

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2760

Chapter 241, Laws of 1994

53rd Legislature
1994 Regular Session

TRANSIT SYSTEMS--SALES AND USE TAX EQUALIZATION PAYMENTS

EFFECTIVE DATE: 6/9/94

Passed by the House March 9, 1994
Yeas 89 Nays 6

BRIAN EBERSOLE

**Speaker of the
House of Representatives**

Passed by the Senate March 9, 1994
Yeas 35 Nays 10

JOEL PRITCHARD

President of the Senate

Approved April 1, 1994

MIKE LOWRY

Governor of the State of Washington

CERTIFICATE

I, Marilyn Showalter, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2760** as passed by the House of Representatives and the Senate on the dates hereon set forth.

MARILYN SHOWALTER

Chief Clerk

FILED

April 1, 1994 - 10:36 a.m.

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 2760

AS RECOMMENDED BY THE CONFERENCE COMMITTEE

Passed Legislature - 1994 Regular Session

State of Washington 53rd Legislature 1994 Regular Session

By House Committee on Transportation (originally sponsored by Representatives R. Fisher, Zellinsky, Schmidt, Wood, Sheldon, R. Meyers, Jones, Sehlin and Kessler)

Read first time 02/04/94.

1 AN ACT Relating to authorizing sales and use tax equalization
2 payments for transit systems; amending RCW 82.44.150; and adding a new
3 section to chapter 82.14 RCW.

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

5 **Sec. 1.** RCW 82.44.150 and 1993 c 491 s 2 are each amended to read
6 as follows:

7 (1) The director of licensing shall, on the twenty-fifth day of
8 February, May, August, and November of each year, advise the state
9 treasurer of the total amount of motor vehicle excise taxes imposed by
10 RCW 82.44.020 (1) and (2) remitted to the department during the
11 preceding calendar quarter ending on the last day of March, June,
12 September, and December, respectively, except for those payable under
13 RCW 82.44.030, from motor vehicle owners residing within each
14 municipality which has levied a tax under RCW 35.58.273, which amount
15 of excise taxes shall be determined by the director as follows:

16 The total amount of motor vehicle excise taxes remitted to the
17 department, except those payable under RCW 82.44.020(3) and 82.44.030,
18 from each county shall be multiplied by a fraction, the numerator of
19 which is the population of the municipality residing in such county,

1 and the denominator of which is the total population of the county in
2 which such municipality or portion thereof is located. The product of
3 this computation shall be the amount of excise taxes from motor vehicle
4 owners residing within such municipality or portion thereof. Where the
5 municipality levying a tax under RCW 35.58.273 is located in more than
6 one county, the above computation shall be made by county, and the
7 combined products shall provide the total amount of motor vehicle
8 excise taxes from motor vehicle owners residing in the municipality as
9 a whole. Population figures required for these computations shall be
10 supplied to the director by the office of financial management, who
11 shall adjust the fraction annually.

12 (2) On the first day of the months of January, April, July, and
13 October of each year, the state treasurer based upon information
14 provided by the department shall, from motor vehicle excise taxes
15 deposited in the general fund, under RCW 82.44.110(1)(g), make the
16 following deposits:

17 (a) To the high capacity transportation account created in RCW
18 47.78.010, a sum equal to four and five-tenths percent of the special
19 excise tax levied under RCW 35.58.273 by those municipalities
20 authorized to levy a special excise tax within (i) each county with a
21 population of two hundred ten thousand or more and (ii) each county
22 with a population of from one hundred twenty-five thousand to less than
23 two hundred ten thousand except for those counties that do not border
24 a county with a population as described in subsection (i) of this
25 subsection;

26 (b) To the central Puget Sound public transportation account
27 created in RCW 82.44.180, for revenues distributed after December 31,
28 1992, within a county with a population of one million or more and a
29 county with a population of from two hundred thousand to less than one
30 million bordering a county with a population of one million or more, a
31 sum equal to the difference between (i) the special excise tax levied
32 and collected under RCW 35.58.273 by those municipalities authorized to
33 levy and collect a special excise tax subject to the requirements of
34 subsections (3) and (4) of this section and (ii) the special excise tax
35 that the municipality would otherwise have been eligible to levy and
36 collect at a tax rate of .815 percent and been able to match with
37 locally generated tax revenues, other than the excise tax imposed under
38 RCW 35.58.273, budgeted for any public transportation purpose. Before
39 this deposit, the sum shall be reduced by an amount equal to the amount

1 distributed under (a) of this subsection for each of the municipalities
2 within the counties to which this subsection (2)(b) applies; however,
3 any transfer under this subsection (2)(b) must be greater than zero;

