

---

SENATE BILL 6528

---

State of Washington                      62nd Legislature                      2012 Regular Session

By Senators Kilmer, Honeyford, Harper, Ericksen, Hatfield, and Shin

Read first time 01/27/12. Referred to Committee on Ways & Means.

1            AN ACT Relating to taxation of heavy equipment; reenacting and  
2 amending RCW 43.84.092; adding a new section to chapter 84.36 RCW;  
3 adding a new chapter to Title 84 RCW; and creating a new section.

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

5            NEW SECTION.    **Sec. 1.** A new section is added to chapter 84.36 RCW  
6 to read as follows:

7            (1) All heavy equipment, including attachments, owned by a heavy  
8 equipment rental business for the purpose of leasing or renting at  
9 retail is exempt from property taxes.

10            (2) The definitions in section 2 of this act apply to this section.

11            NEW SECTION.    **Sec. 2.** (1) Beginning January 1, 2013, a county may  
12 impose a tax on persons leasing or renting heavy equipment at retail  
13 from a heavy equipment rental business. The rate of tax equals five  
14 dollars and twenty-five cents per invoice for the lease or rental of  
15 heavy equipment.

16            (2) The tax authorized under this section is sourced to the county  
17 where the heavy equipment rental business from which the heavy  
18 equipment is leased or rented is located.

1 (3) The heavy equipment rental business must collect the tax  
2 imposed under this section from the lessee and remit it in the manner  
3 prescribed by this chapter. The heavy equipment rental business must  
4 report taxes imposed under this section on a state tax return in the  
5 manner provided in section 3 of this act. However, a county may have  
6 the business report the tax authorized under this section directly to  
7 the county in lieu of the state administering the tax.

8 (4) On an annual basis, a county imposing the tax under this  
9 section must distribute thirty-three and one-third percent of the  
10 proceeds derived under this chapter on a pro rata basis with cities and  
11 towns within the county based on population. However, a city or town  
12 is not eligible for any distribution under this subsection, and the  
13 county may retain such distribution, if the amount of the distribution  
14 would be less than one hundred dollars. The population determination  
15 for the county includes only the unincorporated areas.

16 (5) The definitions in this subsection apply to this chapter unless  
17 the context clearly requires otherwise.

18 (a) "Person" and "retail sale" have the same meanings as provided  
19 in chapter 82.04 RCW.

20 (b) "Heavy equipment" means earthmoving, construction, or  
21 industrial equipment that is mobile, weighs at least five hundred  
22 pounds, and meets either of the following requirements:

23 (i) The equipment is a self-propelled vehicle that is not designed  
24 to be driven on a highway; or

25 (ii) The equipment is industrial lift equipment, industrial  
26 material handling equipment, industrial electrical generation  
27 equipment, or a similar piece of industrial equipment.

28 (c) "Heavy equipment rental business" means a person primarily  
29 engaged in the short-term renting or leasing of heavy equipment.

30 NEW SECTION. **Sec. 3.** (1) Counties opting to have the department  
31 administer and collect the county tax authorized under section 2 of  
32 this act must contract, no less than seventy-five days prior to the  
33 effective date of an ordinance or resolution imposing the tax  
34 authorized, for the administration and collection of the tax by the  
35 department. A county must provide the department with at least  
36 seventy-five days' notice prior to the imposition of the tax authorized  
37 under section 2 of this act and the department must make reasonable

1 efforts to notify affected taxpayers before the tax is imposed. The  
2 department may deduct an amount, as provided by contract, not to exceed  
3 one percent of the taxes collected for administration and collection  
4 expenses incurred by the department. The remainder of any portion of  
5 any tax authorized by this chapter that is collected by the department  
6 must be deposited in the county heavy equipment tax account hereby  
7 created in the state treasury.

8 (2) Monthly, the state treasurer must distribute moneys in the  
9 county heavy equipment tax account to counties imposing the tax  
10 authorized in section 2 of this act. Except as provided in RCW  
11 43.08.190, all earnings of investments of balances in the county heavy  
12 equipment tax account must be credited to the county heavy equipment  
13 tax account and distributed monthly to the counties imposing the tax.

