
SUBSTITUTE HOUSE BILL 2804

State of Washington

66th Legislature

2020 Regular Session

By House Local Government (originally sponsored by Representatives Duerr, Ryu, Pollet, Slatter, and Boehnke)

READ FIRST TIME 02/07/20.

1 AN ACT Relating to local government infrastructure; amending RCW
2 39.104.020, 39.104.100, and 82.14.510; adding a new section to
3 chapter 39.104 RCW; and providing an expiration date.

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

5 **Sec. 1.** RCW 39.104.020 and 2016 c 207 s 1 are each amended to
6 read as follows:

7 The definitions in this section apply throughout this chapter
8 unless the context clearly requires otherwise.

9 (1) "Annual state contribution limit" means two million five
10 hundred thousand dollars statewide per fiscal year for projects
11 approved prior to January 1, 2020, plus the additional amounts
12 approved for demonstration projects in RCW 82.14.505. For projects
13 approved after January 1, 2021, the annual state contribution limit
14 means up to fifteen million dollars statewide per fiscal year for no
15 more than twenty years.

16 (2) "Approving agency" means the department of revenue for
17 project awards approved before June 9, 2016, and the department of
18 commerce for project awards approved after June 9, 2016.

19 (3) "Assessed value" means the valuation of taxable real property
20 as placed on the last completed assessment roll.

1 (4) "Bond" means a bond, a note or other evidence of
2 indebtedness, including but not limited to a lease-purchase agreement
3 or an executory conditional sales contract.

4 (5) "Department" means the department of revenue.

5 (6) "Fiscal year" means the twelve-month period beginning July
6 1st and ending the following June 30th.

7 (7) "Local government" means any city, town, county, and port
8 district.

9 (8) "Local property tax allocation revenue" means those tax
10 revenues derived from the receipt of regular property taxes levied on
11 the property tax allocation revenue value and used for local
12 revitalization financing.

13 (9) "Local revitalization financing" means the use of revenues
14 from local public sources, dedicated to pay the principal and
15 interest on bonds authorized under RCW 39.104.110 and public
16 improvement costs within the revitalization area on a pay-as-you-go
17 basis, and revenues received from the local option sales and use tax
18 authorized in RCW 82.14.510, dedicated to pay the principal and
19 interest on bonds authorized under RCW 39.104.110.

20 (10) "Local sales and use tax increment" means the estimated
21 annual increase in local sales and use taxes as determined by the
22 local government in the calendar years following the approval of the
23 revitalization area by the department from taxable activity within
24 the revitalization area.

25 (11) "Local sales and use taxes" means local revenues derived
26 from the imposition of sales and use taxes authorized in RCW
27 82.14.030.

28 (12) "Ordinance" means any appropriate method of taking
29 legislative action by a local government.

30 (13) "Participating local government" means a local government
31 having a revitalization area within its geographic boundaries that
32 has taken action as provided in RCW 39.104.070(1) to allow the use of
33 all or some of its local sales and use tax increment or other
34 revenues from local public sources dedicated for local revitalization
35 financing.

36 (14) "Participating taxing district" means a taxing district
37 that:

38 (a) Has a revitalization area wholly or partially within its
39 geographic boundaries;

1 (b) Levies or has levied for it regular property taxes as defined
2 in this section; and

3 (c) Has not taken action as provided in RCW 39.104.060(2).

4 (15) "Property tax allocation revenue base value" means the
5 assessed value of real property located within a revitalization area,
6 less the property tax allocation revenue value.

7 (16)(a)(i) "Property tax allocation revenue value" means seventy-
8 five percent of any increase in the assessed value of real property
9 in a revitalization area resulting from:

10 (A) The placement of new construction, improvements to property,
11 or both, on the assessment roll, where the new construction and
12 improvements are initiated after the revitalization area is approved;

13 (B) The cost of new housing construction, conversion, and
14 rehabilitation improvements, when the cost is treated as new
15 construction for purposes of chapter 84.55 RCW as provided in RCW
16 84.14.020, and the new housing construction, conversion, and
17 rehabilitation improvements are initiated after the revitalization
18 area is approved;

19 (C) The cost of rehabilitation of historic property, when the
20 cost is treated as new construction for purposes of chapter 84.55 RCW
21 as provided in RCW 84.26.070, and the rehabilitation is initiated
22 after the revitalization area is approved.

