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**HOUSE BILL 2946**

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**State of Washington 66th Legislature 2020 Regular Session**

**By** Representatives Stokesbary, Wilcox, Orcutt, Barkis, MacEwen, Griffey, Mosbrucker, Irwin, Steele, Graham, Smith, Chambers, Maycumber, Boehnke, Kretz, Goehner, Corry, Gildon, Sutherland, Vick, Harris, Hoff, Chandler, Eslick, Volz, Ybarra, Walsh, Jenkin, Schmick, Dent, Van Werven, Klippert, Dufault, Caldier, Kraft, Dye, McCaslin, Rude, DeBolt, and Young

AN ACT Relating to reducing the financial costs imposed by the state government on working Washington families; amending RCW 46.17.355, 46.17.323, 82.44.065, 81.104.140, 81.104.160, 82.08.020, and 82.12.020; reenacting and amending RCW 46.17.350; adding a new section to chapter 46.17 RCW; adding a new section to chapter 82.44 RCW; adding a new section to chapter 81.112 RCW; adding new sections to chapter 82.08 RCW; adding new sections to chapter 82.12 RCW; creating new sections; repealing RCW 46.17.365, 46.68.415, 82.80.130, 82.80.140, 82.44.035, and 81.104.160; providing an effective date; providing contingent effective dates; providing a contingent expiration date; and declaring an emergency.

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

**PART I**

**Intent**

NEW SECTION. **Sec.**  The legislature finds that voters have spoken: The financial burdens they face, created by the state, are overwhelming. The people of Washington have repeatedly demanded thirty dollar car tabs and have expressed deep frustration with the regressive nature of the sales tax on personal necessities. Meanwhile, the state continues to bring in record tax revenues, including over one billion dollars of unanticipated caseload savings and revenue collections. Life in Washington is unaffordable for far too many working families. We should expect more from our state leaders. Therefore, the legislature intends to relieve financial burdens on Washington's working families by:

(1) Ensuring stable funding for transportation projects and transit while upholding the voters' demand for thirty dollar car tabs;

(2) Eliminating the sales tax on necessities for women and families; and

(3) Eliminating the sales tax on certain prepared food.

**PART II**

**Taxes, Fees, and Other Charges**

**Relating to Vehicles and Replacing Lost Revenue**

NEW SECTION. **Sec. 01.** A new section is added to chapter 46.17 RCW to read as follows:

(1) State and local motor vehicle license fees may not exceed thirty dollars per year for motor vehicles, regardless of year, value, make, or model.

(2) For the purposes of this section, "state and local motor vehicle license fees" means the general license tab fees paid annually for licensing motor vehicles, including but not limited to cars, sport utility vehicles, light trucks under RCW 46.17.355, motorcycles, and motor homes, and do not include charges approved by voters after the effective date of this section. This annual fee must be paid and collected annually and is due at the time of initial and renewal vehicle registration.

**Sec.**  RCW 46.17.350 and 2019 c 44 s 4 are each reenacted and amended to read as follows:

(1) Before accepting an application for a vehicle registration, the department, county auditor or other agent, or subagent appointed by the director shall require the applicant, unless specifically exempt, to pay the following vehicle license fee by vehicle type:

| VEHICLE TYPE | INITIAL FEE | RENEWAL FEE | DISTRIBUTED UNDER |
| --- | --- | --- | --- |
| (a) Auto stage, six seats or less | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (b) Camper | $ 4.90 | $ 3.50 | RCW 46.68.030 |
| (c) Commercial trailer | $ ((~~34.00~~)) 30.00 | $ ((~~34.00~~)) 30.00 | RCW 46.68.035 |
| (d) For hire vehicle, six seats or less | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (e) Mobile home (if registered) | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (f) Moped | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (g) Motor home | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (h) Motorcycle | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (i) Off-road vehicle | $ 18.00 | $ 18.00 | RCW 46.68.045 |
| (j) Passenger car | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (k) Private use single-axle trailer | $ 15.00 | $ 15.00 | RCW 46.68.035 |
| (l) Snowmobile | $ ((~~50.00~~)) 30.00 | $ ((~~50.00~~)) 30.00 | RCW 46.68.350 |
| (m) Snowmobile, vintage | $ 12.00 | $ 12.00 | RCW 46.68.350 |
| (n) Sport utility vehicle | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (o) Tow truck | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (p) Trailer, over 2000 pounds | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (q) Travel trailer | $ 30.00 | $ 30.00 | RCW 46.68.030 |
| (r) Wheeled all-terrain vehicle, on-road use | $ 12.00 | $ 12.00 | RCW 46.09.540 |
| (s) Wheeled all-terrain vehicle, off-road use | $ 18.00 | $ 18.00 | RCW 46.09.510 |

(2) The vehicle license fee required in subsection (1) of this section is in addition to the filing fee required under RCW 46.17.005, and any other fee or tax required by law.

