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**SUBSTITUTE HOUSE BILL 2182**

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**State of Washington 65th Legislature 2017 Regular Session**

**By** House Capital Budget (originally sponsored by Representative Peterson)

AN ACT Relating to creating the tiered taxation on hazardous substance possession to provide for the current program's immediate needs and a more stable source of revenue in the future act of 2017; amending RCW 82.21.030; creating a new section; providing an effective date; and declaring an emergency.

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

**Sec.**  RCW 82.21.030 and 1989 c 2 s 10 are each amended to read as follows:

(1) A tax is imposed on the privilege of possession of hazardous substances in this state. Except as provided otherwise in subsection (2) of this section, the rate of the tax ((~~shall be~~)) is seven-tenths of one percent multiplied by the wholesale value of the substance.

(2) From July 1, 2017, through June 30, 2025, the rate of the tax is:

(a) Beginning on July 1st of each fiscal year, 0.9 percent multiplied by the wholesale value of the substance until the department determines that total aggregate taxes for the current fiscal year collected pursuant to this section equal or exceed one hundred ten million dollars. This rate applies until the rate in (b) of this subsection (2) takes effect as provided in subsection (4) of this section;

(b) 0.7 percent multiplied by the wholesale value of the substance when the department determines that total aggregate taxes for the current fiscal year collected pursuant to this section equal or exceed one hundred ten million dollars. This rate applies until the rate in (c) of this subsection takes effect as provided in subsection (4) of this section, or July 1st of the following fiscal year if the rate in (c) of this subsection does not take effect in the current fiscal year; and

(c) 0.21 percent multiplied by the wholesale value of the substance when the department determines that total aggregate taxes for the current fiscal year collected pursuant to this section equal or exceed one hundred seventy million dollars. This rate applies until the first day of the next fiscal year.

(3)(a) By July 1, 2019, the department must increase the revenue thresholds provided in subsection (2)(a) through (c) of this section by the most current fiscal growth factor for the fiscal year ending June 30, 2019, as computed by the state expenditure limit committee according to RCW 43.135.025.

(b) By July 1, 2021, the department must increase the revenue thresholds provided in subsection (2)(a) through (c) of this section, as adjusted in (a) of this subsection, by the most current fiscal growth factor for the fiscal year ending June 30, 2021, as computed by the state expenditure limit committee according to RCW 43.135.025.

(c) By July 1, 2023, the department must increase the revenue thresholds provided in subsection (2)(a) through (c) of this section, as adjusted in (a) and (b) of this subsection, by the most current fiscal growth factor for the fiscal year ending June 30, 2023, as computed by the state expenditure limit committee according to RCW 43.135.025.

(4)(a) The rate changes in subsection (2) of this section take effect on the first day of the month in which the department makes the determinations under subsection (2)(a), (b), and (c) of this section.

(b) The department must provide notice as soon as practicable on its web site of changes in the tax rate pursuant to subsection (2)(a), (b), or (c) of this section, and the department's determination of the applicable rate is final.

((~~(2)~~)) (5) Moneys collected under this chapter ((~~shall~~)) must be deposited in the toxics control accounts under RCW 70.105D.070.

((~~(3)~~)) (6) Chapter 82.32 RCW applies to the tax imposed in this chapter. The tax due dates, reporting periods, and return requirements applicable to chapter 82.04 RCW apply equally to the tax imposed in this chapter.

NEW SECTION. **Sec.**  The department of ecology, in consultation with the department of revenue, must provide a report regarding cleanup and stormwater projects and projected hazardous substance tax revenues. The department must provide the report to the office of financial management and legislative fiscal committees by October 1, 2018, October 1, 2020, October 1, 2022, and October 1, 2024. The report must include the following information:

(1) Operating and capital projected demand, including a list of upcoming projects and anticipated costs, for funding projects that cleanup contaminated sites;

(2) Operating and capital projected demand, including a list of upcoming projects and anticipated costs, for funding stormwater projects that control sources of toxins and other financing or revenues being used or considered to implement stormwater projects;

(3) Overview of general costs related to cleanup and stormwater projects and time to complete projects; and

(4) Projected hazardous substance tax revenues, including both the projected revenue collections under the prescribed flat tax rate under RCW 82.21.030(1) of this act and the projected revenue collections under the prescribed tiered tax rate under RCW 82.21.030(2) of this act.

NEW SECTION. **Sec.**  This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2017.

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