23 (ii) Increases in the assessed value of real property in a
24 revitalization area resulting from (a)(i)(A) through (C) of this
25 subsection are included in the property tax allocation revenue value
26 in the initial year. These same amounts are also included in the
27 property tax allocation revenue value in subsequent years unless the
28 property becomes exempt from property taxation.

29 (b) "Property tax allocation revenue value" includes seventy-five
30 percent of any increase in the assessed value of new construction
31 consisting of an entire building in the years following the initial
32 year, unless the building becomes exempt from property taxation.

33 (c) Except as provided in (b) of this subsection, "property tax
34 allocation revenue value" does not include any increase in the
35 assessed value of real property after the initial year.

36 (d) There is no property tax allocation revenue value if the
37 assessed value of real property in a revitalization area has not
38 increased as a result of any of the reasons specified in (a)(i)(A)
39 through (C) of this subsection.

40 (e) For purposes of this subsection, "initial year" means:

1 (i) For new construction and improvements to property added to
2 the assessment roll, the year during which the new construction and
3 improvements are initially placed on the assessment roll;

4 (ii) For the cost of new housing construction, conversion, and
5 rehabilitation improvements, when the cost is treated as new
6 construction for purposes of chapter 84.55 RCW, the year when the
7 cost is treated as new construction for purposes of levying taxes for
8 collection in the following year; and

9 (iii) For the cost of rehabilitation of historic property, when
10 the cost is treated as new construction for purposes of chapter 84.55
11 RCW, the year when such cost is treated as new construction for
12 purposes of levying taxes for collection in the following year.

13 (17) "Public improvement costs" means the costs of:

14 (a) Design, planning, acquisition, including land acquisition,
15 site preparation including land clearing, construction,
16 reconstruction, rehabilitation, improvement, environmental
17 remediation, and installation of public improvements;

18 (b) Demolishing, relocating, maintaining, and operating property
19 pending construction of public improvements;

20 (c) Relocating utilities as a result of public improvements;

21 (d) Financing public improvements, including interest during
22 construction, legal and other professional services, taxes,
23 insurance, principal and interest costs on general indebtedness
24 issued to finance public improvements, and any necessary reserves for
25 general indebtedness; and

26 (e) Administrative expenses and feasibility studies reasonably
27 necessary and related to these costs, including related costs that
28 may have been incurred before adoption of the ordinance authorizing
29 the public improvements and the use of local revitalization financing
30 to fund the costs of the public improvements.

31 (18) "Public improvements" means:

32 (a) Infrastructure improvements within the revitalization area
33 that include:

34 (i) Street, road, bridge, and rail construction and maintenance;

35 (ii) Water and sewer system construction and improvements;

36 (iii) Sidewalks, streetlights, landscaping, and streetscaping;

37 (iv) Parking, terminal, and dock facilities;

38 (v) Park and ride facilities of a transit authority;

39 (vi) Park facilities, recreational areas, and environmental
40 remediation;