**Sec.**  RCW 46.17.355 and 2015 3rd sp.s. c 44 s 201 are each amended to read as follows:

(1)(a) For vehicle registrations that are due or become due before July 1, 2016, in lieu of the vehicle license fee required under RCW 46.17.350 and before accepting an application for a vehicle registration for motor vehicles described in RCW 46.16A.455, the department, county auditor or other agent, or subagent appointed by the director shall require the applicant, unless specifically exempt, to pay the following license fee by weight:

| WEIGHT | SCHEDULE A | SCHEDULE B |
| --- | --- | --- |
| 4,000 pounds | $ 38.00 | $ 38.00 |
| 6,000 pounds | $ 48.00 | $ 48.00 |
| 8,000 pounds | $ 58.00 | $ 58.00 |
| 10,000 pounds | $ 60.00 | $ 60.00 |
| 12,000 pounds | $ 77.00 | $ 77.00 |
| 14,000 pounds | $ 88.00 | $ 88.00 |
| 16,000 pounds | $ 100.00 | $ 100.00 |
| 18,000 pounds | $ 152.00 | $ 152.00 |
| 20,000 pounds | $ 169.00 | $ 169.00 |
| 22,000 pounds | $ 183.00 | $ 183.00 |
| 24,000 pounds | $ 198.00 | $ 198.00 |
| 26,000 pounds | $ 209.00 | $ 209.00 |
| 28,000 pounds | $ 247.00 | $ 247.00 |
| 30,000 pounds | $ 285.00 | $ 285.00 |
| 32,000 pounds | $ 344.00 | $ 344.00 |
| 34,000 pounds | $ 366.00 | $ 366.00 |
| 36,000 pounds | $ 397.00 | $ 397.00 |
| 38,000 pounds | $ 436.00 | $ 436.00 |
| 40,000 pounds | $ 499.00 | $ 499.00 |
| 42,000 pounds | $ 519.00 | $ 609.00 |
| 44,000 pounds | $ 530.00 | $ 620.00 |
| 46,000 pounds | $ 570.00 | $ 660.00 |
| 48,000 pounds | $ 594.00 | $ 684.00 |
| 50,000 pounds | $ 645.00 | $ 735.00 |
| 52,000 pounds | $ 678.00 | $ 768.00 |
| 54,000 pounds | $ 732.00 | $ 822.00 |
| 56,000 pounds | $ 773.00 | $ 863.00 |
| 58,000 pounds | $ 804.00 | $ 894.00 |
| 60,000 pounds | $ 857.00 | $ 947.00 |
| 62,000 pounds | $ 919.00 | $ 1,009.00 |
| 64,000 pounds | $ 939.00 | $ 1,029.00 |
| 66,000 pounds | $ 1,046.00 | $ 1,136.00 |
| 68,000 pounds | $ 1,091.00 | $ 1,181.00 |
| 70,000 pounds | $ 1,175.00 | $ 1,265.00 |
| 72,000 pounds | $ 1,257.00 | $ 1,347.00 |
| 74,000 pounds | $ 1,366.00 | $ 1,456.00 |
| 76,000 pounds | $ 1,476.00 | $ 1,566.00 |
| 78,000 pounds | $ 1,612.00 | $ 1,702.00 |
| 80,000 pounds | $ 1,740.00 | $ 1,830.00 |
| 82,000 pounds | $ 1,861.00 | $ 1,951.00 |
| 84,000 pounds | $ 1,981.00 | $ 2,071.00 |
| 86,000 pounds | $ 2,102.00 | $ 2,192.00 |
| 88,000 pounds | $ 2,223.00 | $ 2,313.00 |
| 90,000 pounds | $ 2,344.00 | $ 2,434.00 |
| 92,000 pounds | $ 2,464.00 | $ 2,554.00 |
| 94,000 pounds | $ 2,585.00 | $ 2,675.00 |
| 96,000 pounds | $ 2,706.00 | $ 2,796.00 |
| 98,000 pounds | $ 2,827.00 | $ 2,917.00 |
| 100,000 pounds | $ 2,947.00 | $ 3,037.00 |
| 102,000 pounds | $ 3,068.00 | $ 3,158.00 |
| 104,000 pounds | $ 3,189.00 | $ 3,279.00 |
| 105,500 pounds | $ 3,310.00 | $ 3,400.00 |

(b) For vehicle registrations that are due or become due on or after July 1, 2016, in lieu of the vehicle license fee required under RCW 46.17.350 and before accepting an application for a vehicle registration for motor vehicles described in RCW 46.16A.455, the department, county auditor or other agent, or subagent appointed by the director shall require the applicant, unless specifically exempt, to pay the following license fee by gross weight:

