
SUBSTITUTE SENATE BILL 6424

State of Washington

61st Legislature

2010 Regular Session

By Senate Ways & Means (originally sponsored by Senators Regala and Fairley; by request of Governor Gregoire)

READ FIRST TIME 02/09/10.

1 AN ACT Relating to local excise tax authorities for counties and
2 cities; amending RCW 82.14.450, 82.14.340, 9.46.113, 82.46.010, and
3 82.46.035; amending 2009 c 551 s 12 (uncodified); providing an
4 effective date; and providing expiration dates.

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

6 **Sec. 1.** RCW 82.14.450 and 2009 c 551 s 1 are each amended to read
7 as follows:

8 (1) A county legislative authority may submit an authorizing
9 proposition to the county voters at a primary or general election and,
10 if the proposition is approved by a majority of persons voting, impose
11 a sales and use tax in accordance with the terms of this chapter. The
12 title of each ballot measure must clearly state the purposes for which
13 the proposed sales and use tax will be used. ~~((Funds raised under this
14 tax shall not supplant existing funds used for these purposes, except
15 as follows: Up to one hundred percent may be used to supplant existing
16 funding in calendar year 2010; up to eighty percent may be used to
17 supplant existing funding in calendar year 2011; up to sixty percent
18 may be used to supplant existing funding in calendar year 2012; up to
19 forty percent may be used to supplant existing funding in calendar year~~

1 2013; and up to twenty percent may be used to supplant existing funding
2 in calendar year 2014. For purposes of this subsection, existing funds
3 means the actual operating expenditures for the calendar year in which
4 the ballot measure is approved by voters. Actual operating
5 expenditures excludes lost federal funds, lost or expired state grants
6 or loans, extraordinary events not likely to reoccur, changes in
7 contract provisions beyond the control of the county or city receiving
8 the services, and major nonrecurring capital expenditures.)) The rate
9 of tax under this section may not exceed three-tenths of one percent of
10 the selling price in the case of a sales tax, or value of the article
11 used, in the case of a use tax.

12 (2) The tax authorized in this section is in addition to any other
13 taxes authorized by law and must be collected from those persons who
14 are taxable by the state under chapters 82.08 and 82.12 RCW upon the
15 occurrence of any taxable event within the county.

16 (3) The retail sale or use of motor vehicles, and the lease of
17 motor vehicles for up to the first thirty-six months of the lease, are
18 exempt from tax imposed under this section.

19 (4) One-third of all money received under this section must be used
20 solely for criminal justice purposes, fire protection purposes, or
21 both. For the purposes of this subsection, "criminal justice purposes"
22 has the same meaning as provided in RCW 82.14.340.

23 (5) Money received under this section must be shared between the
24 county and the cities as follows: Sixty percent must be retained by
25 the county and forty percent must be distributed on a per capita basis
26 to cities in the county.

27 **Sec. 2.** RCW 82.14.340 and 1995 c 309 s 1 are each amended to read
28 as follows:

29 (1) The legislative authority of any county may fix and impose a
30 sales and use tax in accordance with the terms of this chapter,
31 provided that such sales and use tax is subject to repeal by
32 referendum, using the procedures provided in RCW 82.14.036. The
33 referendum procedure provided in RCW 82.14.036 is the exclusive method
34 for subjecting any county sales and use tax ordinance or resolution to
35 a referendum vote.

36 (2) The tax authorized in this section (~~shall be~~) is in addition
37 to any other taxes authorized by law and (~~shall~~) must be collected

1 from those persons who are taxable by the state pursuant to chapters
2 82.08 and 82.12 RCW upon the occurrence of any taxable event within
3 such county. The rate of tax (~~shall~~) equals one-tenth of one percent
4 of the selling price (in the case of a sales tax) or value of the
5 article used (in the case of a use tax).

6 (3) When distributing moneys collected under this section, the
7 state treasurer (~~shall~~) must distribute ten percent of the moneys to
8 the county in which the tax was collected. The remainder of the moneys
9 collected under this section (~~shall~~) must be distributed to the
10 county and the cities within the county ratably based on population as
11 last determined by the office of financial management. In making the
12 distribution based on population, the county (~~shall~~) must receive
13 that proportion that the unincorporated population of the county bears
14 to the total population of the county and each city shall receive that
15 proportion that the city incorporated population bears to the total
16 county population.