1 (vii) Stormwater and drainage management systems;
2 (viii) Electric, gas, fiber, and other utility infrastructures;
3 and
4 (ix) Site stabilization to allow for higher density construction;
5 (b) Expenditures for any of the following purposes:
6 (i) Providing environmental analysis, professional management,
7 planning, and promotion within the revitalization area, including the
8 management and promotion of retail trade activities in the
9 revitalization area;
10 (ii) Providing maintenance and security for common or public
11 areas in the revitalization area; or
12 (iii) Historic preservation activities authorized under RCW
13 35.21.395.
14 (19) "Real property" has the same meaning as in RCW 84.04.090 and
15 also includes any privately owned improvements located on publicly
16 owned land that are subject to property taxation.
17 (20)(a) "Regular property taxes" means regular property taxes as
18 defined in RCW 84.04.140, except: (i) Regular property taxes levied
19 by public utility districts specifically for the purpose of making
20 required payments of principal and interest on general indebtedness;
21 (ii) regular property taxes levied by the state for the support of
22 common schools under RCW 84.52.065; and (iii) regular property taxes
23 authorized by RCW 84.55.050 that are limited to a specific purpose.
24 (b) "Regular property taxes" do not include:
25 (i) Excess property tax levies that are exempt from the aggregate
26 limits for junior and senior taxing districts as provided in RCW
27 84.52.043; and
28 (ii) Property taxes that are specifically excluded through an
29 interlocal agreement between the sponsoring local government and a
30 participating taxing district as set forth in RCW 39.104.060(3).
31 (21)(a) "Revenues from local public sources" means:
32 (i) The local sales and use tax amounts received as a result of
33 interlocal agreement, local sales and use tax amounts from sponsoring
34 local governments based on its local sales and use tax increment, and
35 local property tax allocation revenues, which are dedicated by a
36 sponsoring local government, participating local governments, and
37 participating taxing districts, for payment of bonds under RCW
38 39.104.110 or public improvement costs within the revitalization area
39 on a pay-as-you-go basis; and

1 (ii) Any other local revenues, except as provided in (b) of this
2 subsection, including revenues derived from federal and private
3 sources and amounts received by taxing districts as set forth by an
4 interlocal agreement as described in RCW 39.104.060(4), which are
5 dedicated for the payment of bonds under RCW 39.104.110 or public
6 improvement costs within the revitalization area on a pay-as-you-go
7 basis.

8 (b) Revenues from local public sources do not include any local
9 funds derived from state grants, state loans, or any other state
10 moneys including any local sales and use taxes credited against the
11 state sales and use taxes imposed under chapter 82.08 or 82.12 RCW.

12 (22) "Revitalization area" means the geographic area adopted by a
13 sponsoring local government and approved by the approving agency,
14 from which local sales and use tax increments are estimated and
15 property tax allocation revenues are derived for local revitalization
16 financing.

17 (23) "Sponsoring local government" means a city, town, county, or
18 any combination thereof, that adopts a revitalization area.

19 (24) "State contribution" means the lesser of:

20 (a) ~~((Five hundred thousand dollars;~~
21 ~~(b)))~~ The project award amount approved by the approving agency
22 as provided in RCW 39.104.100 or 82.14.505; or

23 ~~((e)))~~ (b) The total amount of revenues from local public
24 sources dedicated in the preceding calendar year to the payment of
25 principal and interest on bonds issued under RCW 39.104.110 and
26 public improvement costs within the revitalization area on a pay-as-
27 you-go basis. Revenues from local public sources dedicated in the
28 preceding calendar year that are in excess of the project award may
29 be carried forward and used in later years for the purpose of this
30 subsection (24) ~~((e)))~~ (b).

31 (25) "State property tax increment" means the estimated amount of
32 annual tax revenues estimated to be received by the state from the
33 imposition of property taxes levied by the state for the support of
34 common schools under RCW 84.52.065 on the property tax allocation
35 revenue value, as determined by the sponsoring local government in an
36 application under RCW 39.104.100 and updated periodically as required
37 in RCW 82.32.765.

38 (26) "State sales and use tax increment" means the estimated
39 amount of annual increase in state sales and use taxes to be received
40 by the state from taxable activity within the revitalization area in

1 the years following the approval of the revitalization area as
2 determined by the sponsoring local government in an application under
3 RCW 39.104.100 and updated periodically as required in RCW 82.32.765.

