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SENATE BILL 5511

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State of Washington

61st Legislature

2009 Regular Session

By Senators Prentice, Hobbs, Oemig, and Shin; by request of Department of Revenue

Read first time 01/26/09. Referred to Committee on Ways & Means.

1 AN ACT Relating to making changes affecting city-county assistance  
2 account distributions in response to the recommendations of the joint  
3 legislative audit and review committee; amending RCW 43.08.290; and  
4 creating a new section.

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

6 **Sec. 1.** RCW 43.08.290 and 2005 c 450 s 2 are each amended to read  
7 as follows:

8 (1) The city-county assistance account is created in the state  
9 treasury. All receipts from real estate excise tax disbursements  
10 provided under RCW 82.45.060 (~~shall~~) must be deposited into the  
11 account. Moneys in the account may be spent only after appropriation.  
12 Expenditures from the account may be used only for the purposes  
13 provided in this section.

14 (2) Funds deposited in the city-county assistance account (~~shall~~)  
15 must be distributed equally to the cities and counties.

16 (3)(a) Funds distributed to counties (~~shall~~) must, to the extent  
17 possible, increase the sum of revenues (~~received~~) under RCW  
18 82.14.030(1) and streamlined sales tax mitigation funds received by  
19 each county to the greater of two hundred fifty thousand dollars or:

1 (i) For a county with an unincorporated population of one hundred  
2 thousand or less, seventy percent of the statewide weighted average per  
3 capita level of sales and use tax revenues (~~(collected)~~) received under  
4 RCW 82.14.030(1) (~~(for)~~) with respect to taxable activity in the  
5 unincorporated areas of all counties imposing the sales and use tax  
6 authorized under RCW 82.14.030(1) in the previous calendar year, for  
7 certifications before October 1, 2009, or the previous fiscal year, for  
8 certifications on and after October 1, 2009; and

9 (ii) For a county with an unincorporated population of more than  
10 one hundred thousand, sixty-five percent of the statewide weighted  
11 average per capita level of sales and use tax revenues (~~(collected)~~)  
12 received under RCW 82.14.030(1) (~~(for)~~) with respect to taxable  
13 activity in the unincorporated areas of all counties imposing the sales  
14 and use tax authorized under RCW 82.14.030(1) in the previous calendar  
15 year, for certifications before October 1, 2009, or the previous fiscal  
16 year, for certifications on and after October 1, 2009.

17 (b) For each county with an unincorporated population of fifteen  
18 thousand or less, the county (~~(shall)~~) must receive the greater of the  
19 amount in (a) of this subsection or the amount received in local  
20 government assistance provided by section 716, chapter 276, Laws of  
21 2004.

22 (c) For each county with an unincorporated population of more than  
23 fifteen thousand and less than twenty-two thousand, the county  
24 (~~(shall)~~) must receive in calendar year 2006 and 2007 the greater of  
25 the amount provided in (a) of this subsection or the amount received in  
26 local government assistance provided by section 716, chapter 276, Laws  
27 of 2004.

28 (d) To the extent that revenues are insufficient to fund the  
29 distributions under this subsection, the distributions of all counties  
30 as otherwise determined under this subsection (~~(shall)~~) must be ratably  
31 reduced.

32 (e) To the extent that revenues exceed the amounts needed to fund  
33 the distributions under this subsection, the excess funds (~~(shall)~~)  
34 must be divided ratably based upon unincorporated population among  
35 those counties receiving funds under this subsection and imposing the  
36 tax (~~(collected)~~) authorized under RCW 82.14.030(2) at the maximum  
37 rate.

1 (4)(a) For each city with a population of five thousand or less  
2 with a per capita assessed property value less than twice the statewide  
3 average per capita assessed property value for all cities for the  
4 calendar year previous to the certification under subsection (6) of  
5 this section, the city (~~shall~~) must receive the greater of the  
6 following three amounts:

7 (i) An amount necessary to increase the sum of revenues  
8 (~~collected~~) under RCW 82.14.030(1) and streamlined sales tax  
9 mitigation funds received by a city up to fifty-five percent of the  
10 statewide weighted average per capita level of sales and use tax  
11 revenues (~~collected~~) received under RCW 82.14.030(1) (~~for~~) with  
12 respect to taxable activity in all cities imposing the sales and use  
13 tax authorized under RCW 82.14.030(1) in the previous calendar year,  
14 for certifications before October 1, 2009, or the previous fiscal year,  
15 for certifications on and after October 1, 2009.

16 (ii) The amount received in local government assistance provided  
17 for fiscal year 2005 by section 721, chapter 25, Laws of 2003 1st sp.  
18 sess.

19 (iii) For a city with a per capita assessed property value less  
20 than fifty-five percent of the statewide average per capita assessed  
21 property value for all cities, an amount determined by subtracting the  
22 city's per capita assessed property value from fifty-five percent of  
23 the statewide average per capita assessed property value, dividing that  
24 amount by one thousand, and multiplying the result by the city's  
25 population.

26 (b) For each city with a population of more than five thousand with  
27 a per capita assessed property value less than the statewide average  
28 per capita assessed property value for all cities for the calendar year  
29 previous to the certification under subsection (6) of this section, the  
30 city (~~shall~~) must receive the greater of the following (~~three~~) two  
31 amounts:

32 (i) An amount necessary to increase the sum of revenues  
33 (~~collected~~) under RCW 82.14.030(1) and streamlined sales tax  
34 mitigation funds received by a city up to fifty percent of the  
35 statewide weighted average per capita level of sales and use tax  
36 revenues (~~collected~~) received under RCW 82.14.030(1) (~~for~~) with  
37 respect to taxable activity in all cities imposing the sales and use

1 tax authorized under RCW 82.14.030(1) in the previous calendar year,  
2 for certifications before October 1, 2009, or the previous fiscal year,  
3 for certifications on and after October 1, 2009.