14 NEW SECTION. **Sec. 4.** If the county opts to have the state  
15 administer the tax authorized in section 2 of this act, chapter 82.32  
16 RCW applies to the tax authorized in section 2 of this act. The  
17 department or a county may adopt any administrative rules necessary for  
18 the effective administration of this chapter.

19 **Sec. 5.** RCW 43.84.092 and 2011 1st sp.s. c 16 s 6, 2011 1st sp.s.  
20 c 7 s 22, 2011 c 369 s 6, 2011 c 339 s 1, 2011 c 311 s 9, 2011 c 272 s  
21 3, 2011 c 120 s 3, and 2011 c 83 s 7 are each reenacted and amended to  
22 read as follows:

23 (1) All earnings of investments of surplus balances in the state  
24 treasury shall be deposited to the treasury income account, which  
25 account is hereby established in the state treasury.

26 (2) The treasury income account shall be utilized to pay or receive  
27 funds associated with federal programs as required by the federal cash  
28 management improvement act of 1990. The treasury income account is  
29 subject in all respects to chapter 43.88 RCW, but no appropriation is  
30 required for refunds or allocations of interest earnings required by  
31 the cash management improvement act. Refunds of interest to the  
32 federal treasury required under the cash management improvement act  
33 fall under RCW 43.88.180 and shall not require appropriation. The  
34 office of financial management shall determine the amounts due to or  
35 from the federal government pursuant to the cash management improvement  
36 act. The office of financial management may direct transfers of funds

1 between accounts as deemed necessary to implement the provisions of the  
2 cash management improvement act, and this subsection. Refunds or  
3 allocations shall occur prior to the distributions of earnings set  
4 forth in subsection (4) of this section.

5 (3) Except for the provisions of RCW 43.84.160, the treasury income  
6 account may be utilized for the payment of purchased banking services  
7 on behalf of treasury funds including, but not limited to, depository,  
8 safekeeping, and disbursement functions for the state treasury and  
9 affected state agencies. The treasury income account is subject in all  
10 respects to chapter 43.88 RCW, but no appropriation is required for  
11 payments to financial institutions. Payments shall occur prior to  
12 distribution of earnings set forth in subsection (4) of this section.

13 (4) Monthly, the state treasurer shall distribute the earnings  
14 credited to the treasury income account. The state treasurer shall  
15 credit the general fund with all the earnings credited to the treasury  
16 income account except:

17 (a) The following accounts and funds shall receive their  
18 proportionate share of earnings based upon each account's and fund's  
19 average daily balance for the period: The aeronautics account, the  
20 aircraft search and rescue account, the budget stabilization account,  
21 the capital vessel replacement account, the capitol building  
22 construction account, the Cedar River channel construction and  
23 operation account, the Central Washington University capital projects  
24 account, the charitable, educational, penal and reformatory  
25 institutions account, the cleanup settlement account, the Columbia  
26 river basin water supply development account, the Columbia river basin  
27 taxable bond water supply development account, the Columbia river basin  
28 water supply revenue recovery account, the common school construction  
29 fund, the county arterial preservation account, the county criminal  
30 justice assistance account, the county heavy equipment tax account, the  
31 county sales and use tax equalization account, the deferred  
32 compensation administrative account, the deferred compensation  
33 principal account, the department of licensing services account, the  
34 department of retirement systems expense account, the developmental  
35 disabilities community trust account, the drinking water assistance  
36 account, the drinking water assistance administrative account, the  
37 drinking water assistance repayment account, the Eastern Washington  
38 University capital projects account, the Interstate 405 express toll

