	0.31%	\$	22,516
29	Waverly	0.09%	\$	6,337
30	West Richland	2.11%	\$	151,304
31	White Salmon	0.12%	\$	8,302
32	Wilbur	0.05%	\$	3,648
33	Wilkeson	0.04%	\$	2,898
34	Wilson Creek	0.08%	\$	5,685
35	Yacolt	0.08%	\$	5,659
36	Zillah	0.22%	\$	15,573
37	Statewide Total			
38	for Cities	100.00%	\$	7,180,889

1 (4)(a) By the first day of the fifty-eighth legislature, the  
2 Washington state association of counties shall submit proposed  
3 legislation to the governor and the fiscal committees of the  
4 legislature that provides a permanent distribution mechanism for fifty-  
5 six and two-tenths percent of the moneys received in the distressed  
6 local government assistance account.

7 (b) By the first day of the fifty-eighth legislature, the  
8 association of Washington cities shall submit proposed legislation to  
9 the governor and the fiscal committees of the legislature that provides  
10 a permanent distribution mechanism for forty-three and eight-tenths  
11 percent of the moneys received in the distressed local government  
12 assistance account.

13 NEW SECTION. **Sec. 5.** A new section is added to chapter 36.01 RCW  
14 to read as follows:

15 (1) A county legislative authority may impose a tax on the  
16 privilege of conducting any of the following businesses within the  
17 territorial boundaries of the county.

18 (a) An electrical energy business;

19 (b) A natural or manufactured gas distribution business;

20 (c) A steam energy business;

21 (d) A sewer business;

22 (e) A water distribution business;

23 (f) A solid waste collection business; and

24 (g) A telephone business.

25 (2)(a) The rate of the tax shall not exceed two and one-half  
26 percent in a county with a population of one million or more. The rate  
27 of the tax shall not exceed one percent in other counties. Except as  
28 provided in (b) of this subsection, the tax shall be imposed on the  
29 gross revenues derived by businesses from sales made within the county,  
30 exclusive of sales for resale. The rate imposed by a county on each  
31 business must be uniform as to all businesses in that class.

32 (b) A county may not impose a tax on the gross revenues derived by  
33 a telephone business which represents charges to another  
34 telecommunications company, as defined in RCW 80.04.010, for connecting  
35 fees, switching charges, or carrier access charges relating to  
36 intrastate toll telephone services, or for access to, or charges for,  
37 interstate services, or charges for network telephone service that is  
38 purchased for the purpose of resale. By a vote of the people the

1 county may include the gross revenues derived from sales for resale  
2 made by any business except for a telephone business in the gross  
3 revenues subject to tax.

4 (c) A county legislative authority may submit an authorizing  
5 proposition to the county voters before imposing a tax under this  
6 section. If the county legislative authority does not submit an  
7 authorizing proposition before imposing a tax under this section, the  
8 tax is subject to repeal by referendum, using the procedures provided  
9 in RCW 82.14.036. The referendum procedure provided in RCW 82.14.036  
10 is the exclusive method for subjecting a tax ordinance or resolution  
11 under this section to a referendum vote after enactment.

12 (3) In addition to the provisions for levying and collecting a tax,  
13 the ordinance must include, but is not limited to, the following  
14 provisions:

15 (a) Exemptions, deductions, and credits;

16 (b) Place of sale; and

17 (c) Due dates and penalties.

18 (4)(a) In a county with a population of one million or more, money  
19 received under this section shall be allocated as follows:

20 (i) Thirty percent shall be used by the county.

21 (ii) Seventy percent shall be shared between the county and the  
22 incorporated cities in the county as follows: (A) Seventy-five percent  
23 shall be retained by the county, and (B) twenty-five percent shall be  
24 distributed to incorporated cities in the county under an interlocal  
25 agreement between the cities and the county that includes a formula  
26 that is determined by the cities in the county in consultation with the  
27 association of Washington cities.