17 (4) Moneys received from any tax imposed under this section
18 (~~shall~~) must be expended exclusively for criminal justice purposes
19 (~~and shall not be used to replace or supplant existing funding~~).
20 Criminal justice purposes are defined as activities that substantially
21 assist the criminal justice system, which may include circumstances
22 where ancillary benefit to the civil justice system occurs, and which
23 includes domestic violence services such as those provided by domestic
24 violence programs, community advocates, and legal advocates, as defined
25 in RCW 70.123.020. (~~Existing funding for purposes of this subsection
26 is defined as calendar year 1989 actual operating expenditures for
27 criminal justice purposes. Calendar year 1989 actual operating
28 expenditures for criminal justice purposes exclude the following:
29 Expenditures for extraordinary events not likely to reoccur, changes in
30 contract provisions for criminal justice services, beyond the control
31 of the local jurisdiction receiving the services, and major
32 nonrecurring capital expenditures.~~)

33 (5) In the expenditure of funds for criminal justice purposes as
34 provided in this section, cities and counties, or any combination
35 thereof, are expressly authorized to participate in agreements,
36 pursuant to chapter 39.34 RCW, to jointly expend funds for criminal
37 justice purposes of mutual benefit. Such criminal justice purposes of

1 mutual benefit include, but are not limited to, the construction,
2 improvement, and expansion of jails, court facilities, and juvenile
3 justice facilities.

4 **Sec. 3.** RCW 9.46.113 and 1975 1st ex.s. c 166 s 11 are each
5 amended to read as follows:

6 Any county, city, or town (~~which~~) that collects a tax on gambling
7 activities authorized pursuant to RCW 9.46.110 (~~shall~~) must use the
8 revenue from such tax primarily for the purpose of (~~enforcement of the~~
9 ~~provisions of this chapter by the county, city or town law enforcement~~
10 ~~agency~~) public safety.

11 **Sec. 4.** RCW 82.46.010 and 1994 c 272 s 1 are each amended to read
12 as follows:

13 (1) The legislative authority of any county or city (~~shall~~) must
14 identify in the adopted budget the capital projects funded in whole or
15 in part from the proceeds of the tax authorized in this section, and
16 (~~shall~~) must indicate that such tax is intended to be in addition to
17 other funds that may be reasonably available for such capital projects.

18 (2)(a) The legislative authority of any county or any city may
19 impose an excise tax on each sale of real property in the
20 unincorporated areas of the county for the county tax and in the
21 corporate limits of the city for the city tax at a rate not exceeding
22 one-quarter of one percent of the selling price. The revenues from
23 this tax (~~shall~~) must be used by any city or county with a population
24 of five thousand or less and any city or county that does not plan
25 under RCW 36.70A.040 for any capital purpose identified in a capital
26 improvements plan and local capital improvements, including those
27 listed in RCW 35.43.040. Revenues from the tax authorized in this
28 subsection (2)(a) may also be used for maintenance and operation of
29 capital projects.

30 (b)(i) After April 30, 1992, revenues generated from the tax
31 imposed under this subsection in counties over five thousand population
32 and cities over five thousand population that are required or choose to
33 plan under RCW 36.70A.040 (~~shall~~) must be used solely for financing
34 and maintenance and operation of capital projects specified in a
35 capital facilities plan element of a comprehensive plan and housing
36 relocation assistance under RCW 59.18.440 and 59.18.450.

1 (ii) However, revenues (~~((a))~~) (A) pledged by such counties and
2 cities to debt retirement prior to April 30, 1992, may continue to be
3 used for that purpose until the original debt for which the revenues
4 were pledged is retired, or (~~((b))~~) (B) committed prior to April 30,
5 1992, by such counties or cities to a project may continue to be used
6 for that purpose until the project is completed.

7 (3) In lieu of imposing the tax authorized in RCW 82.14.030(2), the
8 legislative authority of any county or any city may impose an
9 additional excise tax on each sale of real property in the
10 unincorporated areas of the county for the county tax and in the
11 corporate limits of the city for the city tax at a rate not exceeding
12 one-half of one percent of the selling price.

13 (4) Taxes imposed under this section (~~((shall))~~) must be collected
14 from persons who are taxable by the state under chapter 82.45 RCW upon
15 the occurrence of any taxable event within the unincorporated areas of
16 the county or within the corporate limits of the city, as the case may
17 be.

