

HOUSE BILL 3263

State of Washington 59th Legislature 2006 Regular Session

By Representatives Springer and Ericks

Read first time 01/30/2006. Referred to Committee on Local Government.

1 AN ACT Relating to the use of real estate excise taxes to offset
2 costs of annexation; amending RCW 82.46.010; adding a new section to
3 chapter 82.46 RCW; creating a new section; and providing a contingent
4 effective date.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that it is in the
7 interests of the people of the state of Washington to facilitate the
8 annexation of unincorporated areas that lie within designated urban
9 growth areas. This act is intended to permit cities to apply real
10 estate excise tax revenues that would otherwise be restricted to
11 capital purposes to offset the costs associated with such annexations.
12 This authority is intended to work in conjunction with the
13 establishment of an annexation capital facilities district under House
14 Bill No. (2006).

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.46 RCW
16 to read as follows:

17 The legislative authority of any city for which an annexation
18 capital facilities district has been established under chapter 35.--

1 RCW (H-4485/06), may apply all or a portion of the revenues received
2 from the tax imposed under RCW 82.46.010 to the costs of annexation
3 identified in an annexation cost study completed under RCW
4 82.46.010(1). The total amount of revenues applied to annexation costs
5 shall not exceed the amount dedicated to capital purposes by the
6 annexation facilities district under chapter 35.-- RCW (H-4485/06).

7 **Sec. 3.** RCW 82.46.010 and 1994 c 272 s 1 are each amended to read
8 as follows:

9 (1) The legislative authority of any county (~~or city~~) shall
10 identify in the adopted budget the capital projects funded in whole or
11 in part from the proceeds of the tax authorized in this section, and
12 shall indicate that such tax is intended to be in addition to other
13 funds that may be reasonably available for such capital projects. The
14 legislative authority of any city shall: (a) Identify in the adopted
15 budget the capital projects funded in whole or in part from the
16 proceeds of the tax authorized in this section, and indicate that the
17 tax is intended to be in addition to other funds that may be reasonably
18 available for these capital projects; or (b) if acting under chapter
19 35.-- RCW (H-4485/06), undertake a comprehensive study of the costs
20 associated with the proposed annexation and indicate by resolution or
21 ordinance that the tax is intended to be in addition to other funds
22 that may be reasonably available for these costs.

23 If the legislative authority of a city determines to dedicate a
24 portion of the tax authorized under this section to capital projects
25 and a portion to annexation costs, it shall identify the capital
26 portion as described in (a) of this subsection and shall identify the
27 annexation funding as described in (b) of this subsection.

28 (2) The legislative authority of any county or any city may impose
29 an excise tax on each sale of real property in the unincorporated areas
30 of the county for the county tax and in the corporate limits of the
31 city for the city tax at a rate not exceeding one-quarter of one
32 percent of the selling price. The revenues from this tax shall be used
33 by any city or county with a population of five thousand or less and
34 any city or county that does not plan under RCW 36.70A.040 for any
35 capital purpose identified in a capital improvements plan and local
36 capital improvements, including those listed in RCW 35.43.040.

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

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

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

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

26 (6) As used in this section, "city" means any city or town and
27 "capital project" means those public works projects of a local
28 government for planning, acquisition, construction, reconstruction,
29 repair, replacement, rehabilitation, or improvement of streets; roads;
30 highways; sidewalks; street and road lighting systems; traffic signals;
31 bridges; domestic water systems; storm and sanitary sewer systems;
32 parks; recreational facilities; law enforcement facilities; fire
33 protection facilities; trails; libraries; administrative and/or
34 judicial facilities; river and/or waterway flood control projects by
35 those jurisdictions that, prior to June 11, 1992, have expended funds
36 derived from the tax authorized by this section for such purposes; and,
37 until December 31, 1995, housing projects for those jurisdictions that,

1 prior to June 11, 1992, have expended or committed to expend funds
2 derived from the tax authorized by this section or the tax authorized
3 by RCW 82.46.035 for such purposes.

4 NEW SECTION. **Sec. 4.** This act takes effect July 1, 2006, only if
5 chapter . . . (House Bill No. . . . (H-4485/06)), Laws of 2006 is
6 signed by the governor. If chapter . . . (House Bill No. . . .
7 (H-4485/06)), Laws of 2006 is not signed by the governor by July 1,
8 2006, this act is null and void.

9 NEW SECTION. **Sec. 5.** If any provision of this act or its
10 application to any person or circumstance is held invalid, the
11 remainder of the act or the application of the provision to other
12 persons or circumstances is not affected.

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