4 (27) "State sales and use taxes" means state retail sales and use
5 taxes under RCW 82.08.020(1) and 82.12.020 at the rate provided in
6 RCW 82.08.020(1), less the amount of tax distributions from all local
7 retail sales and use taxes, other than the local sales and use taxes
8 authorized by RCW 82.14.510 for the applicable revitalization area,
9 imposed on the same taxable events that are credited against the
10 state retail sales and use taxes under RCW 82.08.020(1) and
11 82.12.020.

12 (28) "Taxing district" means a government entity that levies or
13 has levied for it regular property taxes upon real property located
14 within a proposed or approved revitalization area.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 39.104
16 RCW to read as follows:

17 (1) The joint legislative audit and review committee must study
18 the effectiveness of the state contribution under RCW 39.104.100 and
19 82.14.510, and submit a report as provided in subsection (3) of this
20 section.

21 (2) The report must include an assessment of:

22 (a) Whether new sales tax revenue realized due to projects funded
23 in part by the state contribution exceeded the state contribution;

24 (b) Whether elements of the project would not have happened but
25 for the state contribution and local revitalization financing;

26 (c) Whether new construction and business openings that have
27 occurred in the revitalization area would have not occurred elsewhere
28 in the state in the absence of the state contribution and local
29 revitalization financing;

30 (d) Whether projects that received a state contribution
31 accelerated cleanup and redevelopment of brownfields, including those
32 for which the state is a potentially liable person, as defined in RCW
33 70.105D.020; and

34 (e) Whether, on a project-by-project basis, the projects awarded
35 a state contribution are satisfying the criteria under RCW 39.104.100
36 for which the award was made.

37 (3) By December 1, 2025, and in compliance with RCW 43.01.036,
38 the joint legislative audit and review committee must submit to the

1 appropriate committees of the legislature a final report with its
2 findings and recommendations under this section.

3 (4) This section expires December 31, 2025.

4 **Sec. 3.** RCW 39.104.100 and 2016 c 207 s 2 are each amended to
5 read as follows:

6 (1) Prior to applying to receive a state contribution, a
7 sponsoring local government must adopt a revitalization area within
8 the limitations in RCW 39.104.050 and in accordance with RCW
9 39.104.040.

10 (2)(a) As a condition to imposing a sales and use tax under RCW
11 82.14.510, a sponsoring local government must apply and be approved
12 for a project award amount. The application must be in a form and
13 manner prescribed by the approving agency and include, but not be
14 limited to:

15 (i) Information establishing that over the period of time that
16 the local sales and use tax will be imposed under RCW 82.14.510,
17 increases in state and local property, sales, and use tax revenues as
18 a result of public improvements in the revitalization area will be
19 equal to or greater than the respective state and local contributions
20 made under this chapter;

21 (ii) Information demonstrating that the sponsoring local
22 government will meet the requirements necessary to receive the full
23 amount of state contribution it is requesting on an annual basis;

24 (iii) Information demonstrating that the project would not
25 proceed but for use of a revitalization financing award;

26 (iv) The amount of state contribution it is requesting;

27 ~~((iv))~~ (v) The anticipated effective date for imposing the tax
28 under RCW 82.14.510;

29 ~~((v))~~ (vi) The estimated number of years that the tax will be
30 imposed;

31 ~~((vi))~~ (vii) The anticipated rate of tax to be imposed under
32 RCW 82.14.510, subject to the rate-setting conditions in RCW
33 82.14.510(3), should the sponsoring local government be approved for
34 a project award; ~~(and)~~

35 ~~((vii))~~ (viii) The anticipated date when bonds under RCW
36 39.104.110 will be issued; and

37 (ix) Documentation demonstrating that the sponsoring local
38 government has consulted with a federally recognized Indian tribe

1 when the project may involve archaeological, cultural, or natural
2 resource sites of significance to the tribe.

3 (b) The approving agency must make available electronic forms to
4 be used for this purpose. As part of the application, each applicant
5 must provide to the department a copy of the adopted ordinance
6 creating the revitalization area as required in RCW 39.104.040,
7 copies of any adopted interlocal agreements from participating local
8 governments, and any notices from taxing districts that elect not to
9 be a participating taxing district.