28 (b) In a county with a population of less than one million, money  
29 received under this section shall be shared between the county and the  
30 cities under one of the following options:

31 (i)(A) Seventy-five percent shall be retained by the county, and  
32 (B) twenty-five percent shall be distributed to incorporated cities in  
33 the county under an interlocal agreement between the cities and the  
34 county that includes a formula that is determined by the cities in the  
35 county in consultation with the association of Washington cities; or

36 (ii) An allocation determined by formula pursuant to an interlocal  
37 agreement between the county and a group of incorporated cities that  
38 represent at least fifty percent of the total population in the county.

1 (5) In a county with a population of one million or more, money  
2 received under this section shall be used exclusively for any of the  
3 following purposes:

4 (a) Providing for the regional justice system, including but not  
5 limited to court operations, police protection, relief for overcrowded  
6 jails, drug and mental health treatment, preventative juvenile justice  
7 programs, domestic violence services, community and legal advocates,  
8 hearings and ancillary services related to at-risk youth, truancy,  
9 children in need of services, and other authorized activities of the  
10 county; or

11 (b) Facilitating annexation by cities of urban unincorporated  
12 areas. The county legislative authority may designate up to ten  
13 percent of the money collected under this section to be used for  
14 infrastructure improvements for areas within the county's urban growth  
15 areas, as defined in RCW 36.70A.110, that have been annexed by a city  
16 after March 31, 2002, pursuant to agreement between the county and the  
17 city.

18 (6) Money collected under this section may be transferred by the  
19 recipient county to another unit of local government pursuant to a  
20 government service agreement as provided in RCW 36.115.040 and  
21 36.115.050.

22 (7) The tax authorized by this section is in addition to other  
23 taxes and does not prevent any city or town within the taxing county,  
24 when authorized by law, from imposing within its corporate limits a tax  
25 of the same or similar kind.

26 (8) For the purposes of this section, unless the context clearly  
27 requires otherwise, the following definitions apply.

28 (a) "Electrical energy business" means the business of providing  
29 electrical energy to end-use retail customers, and includes the  
30 commodity, delivery, transportation, metering, billing, and other  
31 ancillary or related services.

32 (b) "Natural or manufactured gas distribution business" means the  
33 business of providing natural or manufactured gas to end-use retail  
34 customers, and includes the commodity, delivery, transportation,  
35 metering, billing, and other ancillary or related services.

36 (c) "Steam energy business" means the business of providing steam  
37 to customers, and includes the commodity, delivery, transportation,  
38 metering, billing, and other ancillary or related services.

1 (d) "Sewer business" means the business of providing sewage  
2 collection and disposal services, or storm or surface water drainage  
3 services to end-use retail customers.

4 (e) "Water distribution business" means the business of providing  
5 water through a network of distribution pipelines.

6 (f) "Solid waste collection business" means the business of  
7 providing solid waste collection or disposal services, but not  
8 including recycling, yard waste collection and composting, and/or waste  
9 reduction services. "Solid waste collection business" does not include  
10 a solid waste collection business operating under a contract with a  
11 city or town in effect January 1, 2002, and for the duration of that  
12 contract.

13 (g) "Telephone business" means the business of providing network  
14 telephone service as that phrase is defined in RCW 82.04.065 and  
15 includes cooperative or farmer line telephone companies or associations  
16 operating an exchange.

17 NEW SECTION. **Sec. 6.** A new section is added to chapter 82.14 RCW  
18 to read as follows:

19 (1) A county legislative authority in a county with a population of  
20 less than one million may impose a sales and use tax in accordance with  
21 the terms of this chapter. The rate of tax under this subsection shall  
22 not exceed two-tenths of one percent of the selling price in the case  
23 of a sales tax, or value of the article used, in the case of a use tax.  
24 A county legislative authority may submit an authorizing proposition to  
25 the county voters before imposing a tax under this section. If the  
26 county legislative authority does not submit an authorizing proposition  
27 before imposing a tax under this section, the tax is subject to repeal  
28 by referendum, using the procedures provided in RCW 82.14.036. The  
29 referendum procedure provided in RCW 82.14.036 is the exclusive method  
30 for subjecting a tax ordinance or resolution under this section to a  
31 referendum vote after enactment.