18 (5) Taxes imposed under this section (~~((shall))~~) must comply with all
19 applicable rules, regulations, laws, and court decisions regarding real
20 estate excise taxes as imposed by the state under chapter 82.45 RCW.

21 (6) (~~((As used))~~) The definitions in this section(~~((7))~~) apply
22 throughout this section unless the context clearly requires otherwise.

23 (a) "City" means any city or town (~~((and))~~).

24 (b) "Capital project" means those public works projects of a local
25 government for planning, acquisition, construction, reconstruction,
26 repair, replacement, rehabilitation, (~~((or))~~) improvement, or maintenance
27 and operation of: Streets; roads; highways; sidewalks; street and road
28 lighting systems; traffic signals; bridges; domestic water systems;
29 storm and sanitary sewer systems; parks; recreational facilities; law
30 enforcement facilities; fire protection facilities; trails; libraries;
31 administrative and/or judicial facilities; and river and/or waterway
32 flood control projects by those jurisdictions that, prior to June 11,
33 1992, have expended funds derived from the tax authorized by this
34 section for such purposes; and, until December 31, 1995, housing
35 projects for those jurisdictions that, prior to June 11, 1992, have
36 expended or committed to expend funds derived from the tax authorized
37 by this section or the tax authorized by RCW 82.46.035 for such
38 purposes.

1 **Sec. 5.** RCW 82.46.035 and 2009 c 211 s 1 are each amended to read
2 as follows:

3 (1) The legislative authority of any county or city (~~shall~~) must
4 identify in the adopted budget the capital projects funded in whole or
5 in part from the proceeds of the tax authorized in this section, and
6 (~~shall~~) must indicate that such tax is intended to be in addition to
7 other funds that may be reasonably available for such capital projects.

8 (2) The legislative authority of any county or any city that plans
9 under RCW 36.70A.040(1) may impose an additional excise tax on each
10 sale of real property in the unincorporated areas of the county for the
11 county tax and in the corporate limits of the city for the city tax at
12 a rate not exceeding one-quarter of one percent of the selling price.
13 Any county choosing to plan under RCW 36.70A.040(2) and any city within
14 such a county may only adopt an ordinance imposing the excise tax
15 authorized by this section if the ordinance is first authorized by a
16 proposition approved by a majority of the voters of the taxing district
17 voting on the proposition at a general election held within the
18 district or at a special election within the taxing district called by
19 the district for the purpose of submitting such proposition to the
20 voters.

21 (3)(a) Revenues generated from the tax imposed under subsection (2)
22 of this section (~~shall~~) must be used by such counties and cities
23 solely for financing capital projects specified in a capital facilities
24 plan element of a comprehensive plan. Revenues generated from the tax
25 authorized in this section may also be used for maintenance and
26 operation of capital projects.

27 (b) However, revenues (~~(a)~~) (i) pledged by such counties and
28 cities to debt retirement prior to March 1, 1992, may continue to be
29 used for that purpose until the original debt for which the revenues
30 were pledged is retired, or (~~(b)~~) (ii) committed prior to March 1,
31 1992, by such counties or cities to a project may continue to be used
32 for that purpose until the project is completed.

33 (4) Revenues generated by the tax imposed by this section (~~shall~~)
34 must be deposited in a separate account.

35 (5) (~~As used~~) The definitions in this section(~~(+)~~) apply
36 throughout this section unless the context clearly requires otherwise.

37 (a) "City" means any city or town;

1 (b) "Capital project" means those public works projects of a local
2 government for planning, acquisition, construction, reconstruction,
3 repair, replacement, rehabilitation, ~~((or))~~ improvement, or maintenance
4 and operation of: Streets, roads, highways, sidewalks, street and road
5 lighting systems, traffic signals, bridges, municipally owned heavy
6 rail short line railroads, domestic water systems, storm and sanitary
7 sewer systems, parks, recreational facilities, law enforcement
8 facilities, fire protection facilities, trails, libraries,
9 administrative and/or judicial facilities, and river and/or waterway
10 flood control facilities; and ~~((planning, construction, reconstruction,~~
11 repair, rehabilitation, or improvement of parks; and))

12 (c) "Short line railroads" means class III railroads as defined by
13 the United States surface transportation board.

