
HOUSE BILL 2002

State of Washington

54th Legislature

1995 Regular Session

By Representatives D. Schmidt, Koster and Thompson

Read first time 02/21/95. Referred to Committee on Government Operations.

1 AN ACT Relating to city and town annexations under the petition/
2 election method of annexation; amending RCW 66.08.210, 82.14.210, and
3 82.08.170; adding a new section to chapter 35.13 RCW; and adding a new
4 section to chapter 35A.14 RCW.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 35.13 RCW
7 to read as follows:

8 (1) If a city or town council rejects, or geographically modifies,
9 a proposed annexation to the city or town that is presented by petition
10 under RCW 35.13.020, and the area proposed to be annexed constitutes
11 all of the influence area designated for the city or town, the city or
12 town shall not receive the following distributions of money from the
13 following funds or accounts:

14 (a) The municipal sales and use tax equalization account authorized
15 under RCW 82.14.210;

16 (b) The liquor revolving fund authorized under RCW 66.08.190 and
17 66.08.210; and

18 (c) The liquor excise tax fund authorized under RCW 82.08.170.

1 Moneys that would have been distributed to such a city or town from
2 these funds or accounts shall be distributed to the county or counties
3 in which the influence area is located and the county or counties shall
4 expend these moneys for criminal justice purposes, as defined in RCW
5 82.14.320, targeted for the influence area.

6 A city or town that rejects or geographically modifies the proposed
7 annexation shall receive distributions from these funds or accounts,
8 and the county or counties in which the influence area is located shall
9 no longer receive what otherwise would have been the city's or town's
10 distributions, if at a later date the city or town annexes all of its
11 influence area. A city or town shall continue receiving distributions
12 from these funds and accounts if the city accepts the proposed
13 annexation, but the annexation is rejected by a boundary review board
14 or other annexation review board or if the ballot proposition
15 authorizing the annexation is not approved by voters.

16 (2) As used in this section, "influence area" means the following
17 areas within the urban growth area designated under RCW 36.70A.110
18 within which a city or town is located: (a) If only one city or town
19 is located within the urban growth area, then all of the urban growth
20 area outside of the city or town; or (b) if two or more cities or towns
21 are located within the same urban growth area, then any portion of that
22 urban growth area outside of a city or town that is formally designated
23 as a joint planning area for the city or town and county, a potential
24 annexation area for the city or town, an existing or future service
25 area for the city or town, or other area of influence for the city or
26 town.

27 NEW SECTION. **Sec. 2.** A new section is added to chapter 35A.14 RCW
28 to read as follows:

29 Code cities are subject to section 1 of this act.

30 **Sec. 3.** RCW 66.08.210 and 1979 c 151 s 168 are each amended to
31 read as follows:

32 With respect to the forty percent share coming to the incorporated
33 cities and towns, the computations for distribution shall be made by
34 the state agency responsible for collecting the same as follows:

35 The share coming to each eligible city or town shall be determined
36 by a division among the eligible cities and towns within the state
37 ratably on the basis of population as last determined by the office of

1 financial management: ((AND)) PROVIDED, That no city or town in which
2 the sale of liquor is forbidden as the result of an election shall be
3 entitled to any share in such distribution. However, as provided in
4 sections 1 and 2 of this act, distributions that otherwise would be
5 made to a city or town shall be made to the county or counties in which
6 the influence area of the city or town is located. If the influence
7 area is located in more than one county, the city's or town's
8 distribution shall be made to each of these counties in proportion to
9 the percentage of the population in the influence area residing in that
10 county. The department of community, trade, and economic development
11 shall notify the state treasurer if a city or town becomes ineligible
12 under section 1 or 2 of this act to receive a share of such
13 distributions and, if the influence area is located in more than one
14 county, shall indicate the percentage of the population of the
15 influence area residing in each county.

16 **Sec. 4.** RCW 82.14.210 and 1991 sp.s. c 13 s 16 are each amended to
17 read as follows:

18 There is created in the state treasury a special account to be
19 known as the "municipal sales and use tax equalization account." Into
20 this account shall be placed such revenues as are provided under RCW
21 82.44.110(1)(e). Funds in this account shall be allocated by the state
22 treasurer according to the following procedure:

23 (1) Prior to January 1st of each year the department of revenue
24 shall determine the total and the per capita levels of revenues for
25 each city and the state-wide weighted average per capita level of
26 revenues for all cities imposing the sales and use tax authorized under
27 RCW 82.14.030(1) for the previous calendar year.

