1106-S AMH STOK FRAS 634

**SHB 1106** - H AMD **325**

By Representative Stokesbary

**WITHDRAWN 04/02/2015**

On page 203, after line 35, insert the following:

"NEW SECTION. **Sec. 733. FOR THE OFFICE OF FINANCIAL MANAGEMENT--GFS TRANSFER AND ALLOTMENT REDUCTION TO ADDRESS REVENUES FROM TAXATION OF OUT-OF-STATE SELLERS.**

General Fund--State Appropriation (FY 2016) . . . . $38,900,000

General Fund--State Appropriation (FY 2017) . . . . $46,300,000

TOTAL APPROPRIATION $85,200,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The legislature recognizes the risk that statutory changes to the nexus on which the state collects sales and use taxes and business and occupation taxes from out-of-state sellers are likely to result in litigation. This risk casts doubt on the state's ability to fully collect the revenues to the education legacy trust account that are assumed in this appropriations act, so the legislature intends to ensure that the account has resources to support these appropriations. In addition, the state will incur attorneys' fees in defending the legislation.

(2) The appropriations in this section are provided solely for expenditure into the education legacy trust account, subject to the terms of this section.

(3) Of the amounts appropriated in Parts I through IV of this act from the state general fund, the office of financial management shall uniformly reduce allotments of each appropriation to achieve total reductions of $39,150,000 in fiscal year 2016 and $46,550,000 in fiscal year 2017. These amounts must be placed in reserve status and must remain unexpended. These amounts are equal to the education legacy trust account revenues assumed from sections 901 through 908 of House Bill No. 2224, along with an additional $500,000 for attorneys' fees incurred in defending the legislation.

(4) If in a final judgment not subject to appeal a court of competent jurisdiction rules that the state may collect the taxes in sections 901 through 908 of Substitute House Bill No. 2224, then:

(a) The office of financial management must release the amounts in subsection (3) of this section from reserve status.

(b) The treasurer shall transfer $86,200,000 from the education legacy trust account to the general fund.

(c) If the state was enjoined from collecting the taxes in sections 901 through 908 of Substitute House Bill No. 2224 at any time before the final ruling, the amounts in (4)(a) and (4)(b) of this section must be adjusted in proportion to the amount that the state is projected to collect in the remaining portion of the biennium after the ruling."

Renumber remaining sections and correct internal references accordingly.

Correct the title.

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|  | EFFECT:   A total of $85.2 million is transferred from the General Fund--State (GFS) to the Education Legacy Trust Account (ELTA). This amount is equal to the assumed 2015-17 revenues to the ELTA that are attributable to the "nexus" provisions of HB 2224, which allow the state to collect sales/use and B&O taxes from out-of-state sellers.  The Office of Financial Management must uniformly reduce allotments from GFS appropriations in specified parts of the budget by $85,700,000 and must place these amounts in reserve status--that is, suspend the agencies' authorization to spend these amounts. The affected parts of the budget are agencies with appropriations in parts I through IV of the bill: General government, human services, natural resources, and operating budget transportation appropriations. This amount equals the $85.2 million GFS transfer to the ELTA in this amendment plus an addition $250,000 each year for assumed attorneys' fees.  If a court upholds the provisions of HB 2224 that change the nexus provisions for sales and use and B&O taxes from out of state sellers, then OFM must release those amounts from reserve status, and the Treasurer must transfer $86.2 million back into the GFS from the ELTA. If the state was enjoined from collecting the nexus taxes before they were ultimately upheld, the restored allotments and the transfer must be adjusted in proportion to the taxes the state is estimated to collect in the remaining portion of the biennium.  FISCAL IMPACT:  GFS expenditures are reduced by $85,700,000. GFS resources are reduced by $85,200,000 due to the transfer from the GFS to the ELTA. ELTA resources are increased by $85,200,000. |

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