1 lanes operations account, the education construction fund, the  
2 education legacy trust account, the election account, the energy  
3 freedom account, the energy recovery act account, the essential rail  
4 assistance account, The Evergreen State College capital projects  
5 account, the federal forest revolving account, the ferry bond  
6 retirement fund, the freight congestion relief account, the freight  
7 mobility investment account, the freight mobility multimodal account,  
8 the grade crossing protective fund, the public health services account,  
9 the health system capacity account, the high capacity transportation  
10 account, the state higher education construction account, the higher  
11 education construction account, the highway bond retirement fund, the  
12 highway infrastructure account, the highway safety account, the high  
13 occupancy toll lanes operations account, the hospital safety net  
14 assessment fund, the industrial insurance premium refund account, the  
15 judges' retirement account, the judicial retirement administrative  
16 account, the judicial retirement principal account, the local leasehold  
17 excise tax account, the local real estate excise tax account, the local  
18 sales and use tax account, the marine resources stewardship trust  
19 account, the medical aid account, the mobile home park relocation fund,  
20 the motor vehicle fund, the motorcycle safety education account, the  
21 multiagency permitting team account, the multimodal transportation  
22 account, the municipal criminal justice assistance account, the  
23 municipal sales and use tax equalization account, the natural resources  
24 deposit account, the oyster reserve land account, the pension funding  
25 stabilization account, the perpetual surveillance and maintenance  
26 account, the public employees' retirement system plan 1 account, the  
27 public employees' retirement system combined plan 2 and plan 3 account,  
28 the public facilities construction loan revolving account beginning  
29 July 1, 2004, the public health supplemental account, the public  
30 transportation systems account, the public works assistance account,  
31 the Puget Sound capital construction account, the Puget Sound ferry  
32 operations account, the Puyallup tribal settlement account, the real  
33 estate appraiser commission account, the recreational vehicle account,  
34 the regional mobility grant program account, the resource management  
35 cost account, the rural arterial trust account, the rural mobility  
36 grant program account, the rural Washington loan fund, the site closure  
37 account, the skilled nursing facility safety net trust fund, the small  
38 city pavement and sidewalk account, the special category C account, the

1 special wildlife account, the state employees' insurance account, the  
2 state employees' insurance reserve account, the state investment board  
3 expense account, the state investment board commingled trust fund  
4 accounts, the state patrol highway account, the state route number 520  
5 civil penalties account, the state route number 520 corridor account,  
6 the state wildlife account, the supplemental pension account, the  
7 Tacoma Narrows toll bridge account, the teachers' retirement system  
8 plan 1 account, the teachers' retirement system combined plan 2 and  
9 plan 3 account, the tobacco prevention and control account, the tobacco  
10 settlement account, the transportation 2003 account (nickel account),  
11 the transportation equipment fund, the transportation fund, the  
12 transportation improvement account, the transportation improvement  
13 board bond retirement account, the transportation infrastructure  
14 account, the transportation partnership account, the traumatic brain  
15 injury account, the tuition recovery trust fund, the University of  
16 Washington bond retirement fund, the University of Washington building  
17 account, the volunteer firefighters' and reserve officers' relief and  
18 pension principal fund, the volunteer firefighters' and reserve  
19 officers' administrative fund, the Washington judicial retirement  
20 system account, the Washington law enforcement officers' and  
21 firefighters' system plan 1 retirement account, the Washington law  
22 enforcement officers' and firefighters' system plan 2 retirement  
23 account, the Washington public safety employees' plan 2 retirement  
24 account, the Washington school employees' retirement system combined  
25 plan 2 and 3 account, the Washington state economic development  
26 commission account, the Washington state health insurance pool account,  
27 the Washington state patrol retirement account, the Washington State  
28 University building account, the Washington State University bond  
29 retirement fund, the water pollution control revolving fund, and the  
30 Western Washington University capital projects account. Earnings  
31 derived from investing balances of the agricultural permanent fund, the  
32 normal school permanent fund, the permanent common school fund, the  
33 scientific permanent fund, and the state university permanent fund  
34 shall be allocated to their respective beneficiary accounts.

35 (b) Any state agency that has independent authority over accounts  
36 or funds not statutorily required to be held in the state treasury that  
37 deposits funds into a fund or account in the state treasury pursuant to

1 an agreement with the office of the state treasurer shall receive its  
2 proportionate share of earnings based upon each account's or fund's  
3 average daily balance for the period.

4 (5) In conformance with Article II, section 37 of the state  
5 Constitution, no treasury accounts or funds shall be allocated earnings  
6 without the specific affirmative directive of this section.

7 NEW SECTION. **Sec. 6.** Sections 2 through 4 of this act constitute  
8 a new chapter in Title 84 RCW.

9 NEW SECTION. **Sec. 7.** Section 1 of this act applies to taxes  
10 levied for collection in 2013 and thereafter.

--- END ---