32 (2) The tax authorized in this section shall be in addition to any  
33 other taxes authorized by law and shall be collected from those persons  
34 who are taxable by the state under chapters 82.08 and 82.12 RCW upon  
35 the occurrence of any taxable event within the county.

36 (3) Money received under this section shall be shared between the  
37 county and the cities under one of the following options:

1 (a)(i) Seventy-five percent shall be retained by the county, and  
2 (ii) twenty-five percent shall be distributed to incorporated cities in  
3 the county under an interlocal agreement between the cities and the  
4 county that includes a formula that is determined by the cities in the  
5 county in consultation with the association of Washington cities; or

6 (b) An allocation determined by formula pursuant to an interlocal  
7 agreement between the county and a group of incorporated cities that  
8 represent at least fifty percent of the total population in the county.

9 **Sec. 7.** RCW 35.92.010 and 1991 c 347 s 18 are each amended to read  
10 as follows:

11 A city or town may construct, condemn and purchase, purchase,  
12 acquire, add to, alter, maintain and operate waterworks, including fire  
13 hydrants as an integral utility service incorporated within general  
14 rates, within or without its limits, for the purpose of furnishing the  
15 city and its inhabitants, and any other persons, with an ample supply  
16 of water for all purposes, public and private, including water power  
17 and other power derived therefrom, with full power to regulate and  
18 control the use, distribution, and price thereof: PROVIDED, That the  
19 rates charged must be uniform for the same class of customers or  
20 service. Such waterworks may include facilities for the generation of  
21 electricity as a byproduct and such electricity may be used by the city  
22 or town or sold to an entity authorized by law to distribute  
23 electricity. Such electricity is a byproduct when the electrical  
24 generation is subordinate to the primary purpose of water supply.

25 In classifying customers served or service furnished, the city or  
26 town governing body may in its discretion consider any or all of the  
27 following factors: The difference in cost of service to the various  
28 customers; location of the various customers within and without the  
29 city or town; the difference in cost of maintenance, operation, repair,  
30 and replacement of the various parts of the system; the different  
31 character of the service furnished various customers; the quantity and  
32 quality of the water furnished; the time of its use; the achievement of  
33 water conservation goals and the discouragement of wasteful water use  
34 practices; capital contributions made to the system including, but not  
35 limited to, assessments; and any other matters which present a  
36 reasonable difference as a ground for distinction. No rate shall be  
37 charged that is less than the cost of the water and service to the  
38 class of customers served.

1 For such purposes any city or town may take, condemn and purchase,  
2 purchase, acquire, and retain water from any public or navigable lake  
3 or watercourse, surface or ground, and, by means of aqueducts or pipe  
4 lines, conduct it to the city or town; and it may erect and build dams  
5 or other works across or at the outlet of any lake or watercourse in  
6 this state for the purpose of storing and retaining water therein up to  
7 and above high water mark; and for all the purposes of erecting such  
8 aqueducts, pipe lines, dams, or waterworks or other necessary  
9 structures in storing and retaining water, or for any of the purposes  
10 provided for by this chapter, the city or town may occupy and use the  
11 beds and shores up to the high water mark of any such watercourse or  
12 lake, and acquire the right by purchase, or by condemnation and  
13 purchase, or otherwise, to any water, water rights, easements or  
14 privileges named in this chapter, or necessary for any of said  
15 purposes, and the city or town may acquire by purchase or condemnation  
16 and purchase any properties or privileges necessary to be had to  
17 protect its water supply from pollution. Should private property be  
18 necessary for any such purposes or for storing water above high water  
19 mark, the city or town may condemn and purchase, or purchase and  
20 acquire such private property. For the purposes of waterworks which  
21 include facilities for the generation of electricity as a byproduct,  
22 nothing in this section may be construed to authorize a city or town  
23 that does not own or operate an electric utility system to condemn  
24 electric generating, transmission, or distribution rights or facilities  
25 of entities authorized by law to distribute electricity, or to acquire  
26 such rights or facilities without the consent of the owner.

