CERTIFICATION OF ENROLLMENT

ENGROSSED SENATE BILL 5498

Chapter 380, Laws of 2007

60th Legislature
2007 Regular Session

LOCAL TAXING DISTRICTS--FUNDING SOURCES

EFFECTIVE DATE: 07/22/07

Passed by the Senate April 2, 2007
    YEAS 46   NAYS 0

BRAD OWEN

President of the Senate

Passed by the House April 13, 2007
    YEAS 74   NAYS 23

FRANK CHOPP

Speaker of the House of Representatives

Approved May 8, 2007, 4:29 p.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SENATE BILL 5498** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

Secretary

FILED

May 10, 2007

Secretary of State
State of Washington

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ENGROSSED SENATE BILL 5498
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Passed Legislature - 2007 Regular Session

State of Washington   **60th Legislature**   **2007 Regular Session**

By Senators Regala, Clements, Morton, Brandland, Pridemore, Delvin, Prentice, Hatfield and Rasmussen

Read first time 01/22/2007.   Referred to Committee on Government Operations & Elections.

1   AN ACT Relating to revising voter-approved funding sources for
2 local taxing districts; and amending RCW 82.14.450 and 84.55.050.

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

4   **Sec. 1.** RCW 82.14.450 and 2003 1st sp.s. c 24 s 2 are each amended
5 to read as follows:
6   (1) A county legislative authority may submit an authorizing
7 proposition to the county voters at a primary or general election and,
8 if the proposition is approved by a majority of persons voting, impose
9 a sales and use tax in accordance with the terms of this chapter. The
10 title of each ballot measure must clearly state the purposes for which
11 the proposed sales and use tax will be used. Funds raised under this
12 tax shall not supplant existing funds used for these purposes. For
13 purposes of this subsection, existing funds means the actual operating
14 expenditures for the calendar year in which the ballot measure is
15 approved by voters.   Actual operating expenditures excludes lost
16 federal funds, lost or expired state grants or loans, extraordinary
17 events not likely to reoccur, changes in contract provisions beyond the
18 control of the county or city receiving the services, and major
19 nonrecurring capital expenditures. The rate of tax under this section

1   shall not exceed three-tenths of one percent of the selling price in
2   the case of a sales tax, or value of the article used, in the case of
3   a use tax.

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

8   (3) The retail sale or use of motor vehicles, and the lease of
9   motor vehicles for up to the first thirty-six months of the lease, are
10   exempt from tax imposed under this section.

11   (4) One-third of all money received under this section shall be
12   used solely for criminal justice purposes. For the purposes of this
13   subsection, "criminal justice purposes" means additional police
14   protection, mitigation of congested court systems, or relief of
15   overcrowded jails or other local correctional facilities.

16   (5) Money received under this section shall be shared between the
17   county and the cities as follows: Sixty percent shall be retained by
18   the county and forty percent shall be distributed on a per capita basis
19   to cities in the county.

20   **Sec. 2.** RCW 84.55.050 and 2003 1st sp.s. c 24 s 4 are each amended
21   to read as follows:
22   (1) Subject to any otherwise applicable statutory dollar rate
23   limitations, regular property taxes may be levied by or for a taxing
24   district in an amount exceeding the limitations provided for in this
25   chapter if such levy is authorized by a proposition approved by a
26   majority of the voters of the taxing district voting on the proposition
27   at a general election held within the district or at a special election
28   within the taxing district called by the district for the purpose of
29   submitting such proposition to the voters. Any election held pursuant
30   to this section shall be held not more than twelve months prior to the
31   date on which the proposed levy is to be made, except as provided in
32   subsection ((+(3)(b)+)) (2) of this section.   The ballot of the
33   proposition shall state the dollar rate proposed and shall clearly
34   state ((any)) the conditions, if any, which are applicable under
35   subsection ((+(3)+)) (4) of this section.
36   (2) Subject to statutory dollar limitations, a proposition placed
37   before the voters under this section may authorize annual increases in