| WEIGHT | SCHEDULE A | SCHEDULE B |
| --- | --- | --- |
| 4,000 pounds | $ ((~~53.00~~)) 30.00 | $ ((~~53.00~~)) 30.00 |
| 6,000 pounds | $ ((~~73.00~~)) 30.00 | $ ((~~73.00~~)) 30.00 |
| 8,000 pounds | $ ((~~93.00~~)) 30.00 | $ ((~~93.00~~)) 30.00 |
| 10,000 pounds | $ ((~~93.00~~)) 30.00 | $ ((~~93.00~~)) 30.00 |
| 12,000 pounds | $ 81.00 | $ 81.00 |
| 14,000 pounds | $ 88.00 | $ 88.00 |
| 16,000 pounds | $ 100.00 | $ 100.00 |
| 18,000 pounds | $ 152.00 | $ 152.00 |
| 20,000 pounds | $ 169.00 | $ 169.00 |
| 22,000 pounds | $ 183.00 | $ 183.00 |
| 24,000 pounds | $ 198.00 | $ 198.00 |
| 26,000 pounds | $ 209.00 | $ 209.00 |
| 28,000 pounds | $ 247.00 | $ 247.00 |
| 30,000 pounds | $ 285.00 | $ 285.00 |
| 32,000 pounds | $ 344.00 | $ 344.00 |
| 34,000 pounds | $ 366.00 | $ 366.00 |
| 36,000 pounds | $ 397.00 | $ 397.00 |
| 38,000 pounds | $ 436.00 | $ 436.00 |
| 40,000 pounds | $ 499.00 | $ 499.00 |
| 42,000 pounds | $ 519.00 | $ 609.00 |
| 44,000 pounds | $ 530.00 | $ 620.00 |
| 46,000 pounds | $ 570.00 | $ 660.00 |
| 48,000 pounds | $ 594.00 | $ 684.00 |
| 50,000 pounds | $ 645.00 | $ 735.00 |
| 52,000 pounds | $ 678.00 | $ 768.00 |
| 54,000 pounds | $ 732.00 | $ 822.00 |
| 56,000 pounds | $ 773.00 | $ 863.00 |
| 58,000 pounds | $ 804.00 | $ 894.00 |
| 60,000 pounds | $ 857.00 | $ 947.00 |
| 62,000 pounds | $ 919.00 | $ 1,009.00 |
| 64,000 pounds | $ 939.00 | $ 1,029.00 |
| 66,000 pounds | $ 1,046.00 | $ 1,136.00 |
| 68,000 pounds | $ 1,091.00 | $ 1,181.00 |
| 70,000 pounds | $ 1,175.00 | $ 1,265.00 |
| 72,000 pounds | $ 1,257.00 | $ 1,347.00 |
| 74,000 pounds | $ 1,366.00 | $ 1,456.00 |
| 76,000 pounds | $ 1,476.00 | $ 1,566.00 |
| 78,000 pounds | $ 1,612.00 | $ 1,702.00 |
| 80,000 pounds | $ 1,740.00 | $ 1,830.00 |
| 82,000 pounds | $ 1,861.00 | $ 1,951.00 |
| 84,000 pounds | $ 1,981.00 | $ 2,071.00 |
| 86,000 pounds | $ 2,102.00 | $ 2,192.00 |
| 88,000 pounds | $ 2,223.00 | $ 2,313.00 |
| 90,000 pounds | $ 2,344.00 | $ 2,434.00 |
| 92,000 pounds | $ 2,464.00 | $ 2,554.00 |
| 94,000 pounds | $ 2,585.00 | $ 2,675.00 |
| 96,000 pounds | $ 2,706.00 | $ 2,796.00 |
| 98,000 pounds | $ 2,827.00 | $ 2,917.00 |
| 100,000 pounds | $ 2,947.00 | $ 3,037.00 |
| 102,000 pounds | $ 3,068.00 | $ 3,158.00 |
| 104,000 pounds | $ 3,189.00 | $ 3,279.00 |
| 105,500 pounds | $ 3,310.00 | $ 3,400.00 |

(2) Schedule A applies to vehicles either used exclusively for hauling logs or that do not tow trailers. Schedule B applies to vehicles that tow trailers and are not covered under Schedule A.

(3) If the resultant gross weight is not listed in the table provided in subsection (1) of this section, it must be increased to the next higher weight.

(4) The license fees provided in subsection (1) of this section and the freight project fee provided in subsection ((~~(6)~~)) (7) of this section are in addition to the filing fee required under RCW 46.17.005 and any other fee or tax required by law.

(5) The license fees provided in subsection (1) of this section for light trucks weighing 10,000 pounds or less are limited to thirty dollars.

(6) The license fee based on declared gross weight as provided in subsection (1) of this section must be distributed under RCW 46.68.035.

((~~(6)~~)) (7) For vehicle registrations that are due or become due on or after July 1, 2016, in addition to the license fee based on declared gross weight as provided in subsection (1) of this section, the department, county auditor or other agent, or subagent appointed by the director must require an applicant with a vehicle with a declared gross weight of more than 10,000 pounds, unless specifically exempt, to pay a freight project fee equal to fifteen percent of the license fee provided in subsection (1) of this section, rounded to the nearest whole dollar, which must be distributed under RCW 46.68.035.

((~~(7)~~)) (8) For vehicle registrations that are due or become due on or after July 1, 2022, in addition to the license fee based on declared gross weight as provided in subsection (1) of this section, the department, county auditor or other agent, or subagent appointed by the director must require an applicant with a vehicle with a declared gross weight of less than or equal to 12,000 pounds, unless specifically exempt, to pay an additional weight fee of ten dollars, which must be distributed under RCW 46.68.035.

**Sec.**  RCW 46.17.323 and 2015 3rd sp.s. c 44 s 203 are each amended to read as follows:

(1) Before accepting an application for an annual vehicle registration renewal for a vehicle that both (a) uses at least one method of propulsion that is capable of being reenergized by an external source of electricity and (b) is capable of traveling at least thirty miles using only battery power, the department, county auditor or other agent, or subagent appointed by the director must require the applicant to pay a ((~~one hundred dollar fee in addition to any other fees and taxes required by law~~)) thirty dollar fee. The ((~~one hundred~~)) thirty dollar fee is due only at the time of annual registration renewal.

(2) This section only applies to a vehicle that is designed to have the capability to drive at a speed of more than thirty-five miles per hour.

(3)((~~(a) The fee under this section is imposed to provide funds to mitigate the impact of vehicles on state roads and highways and for the purpose of evaluating the feasibility of transitioning from a revenue collection system based on fuel taxes to a road user assessment system, and is separate and distinct from other vehicle license fees. Proceeds from the fee must be used for highway purposes, and must be deposited in the motor vehicle fund created in RCW 46.68.070, subject to (b) of this subsection.~~

~~(b)~~)) If in any year the amount of proceeds from the fee collected under this section exceeds one million dollars, the excess amount over one million dollars must be deposited as follows:

((~~(i)~~)) (a) Seventy percent to the motor vehicle fund created in RCW 46.68.070;

((~~(ii)~~)) (b) Fifteen percent to the transportation improvement account created in RCW 47.26.084; and

((~~(iii)~~)) (c) Fifteen percent to the rural arterial trust account created in RCW 36.79.020.