4 (c) To the public transportation systems account created in RCW
5 82.44.180, for revenues distributed after December 31, 1992, within
6 counties not described in (b) of this subsection, a sum equal to the
7 difference between (i) the special excise tax levied and collected
8 under RCW 35.58.273 by those municipalities authorized to levy and
9 collect a special excise tax subject to the requirements of subsections
10 (3) and (4) of this section and (ii) the special excise tax that the
11 municipality would otherwise have been eligible to levy and collect at
12 a tax rate of .815 percent and been able to match with locally
13 generated tax revenues, other than the excise tax imposed under RCW
14 35.58.273, budgeted for any public transportation purpose. Before this
15 deposit, the sum shall be reduced by an amount equal to the amount
16 distributed under (a) of this subsection for each of the municipalities
17 within the counties to which this subsection (2)(c) applies; however,
18 any transfer under this subsection (2)(c) must be greater than zero;
19 and

20 (d) To the general fund, for revenues distributed after June 30,
21 1993, and to the transportation fund, for revenues distributed after
22 June 30, 1995, a sum equal to the difference between (i) the special
23 excise tax levied and collected under RCW 35.58.273 by those
24 municipalities authorized to levy and collect a special excise tax
25 subject to the requirements of subsections (3) and (4) of this section
26 and (ii) the special excise tax that the municipality would otherwise
27 have been eligible to levy and collect at a tax rate of .815 percent
28 notwithstanding the requirements set forth in subsections (3) through
29 (6) of this section, reduced by an amount equal to distributions made
30 under (a), (b), and (c) of this subsection and section 2 of this act.

31 (3) On the first day of the months of January, April, July, and
32 October of each year, the state treasurer, based upon information
33 provided by the department, shall remit motor vehicle excise tax
34 revenues imposed and collected under RCW 35.58.273 as follows:

35 (a) The amount required to be remitted by the state treasurer to
36 the treasurer of any municipality levying the tax shall not exceed in
37 any calendar year the amount of locally-generated tax revenues,
38 excluding (i) the excise tax imposed under RCW 35.58.273 for the
39 purposes of this section, which shall have been budgeted by the

1 municipality to be collected in such calendar year for any public
2 transportation purposes including but not limited to operating costs,
3 capital costs, and debt service on general obligation or revenue bonds
4 issued for these purposes; and (ii) the sales and use tax equalization
5 distributions provided under section 2 of this act; and

6 (b) In no event may the amount remitted in a single calendar
7 quarter exceed the amount collected on behalf of the municipality under
8 RCW 35.58.273 during the calendar quarter next preceding the
9 immediately preceding quarter, excluding the sales and use tax
10 equalization distributions provided under section 2 of this act.

11 (4) At the close of each calendar year accounting period, but not
12 later than April 1, each municipality that has received motor vehicle
13 excise taxes under subsection (3) of this section shall transmit to the
14 director of licensing and the state auditor a written report showing by
15 source the previous year's budgeted tax revenues for public
16 transportation purposes as compared to actual collections. Any
17 municipality that has not submitted the report by April 1 shall cease
18 to be eligible to receive motor vehicle excise taxes under subsection
19 (3) of this section until the report is received by the director of
20 licensing. If a municipality has received more or less money under
21 subsection (3) of this section for the period covered by the report
22 than it is entitled to receive by reason of its locally-generated
23 collected tax revenues, the director of licensing shall, during the
24 next ensuing quarter that the municipality is eligible to receive motor
25 vehicle excise tax funds, increase or decrease the amount to be
26 remitted in an amount equal to the difference between the locally-
27 generated budgeted tax revenues and the locally-generated collected tax
28 revenues. In no event may the amount remitted for a calendar year
29 exceed the amount collected on behalf of the municipality under RCW
30 35.58.273 during that same calendar year excluding the sales and use
31 tax equalization distributions provided under section 2 of this act.
32 At the time of the next fiscal audit of each municipality, the state
33 auditor shall verify the accuracy of the report submitted and notify
34 the director of licensing of any discrepancies.

35 (5) The motor vehicle excise taxes imposed under RCW 35.58.273 and
36 required to be remitted under this section and section 2 of this act
37 shall be remitted without legislative appropriation.

38 (6) Any municipality levying and collecting a tax under RCW
39 35.58.273 which does not have an operating, public transit system or a

1 contract for public transportation services in effect within one year
2 from the initial effective date of the tax shall return to the state
3 treasurer all motor vehicle excise taxes received under subsection (3)
4 of this section.

