
SENATE BILL 5518

State of Washington

69th Legislature

2025 Regular Session

By Senators Kauffman, Orwall, and Nobles

Read first time 01/27/25. Referred to Committee on Ways & Means.

1 AN ACT Relating to authorizing funding tools to mitigate the
2 impact of sales tax sourcing and enhance community vitality in
3 certain cities that host industrial and warehousing industries that
4 are vital to the statewide economy; adding a new section to chapter
5 82.14 RCW; creating a new section; and declaring an emergency.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that additional
8 funding tools are needed to improve community vitality in the
9 industrial and warehousing valley located near the port of Seattle
10 and the port of Tacoma. Sales tax sourcing laws created a significant
11 negative fiscal impact on this community thereby impacting the
12 quality of life of residents in the valley. The valley is a vital job
13 center to Washington state's economy and is one of the most diverse
14 communities in the state. At the same time, with a concentration of
15 warehousing, manufacturing, and shipping businesses, this community
16 experiences negative impacts on resources that other communities do
17 not experience. Furthermore, the legislature recognizes the dedicated
18 funding in RCW 82.14.545 for the manufacturing and warehousing job
19 centers account, RCW 82.14.550, is scheduled to expire on July 1,
20 2026. The legislature hereby authorizes new funding tools for these

1 communities to generate revenue necessary to improve community
2 vitality.

3 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.14
4 RCW to read as follows:

5 (1) The legislative authority of any city with a population over
6 120,000 and located in a county with a population of 1,500,000 or
7 more, may authorize, fix, and impose a sales and use tax in
8 accordance with the terms of this chapter. The tax is in addition to
9 other taxes authorized by law and is collected from those persons who
10 are taxable by the state under chapters 82.08 and 82.12 RCW upon the
11 occurrence of any taxable event within the city. The rate of tax may
12 not exceed 0.3 percent of the selling price in the case of a sales
13 tax or value of the article used in the case of a use tax.

14 (2) The tax may only be imposed by a city if more than 25 percent
15 of the total assessed valuation of the city is zoned for either
16 industrial or warehousing uses, or both.

17 (3) The tax imposed under subsection (1) of this section is
18 credited against the state tax under chapters 82.08 and 82.12 RCW.
19 The department must perform the collection of such taxes on behalf of
20 the city at no cost to the city and must remit the tax to the city as
21 provided in RCW 82.14.060.

22 (4) The tax imposed by this section may only be imposed at the
23 beginning of a fiscal year and continue for no more than 20 years
24 from the date the tax is first imposed.

25 (5) Moneys collected under this section may be used for the
26 purpose of improving the vitality of the community in the same manner
27 that general fund revenue may be used.

28 (6) No tax may be imposed under this section before July 1, 2025.

29 (7) A city imposing the tax authority under this section must
30 engage in the following public process each time it adopts a biennial
31 budget:

32 (a) The city shall hold a minimum of three town hall meetings
33 within the city, each at a different geographical location and at a
34 different time of the day, explaining the budget process to the
35 public and providing opportunities for community member dialogue;

36 (b) The city shall provide a webpage outlining the budget
37 development process, the dates for scheduled budget hearings, and
38 where to find budget information; and

1 (c) The city shall conduct a survey to solicit input from the
2 public on budget priorities.

3 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
4 preservation of the public peace, health, or safety, or support of
5 the state government and its existing public institutions, and takes
6 effect immediately.

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