((~~(4)(a) In addition to the fee established in subsection (1) of this section, before accepting an application for an annual vehicle registration renewal for a vehicle that both (i) uses at least one method of propulsion that is capable of being reenergized by an external source of electricity and (ii) is capable of traveling at least thirty miles using only battery power, the department, county auditor or other agent, or subagent appointed by the director must require the applicant to pay a fifty dollar fee.~~

~~(b) The fee required under (a) of this subsection must be distributed as follows:~~

~~(i) The first one million dollars raised by the fee must be deposited into the multimodal transportation account created in RCW 47.66.070; and~~

~~(ii) Any remaining amounts must be deposited into the motor vehicle fund created in RCW 46.68.070.~~

~~(5) This section applies to annual vehicle registration renewals until the effective date of enacted legislation that imposes a vehicle miles traveled fee or tax.~~))

NEW SECTION. **Sec.**  The following acts or parts of acts are each repealed:

(1)RCW 46.17.365 (Motor vehicle weight fee—Motor home vehicle weight fee) and 2015 3rd sp.s. c 44 s 202 & 2010 c 161 s 533;

(2)RCW 46.68.415 (Motor vehicle weight fee, motor home vehicle weight fee—Disposition) and 2010 c 161 s 813;

(3)RCW 82.80.130 (Passenger-only ferry service—Local option motor vehicle excise tax authorized) and 2010 c 161 s 916, 2006 c 318 s 4, & 2003 c 83 s 206; and

(4)RCW 82.80.140 (Vehicle fee—Transportation benefit district—Exemptions) and 2015 3rd sp.s. c 44 s 310, 2010 c 161 s 917, 2007 c 329 s 2, & 2005 c 336 s 16.

NEW SECTION. **Sec.**  A new section is added to chapter 82.44 RCW to read as follows:

BASE VEHICLE TAXES USING KELLEY BLUE BOOK VALUE.

(1) Any motor vehicle excise tax must be calculated in an honest and accurate way so the burden on vehicle owners is not artificially inflated. For the purpose of determining a vehicle tax, a taxing district imposing a vehicle tax must set a vehicle's taxable value at the vehicle's base model Kelley Blue Book value. This ensures an honest and accurate calculation of the tax and, combined with the appeal process in RCW 82.44.065, ensures that vehicle owners are taxed on their vehicle's market value.

(2) For the purpose of determining a tax under this chapter, the value of a truck-type power or trailing unit, or motor vehicle, including a passenger vehicle, motorcycle, motor home, sport utility vehicle, or light duty truck is the base model Kelley Blue Book value of the vehicle, excluding applicable federal excise taxes, state and local sales or use taxes, transportation or shipping costs, or preparatory or delivery costs.

**Sec.**  RCW 82.44.065 and 2010 c 161 s 912 are each amended to read as follows:

If the department determines a value for a vehicle ((~~equivalent to a manufacturer's base suggested retail price or the value of a truck or trailer under RCW 82.44.035~~)) under section 206 of this act, any person who pays a state or locally imposed tax for that vehicle may appeal the valuation to the department under chapter 34.05 RCW. If the taxpayer is successful on appeal, the department shall refund the excess tax in the manner provided in RCW 82.44.120. Using Kelley Blue Book value ensures an honest and accurate calculation.

**Sec.**  RCW 81.104.140 and 2015 3rd sp.s. c 44 s 318 are each amended to read as follows:

(1) Agencies authorized to provide high capacity transportation service, including transit agencies and regional transit authorities, and regional transportation investment districts acting with the agreement of an agency, are hereby granted dedicated funding sources for such systems. These dedicated funding sources, as set forth in RCW 81.104.150, 81.104.160, 81.104.170, and 81.104.175, are authorized only for agencies located in (a) each county with a population of two hundred ten thousand or more and (b) each county with a population of from one hundred twenty-five thousand to less than two hundred ten thousand except for those counties that do not border a county with a population as described under (a) of this subsection. In any county with a population of one million or more or in any county having a population of four hundred thousand or more bordering a county with a population of one million or more, these funding sources may be imposed only by a regional transit authority or a regional transportation investment district. Regional transportation investment districts may, with the approval of the regional transit authority within its boundaries, impose the taxes authorized under this chapter, but only upon approval of the voters and to the extent that the maximum amount of taxes authorized under this chapter have not been imposed.

(2) Agencies planning to construct and operate a high capacity transportation system should also seek other funds, including federal, state, local, and private sector assistance.

(3) Funding sources should satisfy each of the following criteria to the greatest extent possible:

(a) Acceptability;

(b) Ease of administration;

(c) Equity;

(d) Implementation feasibility;

(e) Revenue reliability; and

(f) Revenue yield.

(4)(a) Agencies participating in regional high capacity transportation system development are authorized to levy and collect the following voter-approved local option funding sources:

(i) Employer tax as provided in RCW 81.104.150, other than by regional transportation investment districts;

(ii) ((~~Special motor vehicle excise tax as provided in RCW 81.104.160;~~

~~(iii)~~)) Regular property tax as provided in RCW 81.104.175; and

((~~(iv)~~)) (iii) Sales and use tax as provided in RCW 81.104.170.

(b) Revenues from these taxes may be used only to support those purposes prescribed in subsection (10) of this section. Before the date of an election authorizing an agency to impose any of the taxes enumerated in this section and authorized in RCW 81.104.150, 81.104.160, 81.104.170, and 81.104.175, the agency must comply with the process prescribed in RCW 81.104.100 (1) and (2) and 81.104.110. No construction on exclusive right‑of‑way may occur before the requirements of RCW 81.104.100(3) are met.

(5) Except for the regular property tax authorized in RCW 81.104.175, the authorization in subsection (4) of this section may not adversely affect the funding authority of transit agencies not provided for in this chapter. Local option funds may be used to support implementation of interlocal agreements with respect to the establishment of regional high capacity transportation service. Except when a regional transit authority exists, local jurisdictions must retain control over moneys generated within their boundaries, although funds may be commingled with those generated in other areas for planning, construction, and operation of high capacity transportation systems as set forth in the agreements.