10 (3) (a) Project awards must be determined on:

11 (i) The availability of a state contribution;

12 (ii) Whether the sponsoring local government would be able to
13 generate enough tax revenue under RCW 82.14.510 to generate the
14 amount of project award requested;

15 (iii) The number of jobs created;

16 (iv) The fit of the expected business creation or expansion
17 within the region's preferred economic growth strategy;

18 (v) The speed with which the project can begin construction; and

19 (vi) The extent to which the project leverages nonstate funds.

20 (b) The total of all project awards may not exceed the annual
21 state contribution limit.

22 (c) If the level of available state contribution is less than the
23 amount requested by the next available applicant, the applicant must
24 be given the first opportunity to accept the lesser amount of state
25 contribution but only if the applicant produces a new application
26 within sixty days of being notified by the approving agency and the
27 application describes the impact on the proposed project as a result
28 of the lesser award in addition to new application information
29 outlined in subsection (2) of this section.

30 (d) Applications that are not approved for a project award due to
31 lack of available state contribution must be retained on file by the
32 approving agency.

33 (e) (i) Except as provided in (e) (ii) of this subsection, once
34 total project awards reach the amount of annual state contribution
35 limit, no more applications will be accepted.

36 (ii) Any city or county that has been approved for a project
37 award by the department prior to January 1, 2011, and has not imposed
38 a sales and use tax under RCW 82.14.510 by December 31, 2016, must
39 forfeit their project award. However, amounts will not be forfeited
40 if a city or county has sent the department a letter indicating its

1 intent to impose the sales and use tax by July 1, 2022, before July
2 1, 2016. Amounts forfeited under this section must be made available
3 for new applications under subsection (5) of this section.

4 (f) If the annual contribution limit is increased by making
5 additional funds available for applicants or if funds become
6 available from project awards forfeited under (e)(ii) of this
7 subsection, applications will be accepted again as described in
8 subsection (5) of this section.

9 (4) The approving agency must notify the sponsoring local
10 government of approval or denial of a project award within sixty days
11 of the approving agency's receipt of the sponsoring local
12 government's application. Determination of a project award by the
13 approving agency is final. Notification must include the earliest
14 date when the tax authorized under RCW 82.14.510 may be imposed,
15 subject to conditions in chapter 82.14 RCW. The project award
16 notification must specify the rate requested in the application and
17 any adjustments to the rate that would need to be made based on the
18 project award and rate restrictions in RCW 82.14.510. The department
19 of commerce must consult with the department of revenue in
20 determining the amount of a project award.

21 (5) The department of commerce must begin accepting applications
22 and approving project awards under this section on and after ((June
23 9)) January 1, ((2016)) 2021. The department of commerce must notify
24 the department of all approved project awards under this section. The
25 department of commerce must also provide to the department any
26 information necessary to implement the tax authorized under RCW
27 82.14.510.

28 (a) For project awards approved on and after January 1, 2021, the
29 department of commerce shall use the following criteria to evaluate
30 and make awards:

31 (i) The project's potential to enhance the sponsoring local
32 government's regional or international competitiveness;

33 (ii) The project's ability to encourage mixed-use or transit-
34 oriented development and the redevelopment of a geographic area;

35 (iii) The project's ability to redevelop or utilize a site which
36 is a brownfield as defined in RCW 70.105D.020, with additional
37 priority if the state may be a potentially liable person, as defined
38 in RCW 70.105D.020, for such site;

39 (iv) Achieving an overall distribution of projects statewide that
40 reflect geographic diversity;

1 (v) The estimated wages and benefits for the project are greater
2 than the average labor market area;

3 (vi) The estimated state and local net employment change over the
4 life of the project;

5 (vii) The estimated state and local net property tax change over
6 the life of the project;

