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**SUBSTITUTE SENATE BILL 5862**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Das, Padden, Keiser, Wilson, C., Dhingra, Mullet, Zeiger, and Hasegawa)

AN ACT Relating to supporting warehousing and manufacturing job centers; adding new sections to chapter 82.14 RCW; creating new sections; and providing an expiration date.

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

NEW SECTION. **Sec.**  The legislature recognizes that changes in sales tax sourcing laws created a significant negative fiscal impact on communities with a concentration of warehousing, manufacturing, and shipping. These communities are vital job centers to our state economy. Furthermore, the infrastructure demands to support these industries are significant. The legislature hereby creates the warehousing and manufacturing job center assistance program to provide these communities with revenue to mitigate for the negative fiscal impact of changes in sales tax sourcing laws, and fund important infrastructure to maintain these key job centers.

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

(1) In order to mitigate local sales tax revenue net losses as a result of the sourcing provisions of the streamlined sales and use tax agreement under this title, the state treasurer, on July 1, 2019, and each July 1st thereafter through July 1, 2030, must transfer into the manufacturing and warehousing job centers account from the general fund the sum required to mitigate actual net losses as determined under this section.

(2) The department must determine each qualified local taxing jurisdiction's annual loss. The department must determine annual losses by comparing at least twelve months of data from tax return information and tax collections for each qualified local taxing jurisdiction before and after July 1, 2008. The department is not required to determine annual losses on a recurring basis, but may make any adjustments to annual losses as it deems proper as a result of the annual reviews. Each calendar quarter, distributions must be made from the manufacturing and warehousing job centers account by the state treasurer on the last working day of the calendar quarter, as directed by the department, to each qualified local taxing jurisdiction, for losses in respect to taxes imposed under the authority of RCW 82.14.390, in an amount representing one-fourth of the jurisdiction's annual loss reduced by voluntary compliance revenue reported during the previous calendar quarter and marketplace facilitator/remote seller revenue reported during the previous calendar quarter.

(3) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Loss" or "losses" means the local sales and use tax revenue reduction to a local taxing jurisdiction resulting from the sourcing provisions in RCW 82.14.490 and section 502, chapter 6, Laws of 2007.

(b) "Marketplace facilitator/remote seller revenue" means the local sales and use tax revenue gain, including taxes voluntarily remitted and taxes collected from consumers, to each local taxing jurisdiction from part II of chapter 28, Laws of 2017 3rd sp. sess. as estimated by the department in RCW 82.14.500(6).

(c) "Net loss" or "net losses" means a loss offset by any voluntary compliance revenue and marketplace facilitator/remote seller revenue.

(d) "Qualified local taxing district" means a city:

(i) That was eligible for streamlined sales tax mitigation payments of at least fifty thousand dollars under RCW 82.14.500 in calendar year 2018, based on the calculation and analysis required under RCW 82.14.500(3)(a); and

(ii) That has a continued local sales tax revenue loss as a result of the sourcing provision of the streamlined sales and use tax agreement under this title, as determined by the department.

(e) "Voluntary compliance revenue" means the local sales tax revenue gain to each local taxing jurisdiction reported to the department from persons registering through the central registration system authorized under the agreement.

(4) This section expires January 1, 2030.

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

The manufacturing and warehousing job centers account is created in the state treasury. All receipts from section 2 of this act must be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for the purpose of mitigating the negative fiscal impacts to local taxing jurisdictions as a result of RCW 82.14.490 and section 502, chapter 6, Laws of 2007.

NEW SECTION. **Sec.**  If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2019, in the omnibus appropriations act, this act is null and void.

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