(6) Except for the regular property tax authorized in RCW 81.104.175, agencies planning to construct and operate high capacity transportation systems may contract with the state for collection and transference of voter-approved local option revenue.

(7) Dedicated high capacity transportation funding sources authorized in RCW 81.104.150, 81.104.160, 81.104.170, and 81.104.175 are subject to voter approval by a simple majority. A single ballot proposition may seek approval for one or more of the authorized taxing sources. The ballot title must reference the document identified in subsection (8) of this section.

(8) Agencies must provide to the registered voters in the area a document describing the systems plan and the financing plan set forth in RCW 81.104.100. It must also describe the relationship of the system to regional issues such as development density at station locations and activity centers, and the interrelationship of the system to adopted land use and transportation demand management goals within the region. This document must be provided to the voters at least twenty days prior to the date of the election.

(9) For any election in which voter approval is sought for a high capacity transportation system plan and financing plan pursuant to RCW 81.104.040, a local voter's pamphlet must be produced as provided in chapter 29A.32 RCW.

(10)(a) Agencies providing high capacity transportation service must retain responsibility for revenue encumbrance, disbursement, and bonding. Funds may be used for any purpose relating to planning, construction, and operation of high capacity transportation systems and commuter rail systems, personal rapid transit, busways, bus sets, and entrained and linked buses.

(b) A regional transit authority that ((~~imposes a motor vehicle excise tax after July 15, 2015,~~)) imposes a property tax((~~,~~)) or increases a sales and use tax to more than nine-tenths of one percent must undertake a process in which the authority's board formally considers inclusion of the name, Scott White, in the naming convention associated with either the University of Washington or Roosevelt stations.

NEW SECTION. **Sec.**  The following acts or parts of acts are each repealed:

(1)RCW 82.44.035 (Valuation of vehicles) and 2010 c 161 s 910 & 2006 c 318 s 1; and

(2)RCW 81.104.160 (Motor vehicle excise tax for regional transit authorities—Sales and use tax on car rentals—Former motor vehicle excise tax repealed) and 2015 3rd sp.s. c 44 s 319, 2010 c 161 s 903, 2009 c 280 s 4, 2003 c 1 s 6, & 1998 c 321 s 35.

NEW SECTION. **Sec.**  A new section is added to chapter 81.112 RCW to read as follows:

In order to effectuate the policies, purposes, and intent of this act and to ensure that the motor vehicle excise taxes repealed by this act are no longer imposed or collected, an authority that imposes a motor vehicle excise tax under RCW 81.104.160 must fully retire, defease, or refinance any outstanding bonds issued under this chapter if:

(1) Any revenue collected prior to the effective date of this section from the motor vehicle excise tax imposed under RCW 81.104.160 has been pledged to such bonds; and

(2) The bonds, by virtue of the terms of the bond contract, covenants, or similar terms, may be retired or defeased early or refinanced.

**Sec.**  RCW 81.104.160 and 2015 3rd sp.s. c 44 s 319 are each amended to read as follows:

(1) Regional transit authorities that include a county with a population of more than one million five hundred thousand may submit an authorizing proposition to the voters, and if approved, may levy and collect an excise tax, at a rate approved by the voters, but not exceeding ((~~eight-tenths~~)) two-tenths of one percent on the value, under chapter 82.44 RCW, of every motor vehicle owned by a resident of the taxing district, solely for the purpose of providing high capacity transportation service. The maximum tax rate under this subsection does not include a motor vehicle excise tax approved before July 15, 2015, if the tax will terminate on the date bond debt to which the tax is pledged is repaid. This tax does not apply to vehicles licensed under RCW 46.16A.455 except vehicles with an unladen weight of six thousand pounds or less, RCW 46.16A.425 or 46.17.335(2). Notwithstanding any other provision of this subsection or chapter 82.44 RCW, a motor vehicle excise tax imposed by a regional transit authority before or after July 15, 2015, must comply with chapter 82.44 RCW as it existed on January 1, 1996, until December 31st of the year in which the regional transit authority repays bond debt to which a motor vehicle excise tax was pledged before July 15, 2015. Motor vehicle taxes collected by regional transit authorities after December 31st of the year in which a regional transit authority repays bond debt to which a motor vehicle excise tax was pledged before July 15, 2015, must comply with chapter 82.44 RCW as it existed on the date the tax was approved by voters.

(2) An agency and high capacity transportation corridor area may impose a sales and use tax solely for the purpose of providing high capacity transportation service, in addition to the tax authorized by RCW 82.14.030, upon retail car rentals within the applicable jurisdiction that are taxable by the state under chapters 82.08 and 82.12 RCW. The rate of tax may not exceed 2.172 percent. The rate of tax imposed under this subsection must bear the same ratio of the 2.172 percent authorized that the rate imposed under subsection (1) of this section bears to the rate authorized under subsection (1) of this section. The base of the tax is the selling price in the case of a sales tax or the rental value of the vehicle used in the case of a use tax.

(3) Any motor vehicle excise tax previously imposed under the provisions of ((~~RCW 81.104.160(1)~~)) subsection (1) of this section shall be repealed, terminated, and expire on December 5, 2002, except for a motor vehicle excise tax for which revenues have been contractually pledged to repay a bonded debt issued before December 5, 2002, as determined by *Pierce County et al. v. State*, 159 Wn.2d 16, 148 P.3d 1002 (2006). In the case of bonds that were previously issued, the motor vehicle excise tax must comply with chapter 82.44 RCW as it existed on January 1, 1996.