28 (2) At such times as distributions are made under RCW 82.44.150,
29 the state treasurer shall apportion to each city not imposing the sales
30 and use tax under RCW 82.14.030(2) an amount from the municipal sales
31 and use tax equalization account equal to the amount distributed to the
32 city under RCW 82.44.155, multiplied by thirty-five sixty-fifths.

33 (3) Subsequent to the distributions under subsection (2) of this
34 section, and at such times as distributions are made under RCW
35 82.44.150, the state treasurer shall apportion to each city imposing
36 the sales and use tax under RCW 82.14.030(1) at the maximum rate and
37 receiving less than seventy percent of the state-wide weighted average
38 per capita level of revenues for all cities as determined by the

1 department of revenue under subsection (1) of this section, an amount
2 from the municipal sales and use tax equalization account sufficient,
3 when added to the per capita level of revenues received the previous
4 calendar year by the city, to equal seventy percent of the state-wide
5 weighted average per capita level of revenues for all cities determined
6 under subsection (1) of this section, subject to reduction under
7 subsection (6) of this section.

8 (4) Subsequent to the distributions under subsection (3) of this
9 section, and at such times as distributions are made under RCW
10 82.44.150, the state treasurer shall apportion to each city imposing
11 the sales and use tax under RCW 82.14.030(2) at the maximum rate and
12 receiving a distribution under subsection (3) of this section, a third
13 distribution from the municipal sales and use tax equalization account.
14 The distribution to each qualifying city shall be equal to the
15 distribution to the city under subsection (3) of this section, subject
16 to the reduction under subsection (6) of this section. To qualify for
17 the distributions under this subsection, the city must impose the tax
18 under RCW 82.14.030(2) for the entire calendar year. Cities imposing
19 the tax for less than the full year shall qualify for prorated
20 allocations under this subsection proportionate to the number of months
21 of the year during which the tax is imposed.

22 (5) For a city with an official incorporation date after January 1,
23 1990, municipal sales and use tax equalization distributions shall be
24 made according to the procedures in this subsection. Municipal sales
25 and use tax equalization distributions to eligible new cities shall be
26 made at the same time as distributions are made under subsections (3)
27 and (4) of this section. The department of revenue shall follow the
28 estimating procedures outlined in this subsection until the new city
29 has received a full year's worth of revenues under RCW 82.14.030(1) as
30 of the January municipal sales and use tax equalization distribution.

31 (a) Whether a newly incorporated city determined to receive funds
32 under this subsection receives its first equalization payment at the
33 January, April, July, or October municipal sales and use tax
34 equalization distribution shall depend on the date the city first
35 imposes the tax authorized under RCW 82.14.030(1).

36 (i) A newly incorporated city imposing the tax authorized under RCW
37 82.14.030(1) effective as of January 1st shall be eligible to receive
38 funds under this subsection beginning with the April municipal sales
39 and use tax equalization distribution of that year.

1 (ii) A newly incorporated city imposing the tax authorized under
2 RCW 82.14.030(1) effective as of February 1st, March 1st, or April 1st
3 shall be eligible to receive funds under this subsection beginning with
4 the July municipal sales and use tax equalization distribution of that
5 year.

6 (iii) A newly incorporated city imposing the tax authorized under
7 RCW 82.14.030(1) effective as of May 1st, June 1st, or July 1st shall
8 be eligible to receive funds under this subsection beginning with the
9 October municipal sales and use tax equalization distribution of that
10 year.

11 (iv) A newly incorporated city imposing the tax authorized under
12 RCW 82.14.030(1) effective as of August 1st, September 1st, or October
13 1st shall be eligible to receive funds under this subsection beginning
14 with the January municipal sales and use tax equalization distribution
15 of the next year.

16 (v) A newly incorporated city imposing the tax authorized under RCW
17 82.14.030(1) effective as of November 1st or December 1st shall be
18 eligible to receive funds under this subsection beginning with the
19 April municipal sales and use tax equalization distribution of the next
20 year.