27 **Sec. 8.** RCW 35.92.050 and 1985 c 445 s 9 are each amended to read  
28 as follows:

29 A city or town may also construct, condemn and purchase, purchase,  
30 acquire, add to, alter, maintain and operate works, plants, facilities  
31 for the purpose of furnishing the city or town and its inhabitants, and  
32 any other persons, with gas, electricity, and other means of power and  
33 facilities for lighting, including streetlights as an integral utility  
34 service incorporated within general rates, heating, fuel, and power  
35 purposes, public and private, with full authority to regulate and  
36 control the use, distribution, and price thereof, together with the  
37 right to handle and sell or lease, any meters, lamps, motors,  
38 transformers, and equipment or accessories of any kind, necessary and

1 convenient for the use, distribution, and sale thereof; authorize the  
2 construction of such plant or plants by others for the same purpose,  
3 and purchase gas, electricity, or power from either within or without  
4 the city or town for its own use and for the purpose of selling to its  
5 inhabitants and to other persons doing business within the city or town  
6 and regulate and control the use and price thereof.

7 NEW SECTION. **Sec. 9.** A new section is added to Title 36 RCW to  
8 read as follows:

9 (1) Counties may create by resolution a transitional benefit  
10 district for the purpose of management, control, improvement, and  
11 maintenance of infrastructure and assets, including water and sewer  
12 systems, but excluding streets and highways, of cities that are making  
13 the transition from incorporated to unincorporated status subject to  
14 the terms in this section. No transitional benefit district may be  
15 formed until after the terms of disincorporation under chapter 35.07  
16 RCW have been met.

17 (2) A transitional benefit district is a municipal corporation, an  
18 independent taxing authority within the meaning of Article VII, section  
19 1 of the state Constitution, and a taxing district within the meaning  
20 of Article VII, section 2 of the state Constitution.

21 (3) A transitional benefit district shall be governed by the  
22 legislative authority of the county in which the district is located.  
23 A transitional benefit district shall constitute a body corporate and  
24 shall possess all the usual powers of a corporation for public purposes  
25 as well as all other powers that may now or hereafter be specifically  
26 conferred by statute, including, but not limited to, the authority to  
27 hire employees, staff, and services, to enter into contracts, to sue  
28 and be sued, and to issue bonds. All the powers and authorities  
29 granted to cities pursuant to Title 35 RCW, Title 35A RCW, and all the  
30 powers and authorities granted to counties pursuant to this title  
31 necessary to meet its purpose are granted to transitional benefit  
32 districts.

33 (4) A transitional benefit district may acquire and transfer real  
34 and personal property by lease, sublease, purchase, or sale.

35 (5) A transitional benefit district may receive the assets of a  
36 city or a former portion of a city, unless there are remaining debts  
37 and obligations. If such debts and obligations exist, a district may

1 not receive the assets until the completion of the disincorporation  
2 process in chapter 35.07 RCW.

3 (6) A transitional benefit district is authorized to levy taxes on  
4 all taxable property only when the debts and obligations of the city  
5 have been satisfied under the disincorporation process in chapter 35.07  
6 RCW.

7 (7) The powers and authorities granted to a transitional benefit  
8 district under this section shall terminate twenty-five years from the  
9 date of the formation of the transitional benefit district.

10 NEW SECTION. **Sec. 10.** The following acts or parts of acts are  
11 each repealed:

12 (1) RCW 81.100.030 (Employer tax) and 1991 c 363 s 153 & 1990 c 43  
13 s 14; and

14 (2) RCW 82.80.010 (Motor vehicle and special fuel tax) and 1998 c  
15 176 s 86, 1991 c 339 s 12, & 1990 c 42 s 201.

16 NEW SECTION. **Sec. 11.** If any provision of this act or its  
17 application to any person or circumstance is held invalid, the  
18 remainder of the act or the application of the provision to other  
19 persons or circumstances is not affected.

20 NEW SECTION. **Sec. 12.** This act is necessary for the immediate  
21 preservation of the public peace, health, or safety, or support of the  
22 state government and its existing public institutions, and takes effect  
23 May 1, 2002."

24 Correct the title.

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