(4) If a regional transit authority imposes the tax authorized under subsection (1) of this section, the authority may not receive any state grant funds provided in an omnibus transportation appropriations act except transit coordination grants created in chapter 11, Laws of 2015 3rd sp. sess.

**Sec.**  RCW 82.08.020 and 2014 c 140 s 12 are each amended to read as follows:

(1) There is levied and collected a tax equal to six and five-tenths percent of the selling price on each retail sale in this state of:

(a) Tangible personal property, unless the sale is specifically excluded from the RCW 82.04.050 definition of retail sale;

(b) Digital goods, digital codes, and digital automated services, if the sale is included within the RCW 82.04.050 definition of retail sale;

(c) Services, other than digital automated services, included within the RCW 82.04.050 definition of retail sale;

(d) Extended warranties to consumers; and

(e) Anything else, the sale of which is included within the RCW 82.04.050 definition of retail sale.

(2) There is levied and collected an additional tax on each retail car rental, regardless of whether the vehicle is licensed in this state, equal to five and nine-tenths percent of the selling price. The revenue collected under this subsection must be deposited in the multimodal transportation account created in RCW 47.66.070.

(3)(a) Beginning July 1, 2003, there is levied and collected an additional tax of three-tenths of one percent of the selling price on each retail sale of a motor vehicle in this state, other than retail car rentals taxed under subsection (2) of this section. The revenue collected under this subsection must be deposited in the multimodal transportation account created in RCW 47.66.070.

(b) For purposes of this subsection (3), "motor vehicle" has the meaning provided in RCW 46.04.320, but does not include:

(i) Farm tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181, unless the farm tractor or farm vehicle is for use in the production of marijuana;

(ii) Off-road vehicles as defined in RCW 46.04.365;

(iii) Nonhighway vehicles as defined in RCW 46.09.310; and

(iv) Snowmobiles as defined in RCW 46.04.546.

(4) ((~~For purposes of subsection (3) of this section, "motor vehicle" has the meaning provided in RCW 46.04.320, but does not include:~~

~~(a) Farm tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181, unless the farm tractor or farm vehicle is for use in the production of marijuana;~~

~~(b) Off-road vehicles as defined in RCW 46.04.365;~~

~~(c) Nonhighway vehicles as defined in RCW 46.09.310; and~~

~~(d) Snowmobiles as defined in RCW 46.04.546.~~)) (a) Beginning July 1, 2020, ten percent of all revenue collected under subsection (1) of this section on each new and used retail sale of a vehicle in this state, including private party sales, but excluding retail car rentals taxed under subsection (2) of this section, must be deposited into the following accounts in the proportions specified:

(i) Twenty-five percent to the motor vehicle fund; and

(ii) Seventy-five percent to the multimodal transportation account.

(b) Beginning July 1, 2021, twenty percent of all revenue collected under subsection (1) of this section on each new and used retail sale of a vehicle in this state, including private party sales, but excluding retail car rentals taxed under subsection (2) of this section, must be deposited into the following accounts in the proportions specified:

(i) Twenty-five percent to the motor vehicle fund; and

(ii) Seventy-five percent to the multimodal transportation account.

(c) Beginning July 1, 2022, thirty percent of all revenue collected under subsection (1) of this section on each new and used retail sale of a vehicle in this state, including private party sales, but excluding retail car rentals taxed under subsection (2) of this section, must be deposited into the following accounts in the proportions specified:

(i) Twenty-five percent to the motor vehicle fund; and

(ii) Seventy-five percent to the multimodal transportation account.

(d) Beginning July 1, 2023, one-third of all revenue collected under subsection (1) of this section on each new and used retail sale of a vehicle in this state, including private party sales, but excluding retail car rentals taxed under subsection (2) of this section, must be deposited into the following accounts in the proportions specified:

(i) Twenty-five percent to the motor vehicle fund; and

(ii) Seventy-five percent to the multimodal transportation account.

(e) If the employment growth forecast for any fiscal year is estimated to be less than one percent, then the requirements of (a) through (d) of this subsection (4) are suspended for that fiscal year.

(f) For purposes of this subsection (4), "vehicle" has the meaning provided in RCW 46.04.670 including, but not limited to, passenger vehicles, light trucks, commercial vehicles, travel trailers, recreational vehicles, intermittent use trailers, motorcycles, and campers, but "vehicle" does not include:

(i) Farm tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181, unless the farm tractor or farm vehicle is for use in the production of marijuana;

(ii) Off-road vehicles as defined in RCW 46.04.365;

(iii) Nonhighway vehicles as defined in RCW 46.09.310;

(iv) Bicycles as defined in RCW 46.04.071; and

(v) Snowmobiles as defined in RCW 46.04.546.

(5) Beginning on December 8, 2005, 0.16 percent of the taxes collected under subsection (1) of this section must be dedicated to funding comprehensive performance audits required under RCW 43.09.470. The revenue identified in this subsection must be deposited in the performance audits of government account created in RCW 43.09.475.

(6) The taxes imposed under this chapter apply to successive retail sales of the same property.

(7) The rates provided in this section apply to taxes imposed under chapter 82.12 RCW as provided in RCW 82.12.020.

**Sec.**  RCW 82.12.020 and 2017 c 323 s 520 are each amended to read as follows:

(1) There is levied and collected from every person in this state a tax or excise for the privilege of using within this state as a consumer any:

(a) Article of tangible personal property acquired by the user in any manner, including tangible personal property acquired at a casual or isolated sale, and including by-products used by the manufacturer thereof, except as otherwise provided in this chapter, irrespective of whether the article or similar articles are manufactured or are available for purchase within this state;

(b) Prewritten computer software, regardless of the method of delivery, but excluding prewritten computer software that is either provided free of charge or is provided for temporary use in viewing information, or both;

(c) Services defined as a retail sale in RCW 82.04.050 (2) (a) or (g) or (6)(c), excluding services defined as a retail sale in RCW 82.04.050(6)(c) that are provided free of charge;

(d) Extended warranty; or

(e)(i) Digital good, digital code, or digital automated service, including the use of any services provided by a seller exclusively in connection with digital goods, digital codes, or digital automated services, whether or not a separate charge is made for such services.