14 (6) When the governor files a notice of noncompliance under RCW
15 36.70A.340 with the secretary of state and the appropriate county or
16 city, the county or city's authority to impose the additional excise
17 tax under this section ~~((shall))~~ must be temporarily rescinded until
18 the governor files a subsequent notice rescinding the notice of
19 noncompliance.

20 (7) A city or county may use revenue generated under subsection (2)
21 of this section for municipally owned heavy short line railroads only
22 if the revenue was collected prior to December 31, 2008, and may not
23 use more than twenty-five percent of the total revenue generated under
24 subsection (2) of this section for municipally owned heavy short line
25 railroads.

26 **Sec. 6.** RCW 82.46.035 and 1992 c 221 s 3 and 1991 sp.s. c 32 s 33
27 are each reenacted and amended to read as follows:

28 (1) The legislative authority of any county or city ~~((shall))~~ must
29 identify in the adopted budget the capital projects funded in whole or
30 in part from the proceeds of the tax authorized in this section, and
31 ~~((shall))~~ must indicate that such tax is intended to be in addition to
32 other funds that may be reasonably available for such capital projects.

33 (2) The legislative authority of any county or any city that plans
34 under RCW 36.70A.040(1) may impose an additional excise tax on each
35 sale of real property in the unincorporated areas of the county for the
36 county tax and in the corporate limits of the city for the city tax at
37 a rate not exceeding one-quarter of one percent of the selling price.

1 Any county choosing to plan under RCW 36.70A.040(2) and any city within
2 such a county may only adopt an ordinance imposing the excise tax
3 authorized by this section if the ordinance is first authorized by a
4 proposition approved by a majority of the voters of the taxing district
5 voting on the proposition at a general election held within the
6 district or at a special election within the taxing district called by
7 the district for the purpose of submitting such proposition to the
8 voters.

9 (3)(a) Revenues generated from the tax imposed under subsection (2)
10 of this section (~~shall~~) must be used by such counties and cities
11 solely for financing capital projects specified in a capital facilities
12 plan element of a comprehensive plan. Revenues generated from the tax
13 authorized in this section may also be used for maintenance and
14 operation of capital projects.

15 (b) However, revenues (~~(a)~~) (i) pledged by such counties and
16 cities to debt retirement prior to March 1, 1992, may continue to be
17 used for that purpose until the original debt for which the revenues
18 were pledged is retired, or (~~(b)~~) (ii) committed prior to March 1,
19 1992, by such counties or cities to a project may continue to be used
20 for that purpose until the project is completed.

21 (4) Revenues generated by the tax imposed by this section (~~shall~~)
22 must be deposited in a separate account.

23 (5) (~~As used~~) The definitions in this section(~~(7)~~) apply
24 throughout this section unless the context clearly requires otherwise.

25 (a) "City" means any city or town (~~and~~).

26 (b) "Capital project" means those public works projects of a local
27 government for planning, acquisition, construction, reconstruction,
28 repair, replacement, rehabilitation, (~~or~~) improvement of: Streets,
29 roads, highways, sidewalks, street and road lighting systems, traffic
30 signals, bridges, domestic water systems, storm and sanitary sewer
31 systems, (~~and planning, construction, reconstruction, repair,~~
32 rehabilitation, or improvement of parks) recreational facilities, law
33 enforcement facilities, fire protection facilities, trails, libraries,
34 administrative and/or judicial facilities, and river and/or waterway
35 flood control facilities.

36 (6) When the governor files a notice of noncompliance under RCW
37 36.70A.340 with the secretary of state and the appropriate county or
38 city, the county or city's authority to impose the additional excise

1 tax under this section (~~shall~~) must be temporarily rescinded until
2 the governor files a subsequent notice rescinding the notice of
3 noncompliance.

4 **Sec. 7.** 2009 c 551 s 12 (uncodified) is amended to read as
5 follows:

6 Section(~~s 1 and~~) 2 of this act expires January 1, (~~2015~~) 2014.

7 NEW SECTION. **Sec. 8.** Section 6 of this act takes effect June 30,
8 2012.

9 NEW SECTION. **Sec. 9.** Section 5 of this act expires June 30, 2012.

10 NEW SECTION. **Sec. 10.** Sections 3, 4, and 6 of this act expire
11 January 1, 2014.

--- END ---