
SUBSTITUTE SENATE BILL 5899

State of Washington

66th Legislature

2019 Regular Session

By Senate Financial Institutions, Economic Development & Trade
(originally sponsored by Senators Mullet, Walsh, Cleveland, Ericksen,
Wilson, L., and Takko)

READ FIRST TIME 02/22/19.

1 AN ACT Relating to sales and use tax for public facilities in
2 rural or border counties; amending RCW 82.14.370; and providing an
3 effective date.

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

5 **Sec. 1.** RCW 82.14.370 and 2012 c 225 s 4 are each amended to
6 read as follows:

7 (1) The legislative authority of a rural or border county may
8 impose a sales and use tax in accordance with the terms of this
9 chapter. The tax is in addition to other taxes authorized by law and
10 must be collected from those persons who are taxable by the state
11 under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable
12 event within the county. The rate of tax may not exceed 0.09 percent
13 of the selling price in the case of a sales tax or value of the
14 article used in the case of a use tax, except that for rural counties
15 with population densities between sixty and one hundred persons per
16 square mile, the rate (~~shall~~) may not exceed 0.04 percent before
17 January 1, 2000. The tax collected by border counties must be phased
18 in as set forth in subsection (5) of this section.

19 (2) The tax imposed under subsection (1) of this section must be
20 deducted from the amount of tax otherwise required to be collected or
21 paid over to the department of revenue under chapter 82.08 or 82.12

1 RCW. The department of revenue must perform the collection of such
2 taxes on behalf of the county at no cost to the county.

3 (3) (a) Moneys collected under this section may only be used to
4 finance public facilities serving economic development purposes in
5 rural ~~((counties and finance personnel in economic development~~
6 ~~offices. The public facility must be listed as an item in the~~
7 ~~officially adopted county overall economic development plan, or the~~
8 ~~economic development section of the county's comprehensive plan, or~~
9 ~~the comprehensive plan of a city or town located within the county~~
10 ~~for those counties planning under RCW 36.70A.040. For those counties~~
11 ~~that do not have an adopted overall economic development plan and do~~
12 ~~not plan under the growth management act, the public facility must be~~
13 ~~listed in the county's capital facilities plan or the capital~~
14 ~~facilities plan of a city or town located within the county)) and~~
15 border counties intended to create or retain private sector
16 employment, and to finance economic development offices. The public
17 facility must be listed as an item in the officially adopted county
18 overall economic development plan, or the county's capital facilities
19 plan, or the capital facilities plan of a city or town located within
20 the county.

21 (b) In implementing this section, the county must consult with
22 cities, towns, and port districts located within the county and the
23 associate development organization serving the county to ensure that
24 the expenditure meets the goals of chapter 130, Laws of 2004 and the
25 requirements of (a) of this subsection. Each county collecting money
26 under this section must report, as follows, to the office of the
27 state auditor, within one hundred fifty days after the close of each
28 fiscal year: (i) A list of new projects begun during the fiscal year,
29 showing that the county has used the funds for those projects
30 consistent with the goals of chapter 130, Laws of 2004 and the
31 requirements of (a) of this subsection; and (ii) expenditures during
32 the fiscal year on projects begun in a previous year. Any projects
33 financed prior to June 10, 2004, from the proceeds of obligations to
34 which the tax imposed under subsection (1) of this section has been
35 pledged may not be deemed to be new projects under this subsection.
36 No new projects funded with money collected under this section may be
37 for justice system facilities.

38 (c) Counties may delegate their role under this section to the
39 associate development organization serving the county. The associate
40 development organization must present an annual budget to the county

1 legislative authority for approval, consistent with (b) of this
2 subsection. The proposed budget must allocate funds to be used for
3 economic development purposes, including amounts to finance the
4 economic development office of the associate development organization
5 and the amounts to finance public facilities. The proposed budget
6 must also delineate the allocation of funds to be used as grants to
7 fund economic development purposes to organizations other than the
8 associate development organization.

9 (d) The definitions in this section apply throughout this section
10 unless the context clearly requires otherwise.

11 (i) ("~~Public facilities~~" means ~~bridges, roads, domestic and~~
12 ~~industrial water facilities, sanitary sewer facilities, earth~~
13 ~~stabilization, storm sewer facilities, railroads, electrical~~
14 ~~facilities, natural gas facilities, research, testing, training, and~~
15 ~~incubation facilities in innovation partnership zones designated~~
16 ~~under RCW 43.330.270, buildings, structures, telecommunications~~
17 ~~infrastructure, transportation infrastructure, or commercial~~
18 ~~infrastructure, and port facilities in the state of Washington.~~

19 ~~(ii) "Economic development purposes" means those purposes which~~
20 ~~facilitate the creation or retention of businesses and jobs in a~~
21 ~~county.~~

22 ~~(iii)) "Border county" means a county contiguous with a state or~~
23 ~~foreign country.~~

24 (ii) "Economic development office" means an office of a county,
25 port districts, or an associate development organization as defined
26 in RCW 43.330.010, which promotes economic development purposes
27 within the county.

28 (iii) "Economic development purposes" means those purposes that
29 facilitate the creation or retention of businesses and jobs in a
30 county.

31 (iv) "Public facilities" means bridges, roads, domestic and
32 industrial water facilities, sanitary sewer facilities, earth
33 stabilization, storm sewer facilities, railroads, electrical
34 facilities, natural gas facilities, research, testing, training, and
35 incubation facilities in innovation partnership zones designated
36 under RCW 43.330.270, buildings, structures, telecommunications
37 infrastructure, transportation infrastructure, or commercial
38 infrastructure, and port facilities in the state of Washington.

39 (v) "Rural county" means a county with a population density of
40 less than one hundred persons per square mile or a county smaller

1 than two hundred twenty-five square miles as determined by the office
2 of financial management and published each year by the department for
3 the period July 1st to June 30th.

4 (4) No tax may be collected under this section before July 1,
5 1998.

6 ~~((a) Except as provided in (b) of this subsection, no tax may be~~
7 ~~collected under this section by a county more than twenty-five years~~
8 ~~after the date that a tax is first imposed under this section.~~

9 ~~(b) For counties imposing the tax at the rate of 0.09 percent~~
10 ~~before August 1, 2009, the tax expires on the date that is twenty-~~
11 ~~five years after the date that the 0.09 percent tax rate was first~~
12 ~~imposed by that county.~~

13 ~~(5) For purposes of this section, "rural county" means a county~~
14 ~~with a population density of less than one hundred persons per square~~
15 ~~mile or a county smaller than two hundred twenty-five square miles as~~
16 ~~determined by the office of financial management and published each~~
17 ~~year by the department for the period July 1st to June 30th.))~~

18 (5) Collection of the tax imposed under subsection (1) of this
19 section by border counties must be phased in as follows:

20 (a) The rate of tax may not exceed 0.02 percent before July 1,
21 2021;

22 (b) The rate of tax may not exceed 0.03 percent before July 1,
23 2023;

24 (c) The rate of tax may not exceed 0.05 percent before July 1,
25 2025;

26 (d) The rate of tax may not exceed 0.07 percent before July 1,
27 2027; and

28 (e) The rate of tax may not exceed 0.09 percent before July 1,
29 2029.

30 (6) The tax collected under this section is authorized through
31 December 31, 2045.

32 NEW SECTION. Sec. 2. This act takes effect July 1, 2021.

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