7 (viii) The estimated state and local sales and use tax increase
8 over the life of the project;

9 (ix) The speed at which the project can begin construction;

10 (x) The extent to which the project leverages nonstate funds;

11 (xi) The likelihood that the project would proceed forward
12 without the use of state funds; and

13 (xii) For projects involving housing, whether at least twenty-
14 five percent of new units will be affordable for those making less
15 than eighty percent of the median income in the sponsoring local
16 government's jurisdiction. For the purposes of this subsection,
17 "affordable" means that monthly rent for the unit will be no more
18 than twenty-four percent of the median income in the sponsoring local
19 government's jurisdiction until all general obligation bonds issued
20 under RCW 39.104.110 are retired.

21 (b) State funding for the projects approved under this section is
22 provided through a credit against the state sales and use tax. The
23 maximum state contribution a sponsoring local government may receive
24 each year is limited to one million dollars per year for twenty
25 years.

26 (c) Projects must begin no later than December 31, 2026, to
27 qualify to receive funding.

28 **Sec. 4.** RCW 82.14.510 and 2016 c 207 s 4 are each amended to
29 read as follows:

30 (1) Any city or county that has been approved for a project award
31 under RCW 39.104.100 may impose a sales and use tax under the
32 authority of this section in accordance with the terms of this
33 chapter. Except as provided in this section, the tax is in addition
34 to other taxes authorized by law and must be collected from those
35 persons who are taxable by the state under chapters 82.08 and 82.12
36 RCW upon the occurrence of any taxable event within the taxing
37 jurisdiction of the city or county.

38 (2) The tax authorized under subsection (1) of this section is
39 credited against the state taxes imposed under RCW 82.08.020(1) and

1 82.12.020 at the rate provided in RCW 82.08.020(1). The department
2 must perform the collection of such taxes on behalf of the city or
3 county at no cost to the city or county. The taxes must be
4 distributed to cities and counties as provided in RCW 82.14.060.

5 (3) The rate of tax imposed by a city or county may not exceed
6 the lesser of:

7 (a) The rate provided in RCW 82.08.020(1), less:

8 (i) The aggregate rates of all other local sales and use taxes
9 imposed by any taxing authority on the same taxable events;

10 (ii) The aggregate rates of all taxes under RCW 82.14.465 and
11 82.14.475 and this section that are authorized but have not yet been
12 imposed on the same taxable events by a city or county that has been
13 approved to receive a state contribution by the department, the
14 department of commerce, or the community economic revitalization
15 board under chapter 39.104, 39.100, or 39.102 RCW; and

16 (iii) The percentage amount of distributions required under RCW
17 82.08.020(~~(+5)~~) multiplied by the rate of state taxes imposed under
18 RCW 82.08.020(1); and

19 (b) The rate, as determined by the city or county in consultation
20 with the department, reasonably necessary to receive the project
21 award under RCW 39.104.100 over ten months.

22 (4) The department, upon request, must assist a city or county in
23 establishing its tax rate in accordance with subsection (3) of this
24 section. Once the rate of tax is selected through the application
25 process and approved under RCW 39.104.100, it may not be increased.

26 (5)(a) Except as provided in (c) and (d) of this subsection, no
27 tax may be imposed under the authority of this section before:

28 (i) July 1, 2011;

29 (ii) July 1st of the second calendar year following the year in
30 which the application was approved under RCW 39.104.100;

31 (iii) The state sales and use tax increment and state property
32 tax increment for the preceding calendar year equal or exceed the
33 amount of the project award approved under RCW 39.104.100; and

34 (iv) Bonds have been issued according to RCW 39.104.110.

35 (b) The tax imposed under this section expires the earlier of the
36 date that the bonds issued under the authority of RCW 39.104.110 are
37 retired or (~~(twenty-five)~~) twenty years after the tax is first
38 imposed.