4 (ii) (~~For calendar year 2006 and 2007, the amount received in~~  
5 ~~local government assistance provided for fiscal year 2005 by section~~  
6 ~~721, chapter 25, Laws of 2003 1st sp. sess.~~

7 ~~(iii))~~ For a city with a per capita assessed property value less  
8 than fifty-five percent of the statewide average per capita assessed  
9 property value for all cities, an amount determined by subtracting the  
10 city's per capita assessed property value from fifty-five percent of  
11 the statewide average per capita assessed property value, dividing that  
12 amount by one thousand, and multiplying the result by the city's  
13 population.

14 (c) No city may receive an amount greater than one hundred thousand  
15 dollars a year under (a) or (b) of this subsection.

16 (d) To the extent that revenues are insufficient to fund the  
17 distributions under this subsection, the distributions of all cities as  
18 otherwise determined under this subsection (~~shall~~) must be ratably  
19 reduced.

20 (e) To the extent that revenues exceed the amounts needed to fund  
21 the distributions under this subsection, the excess funds (~~shall~~)  
22 must be divided ratably based upon population among those cities  
23 receiving funds under this subsection and imposing the tax collected  
24 under RCW 82.14.030(2) at the maximum rate.

25 (f) This subsection only applies to cities incorporated (~~prior~~  
26 ~~to~~) before August 1, 2005.

27 (5) The two hundred fifty thousand dollar amount in subsection (3)  
28 of this section and the one hundred thousand dollar amount in  
29 subsection (4) of this section (~~shall~~) must be increased each year  
30 beginning in calendar year 2006 by inflation as defined in RCW  
31 84.55.005, as determined by the department of revenue.

32 (6)(a) Distributions under subsections (3) and (4) of this section  
33 (~~shall~~) must be made quarterly beginning on October 1, 2005, based on  
34 population as last determined by the office of financial management.  
35 The department of revenue (~~shall~~) must certify the amounts to be  
36 distributed under this section (~~to~~) by the state treasurer. The  
37 certification (~~shall~~) must be made by October 1, 2005, for the  
38 October 1, 2005, distribution and the January 1, 2006, distribution,

1 based on calendar year 2004 (~~collections~~) department of revenue  
2 distributions of sales and use taxes authorized under RCW 82.14.030(1).  
3 The certification (~~shall~~) must be made by March 1, 2006, for  
4 distributions beginning April 1, 2006, (~~and~~) by March (~~1st of every~~  
5 ~~year thereafter~~) 1, 2007, for distributions beginning April 1, 2007,  
6 and by March 1, 2008, for distributions beginning April 1, 2008. The  
7 March 1st certification (~~shall~~) must be used for distributions  
8 occurring on April 1st, July 1st, and October 1st of the year of  
9 certification and on January 1st of the year following certification.

10 (b) By March 1, 2009, the department of revenue must certify the  
11 amounts to be distributed under this section on April 1, 2009, July 1,  
12 2009, and October 1, 2009. The certification must be based on calendar  
13 year 2008 department of revenue distributions of sales and use taxes  
14 authorized under RCW 82.14.030(1), and the population as last  
15 determined by the office of financial management.

16 (c) By October 1, 2009, the department of revenue must certify the  
17 amounts to be distributed under this section on January 1, 2010, April  
18 1, 2010, July 1, 2010, and October 1, 2010. The certification must be  
19 based on department of revenue distributions in fiscal year 2009 of  
20 sales and use taxes authorized under RCW 82.14.030(1), streamlined  
21 sales tax mitigation data for mitigation distributions authorized under  
22 RCW 82.14.495 made December 2008 through September 2009, and population  
23 as last determined by the office of financial management.

24 (d) By September 1, 2010, and September 1st of every year  
25 thereafter, the department of revenue must make available a preliminary  
26 certification of the amounts to be distributed under this section on  
27 January 1st, April 1st, July 1st, and October 1st of the year  
28 immediately following certification. By October 1, 2010, and October  
29 1st of every year thereafter, the department must finalize the  
30 certification. Once finalized, no changes may be made to the  
31 certification for any reason. Certifications must be based on  
32 distributions of sales and use taxes imposed under RCW 82.14.030(1)  
33 made by the department of revenue in the fiscal year that ended during  
34 the calendar year of certification, streamlined sales tax mitigation  
35 data for mitigation distributions authorized under RCW 82.14.495 made  
36 in the fiscal year that ended during the calendar year of  
37 certification, and population as last determined by the office of  
38 financial management.

1 (7) All distributions to local governments from the city-county  
2 assistance account constitute increases in state distributions of  
3 revenue to political subdivisions for purposes of state reimbursement  
4 for the costs of new programs and increases in service levels under RCW  
5 43.135.060, including any claims or litigation pending against the  
6 state on or after January 1, 2005.

7 (8) As used in this section, "streamlined sales tax mitigation  
8 funds" means an amount determined by the department of revenue equal to  
9 the actual mitigation distribution amount under RCW 82.14.495 received  
10 by a jurisdiction in four consecutive calendar quarters, less the  
11 mitigation distribution amount that would have been received by the  
12 jurisdiction during the same four calendar quarters had mitigation been  
13 calculated without the local sales tax authorized under RCW  
14 82.14.030(1). If the difference is a negative amount or if a  
15 jurisdiction does not receive any mitigation distribution during the  
16 applicable four calendar quarters, then "streamlined sales tax  
17 mitigation funds" is zero.

18 NEW SECTION. Sec. 2. This act applies both prospectively and  
19 retroactively to March 1, 2009.

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