(ii) With respect to the use of digital goods, digital automated services, and digital codes acquired by purchase, the tax imposed in this subsection (1)(e) applies in respect to:

(A) Sales in which the seller has granted the purchaser the right of permanent use;

(B) Sales in which the seller has granted the purchaser a right of use that is less than permanent;

(C) Sales in which the purchaser is not obligated to make continued payment as a condition of the sale; and

(D) Sales in which the purchaser is obligated to make continued payment as a condition of the sale.

(iii) With respect to digital goods, digital automated services, and digital codes acquired other than by purchase, the tax imposed in this subsection (1)(e) applies regardless of whether or not the consumer has a right of permanent use or is obligated to make continued payment as a condition of use.

(2) The provisions of this chapter do not apply in respect to the use of any article of tangible personal property, extended warranty, digital good, digital code, digital automated service, or service taxable under RCW 82.04.050 (2) (a) or (g) or (6)(c), if the sale to, or the use by, the present user or the present user's bailor or donor has already been subjected to the tax under chapter 82.08 RCW or this chapter and the tax has been paid by the present user or by the present user's bailor or donor.

(3)(a) Except as provided in this section, payment of the tax imposed by this chapter or chapter 82.08 RCW by one purchaser or user of tangible personal property, extended warranty, digital good, digital code, digital automated service, or other service does not have the effect of exempting any other purchaser or user of the same property, extended warranty, digital good, digital code, digital automated service, or other service from the taxes imposed by such chapters.

(b) The tax imposed by this chapter does not apply:

(i) If the sale to, or the use by, the present user or his or her bailor or donor has already been subjected to the tax under chapter 82.08 RCW or this chapter and the tax has been paid by the present user or by his or her bailor or donor;

(ii) In respect to the use of any article of tangible personal property acquired by bailment and the tax has once been paid based on reasonable rental as determined by RCW 82.12.060 measured by the value of the article at time of first use multiplied by the tax rate imposed by chapter 82.08 RCW or this chapter as of the time of first use;

(iii) In respect to the use of any article of tangible personal property acquired by bailment, if the property was acquired by a previous bailee from the same bailor for use in the same general activity and the original bailment was prior to June 9, 1961; or

(iv) To the use of digital goods or digital automated services, which were obtained through the use of a digital code, if the sale of the digital code to, or the use of the digital code by, the present user or the present user's bailor or donor has already been subjected to the tax under chapter 82.08 RCW or this chapter and the tax has been paid by the present user or by the present user's bailor or donor.

(4)(a) Except as provided in (b) of this subsection (4), the tax is levied and must be collected in an amount equal to the value of the article used, value of the digital good or digital code used, value of the extended warranty used, or value of the service used by the taxpayer, multiplied by the applicable rates in effect for the retail sales tax under RCW 82.08.020.

(b) In the case of a seller required to collect use tax from the purchaser, the tax must be collected in an amount equal to the purchase price multiplied by the applicable rate in effect for the retail sales tax under RCW 82.08.020.

(5) For purposes of the tax imposed in this section, "person" includes anyone within the definition of "buyer," "purchaser," and "consumer" in RCW 82.08.010.

(6)(a) Beginning July 1, 2020, ten percent of all use tax revenue collected under subsection (1) of this section on the use of each new and used vehicle in this state, but excluding retail car rentals taxed under RCW 82.08.020, must be deposited into the following accounts in the proportions specified:

(i) Twenty-five percent to the motor vehicle fund; and

(ii) Seventy-five percent to the multimodal transportation account.

(b) Beginning July 1, 2021, twenty percent of all use tax revenue collected under subsection (1) of this section on the use of each new and used vehicle in this state, but excluding retail car rentals taxed under RCW 82.08.020, must be deposited into the following accounts in the proportions specified:

(i) Twenty-five percent to the motor vehicle fund; and

(ii) Seventy-five percent to the multimodal transportation account.

(c) Beginning July 1, 2022, thirty percent of all use tax revenue collected under subsection (1) of this section on the use of each new and used vehicle in this state, but excluding retail car rentals taxed under RCW 82.08.020, must be deposited into the following accounts in the proportions specified:

(i) Twenty-five percent to the motor vehicle fund; and

(ii) Seventy-five percent to the multimodal transportation account.

(d) Beginning July 1, 2023, one-third of all use tax revenue collected under subsection (1) of this section on the use of each new and used vehicle in this state, but excluding retail car rentals taxed under RCW 82.08.020, must be deposited into the following accounts in the proportions specified:

(i) Twenty-five percent to the motor vehicle fund; and

(ii) Seventy-five percent to the multimodal transportation account.

(e) If the employment growth forecast for any fiscal year is estimated to be less than one percent, then the requirements of (a) through (d) of this subsection (6) are suspended for that fiscal year.

**PART III**

**Sales and Use Tax on Diapers and Diaper Services**

NEW SECTION. **Sec.**  A new section is added to chapter 82.08 RCW to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to sales of diapers or diaper services.

(2) The following definitions apply to this section:

(a) "Diaper" means an absorbent garment that is washable or disposable and is designed, manufactured, processed, fabricated, or packaged for use by infants, toddlers, or children who are incapable of or have difficulty controlling their bladder or bowel movements;

(b) "Diaper service" means a business that supplies and launders diapers.