5 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.14 RCW
6 to read as follows:

7 Beginning with distributions made to municipalities under RCW
8 82.44.150 on January 1, 1996, municipalities as defined in RCW
9 35.58.272 imposing the sales and use tax under RCW 82.14.045 shall be
10 eligible for equalization payments from motor vehicle excise taxes
11 distributed under RCW 82.44.150 as follows:

12 (1) Prior to January 1st of each year the department of revenue
13 shall determine the total and the per capita levels of revenues for
14 each municipality imposing the sales and use tax authorized under RCW
15 82.14.045 and the state-wide weighted average per capita level of sales
16 and use tax revenues imposed under chapters 82.08 and 82.12 RCW for the
17 previous calendar year calculated for a tax rate of one-tenth percent.

18 (2) For each tenth of one percent of sales and use tax imposed
19 under RCW 82.14.045, the state treasurer shall apportion to each
20 municipality receiving less than eighty percent of the state-wide
21 weighted average per capita level of sales and use tax revenues imposed
22 under chapters 82.08 and 82.12 RCW as determined by the department of
23 revenue under subsection (1) of this section, an amount when added to
24 the per capita level of revenues received the previous calendar year by
25 the municipality, to equal eighty percent of the state-wide weighted
26 average per capita level of revenues determined under subsection (1) of
27 this section. In no event may the sales and use tax equalization
28 distribution to a municipality in a single calendar year exceed fifty
29 percent of the amount of sales and use tax collected under RCW
30 82.14.045 during the prior calendar year.

31 (3) For a municipality established after January 1, 1995, sales and
32 use tax equalization distributions shall be made according to the
33 procedures in this subsection. Sales and use tax equalization
34 distributions to eligible new municipalities shall be made at the same
35 time as distributions are made under subsection (2) of this section.
36 The department of revenue shall follow the estimating procedures
37 outlined in this subsection until the new municipality has received a

1 full year's worth of revenues under RCW 82.14.045 as of the January
2 sales and use tax equalization distribution.

3 (a) Whether a newly established municipality determined to receive
4 funds under this subsection receives its first equalization payment at
5 the January, April, July, or October sales and use tax equalization
6 distribution shall depend on the date the system first imposes the tax
7 authorized under RCW 82.14.045.

8 (i) A newly established municipality imposing the tax authorized
9 under RCW 82.14.045 taking effect during the first calendar quarter
10 shall be eligible to receive funds under this subsection beginning with
11 the July sales and use tax equalization distribution of that year.

12 (ii) A newly established municipality imposing the tax authorized
13 under RCW 82.14.045 taking effect during the second calendar quarter
14 shall be eligible to receive funds under this subsection beginning with
15 the October sales and use tax equalization distribution of that year.

16 (iii) A newly established municipality imposing the tax authorized
17 under RCW 82.14.045 taking effect during the third calendar quarter
18 shall be eligible to receive funds under this subsection beginning with
19 the January sales and use tax equalization distribution of the next
20 year.

21 (iv) A newly established municipality imposing the tax authorized
22 under RCW 82.14.045 taking effect during the fourth calendar quarter
23 shall be eligible to receive funds under this subsection beginning with
24 the April sales and use tax equalization distribution of the next year.

25 (b) For purposes of calculating the amount of funds the new
26 municipality should receive under this subsection, the department of
27 revenue shall:

28 (i) Estimate the per capita amount of revenues from the tax
29 authorized under RCW 82.14.045 that the new municipality would have
30 received had the municipality received revenues from the tax the entire
31 calendar year;

32 (ii) Calculate the amount provided under subsection (2) of this
33 section based on the per capita revenues determined under (b)(i) of
34 this subsection;

35 (iii) Prorate the amount determined under (b)(ii) of this
36 subsection by the number of months the tax authorized under RCW
37 82.14.045 is imposed.

38 (c) The department of revenue shall advise the state treasurer of
39 the amounts calculated under (b) of this subsection and the state

1 treasurer shall distribute these amounts to the new municipality from
2 the motor vehicle excise tax distributed under RCW 82.44.150(2)(d).

3 (d) Revenues estimated under this subsection shall not affect the
4 calculation of the state-wide weighted average per capita level of
5 revenues for all municipalities made under subsection (1) of this
6 section.

7 (4) For an existing municipality imposing the sales and use tax
8 authorized under RCW 82.14.045 to take effect after January 1, 1995,
9 sales and use tax equalization payments shall be made according to the
10 procedures for newly established municipalities in subsection (3) of
11 the section.

12 (5) A municipality that reduces its sales and use tax rate under
13 RCW 82.14.045 after January 1, 1994, may not receive distributions
14 under this section.

Passed the House March 9, 1994.

Passed the Senate March 9, 1994.

Approved by the Governor April 1, 1994.

Filed in Office of Secretary of State April 1, 1994.