1 levies for multiple consecutive years, up to six consecutive years,

2 during which period each year's authorized maximum legal levy shall be

3 used as the base upon which an increased levy limit for the succeeding

4 year is computed, but the ballot proposition must state the dollar rate

5 proposed only for the first year of the consecutive years and must

6 state the limit factor, or a specified index to be used for determining

7 a limit factor, such as the consumer price index, which need not be the

8 same for all years, by which the regular tax levy for the district may

9 be increased in each of the subsequent consecutive years. Elections

10 for this purpose must be held at a primary or general election. The

11 title of each ballot measure must state the specific purposes for which

12 the proposed annual increases during the specified period of up to six

13 consecutive years shall be used, and funds raised under the levy shall

14 not supplant existing funds used for these purposes. For purposes of

15 this subsection, existing funds means the actual operating expenditures

16 for the calendar year in which the ballot measure is approved by

17 voters. Actual operating expenditures excludes lost federal funds,

18 lost or expired state grants or loans, extraordinary events not likely

19 to reoccur, changes in contract provisions beyond the control of the

20 taxing district receiving the services, and major nonrecurring capital

21 expenditures.

22   (3) After a levy authorized pursuant to this section is made, the

23 dollar amount of such levy shall be used for the purpose of computing

24 the limitations for subsequent levies provided for in this chapter,

25 except as provided in subsection((s (3) and (4))) (5) of this section.

26   (((3))) (4) If expressly stated, a proposition placed before the

27 voters under subsection (1) or (2) of this section may:

28   (a) Limit the period for which the increased levy is to be made;

29   (b) ((Subject to statutory dollar limitations in RCW 84.52.043,

30 authorize annual increases in levies for any county, city, or town for

31 multiple consecutive years, up to six consecutive years, during which

32 period each year's authorized maximum legal levy shall be used as the

33 base upon which an increased levy limit for the succeeding year is

34 computed, but the ballot proposition must state the dollar rate

35 proposed only for the first year of the consecutive years and must

36 state the limit factor, or a specified index to be used for determining

37 a limit factor, such as the consumer price index, which need not be the

38 same for all years, by which the regular tax levy for the district may

1 be increased in each of the subsequent consecutive years. ~~Elections~~
2 ~~for this purpose must be held at a primary or general election. The~~
3 ~~title of each ballot measure must state the specific purposes for which~~
4 ~~the proposed levy increase shall be used, and funds raised under this~~
5 ~~levy shall not supplant existing funds used for these purposes;~~

6   ~~(c)~~)) Limit the purpose for which the increased levy is to be made,
7 but if the limited purpose includes making redemption payments on
8 bonds, the period for which the increased levies are made shall not
9 exceed nine years;

10   ((~~(d)~~)) (c) Set the levy at a rate less than the maximum rate
11 allowed for the district; or

12   ((~~(e) Provide that the maximum allowable dollar amount of the final~~
13 ~~annual levy of the period specified in the measure shall be used to~~
14 ~~compute the limitations provided for in this chapter on levy increases~~
15 ~~occurring after the expiration of the period; or~~

16   ~~(f)~~)) (d) Include any combination of the conditions in this
17 subsection.

18   ((~~(4)~~)) (5) Except as otherwise provided in an approved ballot
19 measure under this section, after the expiration of a limited period
20 under subsection (4)(a) of this section or the satisfaction of a
21 limited purpose under subsection (4)(b) of this section, whichever
22 comes first, subsequent levies shall be computed as if:

23   (a) The limited proposition under subsection ((~~(3)~~)) (4) of this
24 section had not been approved; and

25   (b) The taxing district had made levies at the maximum rates which
26 would otherwise have been allowed under this chapter during the years
27 levies were made under the limited proposition.

Passed by the Senate April 2, 2007.
Passed by the House April 13, 2007.
Approved by the Governor May 8, 2007.
Filed in Office of Secretary of State May 10, 2007.