1 (c) For a demonstration project described in RCW 82.14.505(1)(a)
2 except as provided in (d) of this subsection (5), no tax may be
3 imposed under the authority of this section before:

4 (i) July 1, 2010; and

5 (ii) Bonds have been issued according to RCW 39.104.110.

6 (d) The requirement to issue bonds in (a)(iv) or (c)(ii) of this
7 subsection (5) does not apply to demonstration projects authorized by
8 RCW 82.14.505(1)(a)(iii), or any city receiving a project award under
9 RCW 39.104.100 of less than one hundred fifty thousand dollars.

10 (6) An ordinance or resolution adopted by the legislative
11 authority of the city or county imposing a tax under this section
12 must provide that:

13 (a) The tax will first be imposed on the first day of a fiscal
14 year;

15 (b) The cumulative amount of tax received by the city or county,
16 in any fiscal year, may not exceed the amount approved by the
17 department under subsection (10) of this section;

18 (c) The department must cease distributing the tax for the
19 remainder of any fiscal year in which either:

20 (i) The amount of tax received by the city or county equals the
21 amount of distributions approved by the department for the fiscal
22 year under subsection (10) of this section; or

23 (ii) The amount of revenue distributed to all sponsoring and
24 cosponsoring local governments from taxes imposed under this section
25 equals the annual state contribution limit;

26 (d) The tax will be distributed again, should it cease to be
27 distributed for any of the reasons provided in (c) of this
28 subsection, at the beginning of the next fiscal year, subject to the
29 restrictions in this section; and

30 (e) The state is entitled to any revenue generated by the tax in
31 excess of the amounts specified in (c) of this subsection.

32 (7) If a city or county receives approval for more than one
33 revitalization area within its jurisdiction, the city or county may
34 impose a sales and use tax under this section for each revitalization
35 area.

36 (8) The department must determine the amount of tax receipts
37 distributed to each city and county imposing a sales and use tax
38 under the authority of this section and must advise a city or county
39 when tax distributions for the fiscal year equal the amount
40 determined by the department in subsection (10) of this section.

1 Determinations by the department of the amount of tax distributions
2 attributable to a city or county are not appealable. The department
3 must remit any tax receipts in excess of the amounts specified in
4 subsection (6)(c) of this section to the state treasurer who must
5 deposit the money in the general fund.

6 (9) If a city or county fails to comply with RCW 82.32.765, no
7 tax may be distributed in the subsequent fiscal year until such time
8 as the city or county complies and the department calculates the
9 state contribution amount according to subsection (10) of this
10 section for the fiscal year.

11 (10)(a) For each fiscal year that a city or county imposes the
12 tax under the authority of this section, the department must approve
13 the amount of taxes that may be distributed to the city or county.
14 The amount approved by the department under this subsection is the
15 lesser of:

16 (i) The state contribution;

17 (ii) The amount of project award granted as provided in RCW
18 39.104.100; or

19 (iii) The total amount of revenues from local public sources
20 dedicated or, in the case of carry forward revenues, deemed dedicated
21 in the preceding calendar year, as reported in the required annual
22 report under RCW 82.32.765.

23 (b) A city or county may not receive, in any fiscal year, more
24 revenues from taxes imposed under the authority of this section than
25 the amount approved annually by the department.

26 (11) The amount of tax distributions received from taxes imposed
27 under the authority of this section by all cities and counties is
28 limited annually to not more than the amount of annual state
29 contribution limit.

30 (12) The definitions in RCW 39.104.020 apply to this section
31 subject to subsection (13) of this section and unless the context
32 clearly requires otherwise.

33 (13) For purposes of this section, the following definitions
34 apply:

35 (a) "Local sales and use taxes" means sales and use taxes imposed
36 by cities, counties, public facilities districts, and other local
37 governments under the authority of this chapter, chapter 67.28 RCW,
38 or any other chapter, and that are credited against the state sales
39 and use taxes.

1 (b) "State sales and use taxes" means the taxes imposed in RCW
2 82.08.020(1) and 82.12.020.

--- **END** ---