21 (b) For purposes of calculating the amount of funds the new city
22 should receive under this subsection, the department of revenue shall:

23 (i) Estimate the per capita amount of revenues from the tax
24 authorized under RCW 82.14.030(1) that the new city would have received
25 had the city received revenues from the tax the entire calendar year;

26 (ii) Calculate the amount provided under subsection (3) of this
27 section based on the per capita revenues determined under (b)(i) of
28 this subsection;

29 (iii) Prorate the amount determined under (b)(ii) of this
30 subsection by the number of months the tax authorized under RCW
31 82.14.030(1) is imposed.

32 (c) A new city imposing the tax under RCW 82.14.030(2) at the
33 maximum rate and receiving a distribution calculated under (b) of this
34 subsection shall receive another distribution from the municipal sales
35 and use tax equalization account. This distribution shall be equal to
36 the calculation made under (b)(ii) of this subsection, prorated by the
37 number of months the city imposes the tax authorized under RCW
38 82.14.030(2) at the full rate.

1 (d) The department of revenue shall advise the state treasurer of
2 the amounts calculated under (b) and (c) of this subsection and the
3 state treasurer shall distribute these amounts to the new city from the
4 municipal sales and use tax equalization account subject to the
5 limitations imposed in subsection (6) of this section.

6 (e) Revenues estimated under this subsection shall not affect the
7 calculation of the state-wide weighted average per capita level of
8 revenues for all cities made under subsection (1) of this section.

9 (6) If inadequate revenues exist in the municipal sales and use tax
10 equalization account to make the distributions under subsection (3),
11 (4), or (5) of this section, then the distributions under subsections
12 (3), (4), and (5) of this section shall be reduced ratably among the
13 qualifying cities. At such time during the year as additional funds
14 accrue to the municipal sales and use tax equalization account,
15 additional distributions shall be made under subsections (3), (4), and
16 (5) of this section to the cities.

17 (7) If the level of revenues in the municipal sales and use tax
18 equalization account exceeds the amount necessary to make the
19 distributions under subsections (2) through (5) of this section, then
20 the additional revenues shall be apportioned among the several cities
21 within the state ratably on the basis of population as last determined
22 by the office of financial management: PROVIDED, That no such
23 distribution shall be made to those cities receiving a distribution
24 under subsection (2) of this section.

25 (8) However, as provided in sections 1 and 2 of this act,
26 distributions that otherwise would be made to a city or town shall be
27 made to the county or counties in which the influence area of the city
28 or town is located. If the influence area is located in more than one
29 county, the city's or town's distribution shall be made to each of
30 these counties in proportion to the percentage of the population in the
31 influence area residing in that county. The department of community,
32 trade, and economic development shall notify the state treasurer if a
33 city or town becomes ineligible under section 1 or 2 of this act to
34 receive a share of such distributions and, if the influence area is
35 located in more than one county, shall indicate the percentage of the
36 population of the influence area residing in each county.

37 **Sec. 5.** RCW 82.08.170 and 1983 c 3 s 215 are each amended to read
38 as follows:

1 On the first day of the months of January, April, July and October
2 of each year, the state treasurer shall make the apportionment and
3 distribution of all moneys in the liquor excise tax fund to the
4 counties, cities and towns in the following proportions: Twenty
5 percent of the moneys in said liquor excise tax fund shall be divided
6 among and distributed to the counties of the state in accordance with
7 the provisions of RCW 66.08.200; eighty percent of the moneys in said
8 liquor excise tax fund shall be divided among and distributed to the
9 cities and towns of the state in accordance with the provisions of RCW
10 66.08.210.

11 However, as provided in sections 1 and 2 of this act, distributions
12 that otherwise would be made to a city or town shall be made to the
13 county or counties in which the influence area of the city or town is
14 located. If the influence area is located in more than one county, the
15 city's or town's distribution shall be made to each of these counties
16 in proportion to the percentage of the population in the influence area
17 residing in that county. The department of community, trade, and
18 economic development shall notify the state treasurer if a city or town
19 becomes ineligible under section 1 or 2 of this act to receive a share
20 of such distributions and, if the influence area is located in more
21 than one county, shall indicate the percentage of the population of the
22 influence area residing in each county.

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