NEW SECTION. **Sec.**  A new section is added to chapter 82.12 RCW to read as follows:

(1) The provisions of this chapter do not apply with respect to the use of diapers or diaper services.

(2) The definitions in section 301 of this act apply to this section.

**PART IV**

**Sales and Use Tax on Feminine Hygiene Products**

NEW SECTION. **Sec.**  A new section is added to chapter 82.08 RCW to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to the sales of feminine hygiene products.

(2) For the purposes of this section, the term "feminine hygiene products" means sanitary napkins, tampons, menstrual cups, or any other similar products sold at retail designed specifically to catch menstrual flow either internally or externally.

NEW SECTION. **Sec.**  A new section is added to chapter 82.12 RCW to read as follows:

(1) The provisions of this chapter do not apply in respect to the use of feminine hygiene products.

(2) The definition in section 401 of this act applies to this section.

**PART V**

**Sales and Use Tax on Breast Pumps and Related Goods and Services**

NEW SECTION. **Sec.**  A new section is added to chapter 82.08 RCW to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to sales of a breast pump, repair and replacement parts therefor, and breast pump collection and storage supplies.

(2) The tax levied by RCW 82.08.020 does not apply to charges for installing repair and replacement parts in, maintaining, servicing, or repairing of a breast pump, repair and replacement parts therefor, and breast pump collection and storage supplies.

(3) For the purposes of this section, the following definitions apply:

(a) "Breast pump" means an electrically or manually controlled pump device designed and marketed to be used to express milk from a human breast during lactation. "Breast pump" includes the electrically or manually controlled pump device and any battery, AC adapter, or other power supply unit packaged and sold with the pump device at the time of sale to power the pump device.

(b) "Breast pump collection and storage supplies" means items of tangible personal property designed or marketed to be used in conjunction with a breast pump to collect milk expressed from a human breast and store collected milk until it is ready for consumption.

(i) "Breast pump collection and storage supplies" includes, but is not limited to: Breast shields and breast shield connectors; breast pump tubes and tubing adapters; breast pump valves and membranes; backflow protectors and backflow protector adaptors; bottle and bottle caps specific to the operation of the breast pump; breast milk storage bags; and other items that may be useful to initiate, support, or sustain breastfeeding using a breast pump during lactation, that may be sold separately, but are generally sold as part of a breast pump kit.

(ii) "Breast pump collection and storage supplies" does not include the following items if not sold as part of a breast pump kit prepackaged by the breast pump manufacturer or distributor:

(A) Bottles and bottle caps not specific to the operation of the breast pump;

(B) Breast pump travel bags and other similar carrying accessories, including ice packs, labels, and other similar products;

(C) Breast pump cleaning supplies;

(D) Nursing bras, bra pads, breast shells, and other similar products; and

(E) Creams, ointments, and other similar products that relieve breastfeeding-related symptoms or conditions of the breasts or nipples.

(c) "Breast pump kit" means a kit that contains a breast pump and one or more of the following items: Breast pump collection and storage supplies; and other taxable items of tangible personal property that may be useful to initiate, support, or sustain breastfeeding using a breast pump during lactation, so long as the other taxable items of tangible personal property sold with the breast pump kit at the time of the sale are less than ten percent of the total sales price of the breast pump kit.

NEW SECTION. **Sec.**  A new section is added to chapter 82.12 RCW to read as follows:

(1) The provisions of this chapter do not apply with respect to the use of a breast pump, repair and replacement parts therefor, and breast pump collection and storage supplies.

(2) The definitions, conditions, and requirements of section 501 of this act apply to this section.

**PART VI**

**Sales and Use Tax on Prepared Food Sold by Grocery Stores**

NEW SECTION. **Sec.**  A new section is added to chapter 82.08 RCW to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to sales of prepared foods sold by grocery stores.

(2) The following definitions apply to this section:

(a) "Grocery store" means any store, other than a convenience store, engaged primarily in the retail sale of packaged food; and

(b) "Prepared food" is defined as provided in RCW 82.08.0293.

NEW SECTION. **Sec.**  A new section is added to chapter 82.12 RCW to read as follows:

(1) The provisions of this chapter do not apply with respect to the use of prepared foods sold by grocery stores.

(2) The definitions in section 601 of this act apply to this section.

**PART VII**

**Miscellaneous Provisions**

NEW SECTION. **Sec.**  The provisions of sections 201 through 211 of this act are to be liberally construed to effectuate the intent, policies, and purposes of this act.

NEW SECTION. **Sec.**  If any provision of sections 201 through 211 of this act or its application to any person or circumstance is held invalid, the remainder of the act or application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec.**  (1) Sections 208 and 209 of this act take effect on the date that the regional transit authority complies with section 210 of this act and retires, defeases, or refinances its outstanding bonds.

(2) Section 211 of 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 April 1, 2020, if sections 208 and 209 of this act have not taken effect by March 31, 2020.

(3) The regional transit authority must provide written notice of the effective dates of sections 208, 209, and 211 of this act to affected parties, the chief clerk of the house of representatives, the secretary of the senate, the office of the code reviser, and others as deemed appropriate by the regional transit authority.

NEW SECTION. **Sec.**  Sections 201, 202, 203, 204, 205, 206, 207, and 210 of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect immediately.

NEW SECTION. **Sec.**  Sections 212 and 213 of this act take effect July 1, 2020.

NEW SECTION. **Sec.**  The provisions of RCW 82.32.805 and 82.32.808 do not apply to sections 301, 302, 401, 402, 501, 502, 601, and 602 of this act.

NEW SECTION. **Sec.**  Sections 201 through 211 of this act expire immediately upon a court of final jurisdiction holding that chapter 1 (Initiative Measure No. 976), Laws of 2020 is no longer enjoined from effectiveness.

**--- END ---**