

2 **E2SSB 6856** - S AMD - 331

3 By Senators Haugen, Gardner and Horn

4

5 Strike everything after the enacting clause and insert the
6 following:

7 "**Sec. 1.** RCW 82.08.020 and 1998 c 321 s 36 (Referendum Bill No.
8 49) are each amended to read as follows:

9 (1) There is levied and there shall be collected a tax on each
10 retail sale in this state equal to six and five-tenths percent of the
11 selling price.

12 (2) There is levied and there shall be collected an additional tax
13 on each retail car rental, regardless of whether the vehicle is
14 licensed in this state, equal to five and nine-tenths percent of the
15 selling price. The revenue collected under this subsection shall be
16 deposited (~~(and distributed in the same manner as motor vehicle excise
17 tax revenue collected under RCW 82.44.020(1))~~) in the multimodal
18 transportation account created in section 2 of this act.

19 (3) The taxes imposed under this chapter shall apply to successive
20 retail sales of the same property.

21 (4) The rates provided in this section apply to taxes imposed under
22 chapter 82.12 RCW as provided in RCW 82.12.020.

23 NEW SECTION. **Sec. 2.** A new section is added to chapter 47.66 RCW
24 to read as follows:

25 The multimodal transportation account is created in the state
26 treasury. Moneys in the account may be spent only after appropriation.
27 Expenditures from the account may be used only for transportation
28 purposes.

29 **Sec. 3.** RCW 43.84.092 and 1999 c 380 s 8, 1999 c 309 s 928, 1999
30 c 268 s 4, and 1999 c 94 s 2 are each reenacted and amended to read as
31 follows:

32 (1) All earnings of investments of surplus balances in the state
33 treasury shall be deposited to the treasury income account, which
34 account is hereby established in the state treasury.

1 (2) The treasury income account shall be utilized to pay or receive
2 funds associated with federal programs as required by the federal cash
3 management improvement act of 1990. The treasury income account is
4 subject in all respects to chapter 43.88 RCW, but no appropriation is
5 required for refunds or allocations of interest earnings required by
6 the cash management improvement act. Refunds of interest to the
7 federal treasury required under the cash management improvement act
8 fall under RCW 43.88.180 and shall not require appropriation. The
9 office of financial management shall determine the amounts due to or
10 from the federal government pursuant to the cash management improvement
11 act. The office of financial management may direct transfers of funds
12 between accounts as deemed necessary to implement the provisions of the
13 cash management improvement act, and this subsection. Refunds or
14 allocations shall occur prior to the distributions of earnings set
15 forth in subsection (4) of this section.

16 (3) Except for the provisions of RCW 43.84.160, the treasury income
17 account may be utilized for the payment of purchased banking services
18 on behalf of treasury funds including, but not limited to, depository,
19 safekeeping, and disbursement functions for the state treasury and
20 affected state agencies. The treasury income account is subject in all
21 respects to chapter 43.88 RCW, but no appropriation is required for
22 payments to financial institutions. Payments shall occur prior to
23 distribution of earnings set forth in subsection (4) of this section.

24 (4) Monthly, the state treasurer shall distribute the earnings
25 credited to the treasury income account. The state treasurer shall
26 credit the general fund with all the earnings credited to the treasury
27 income account except:

28 (a) The following accounts and funds shall receive their
29 proportionate share of earnings based upon each account's and fund's
30 average daily balance for the period: The capitol building
31 construction account, the Cedar River channel construction and
32 operation account, the Central Washington University capital projects
33 account, the charitable, educational, penal and reformatory
34 institutions account, the common school construction fund, the county
35 criminal justice assistance account, the county sales and use tax
36 equalization account, the data processing building construction
37 account, the deferred compensation administrative account, the deferred
38 compensation principal account, the department of retirement systems
39 expense account, the drinking water assistance account, the Eastern

1 Washington University capital projects account, the education
2 construction fund, the emergency reserve fund, the federal forest
3 revolving account, the health services account, the public health
4 services account, the health system capacity account, the personal
5 health services account, the state higher education construction
6 account, the higher education construction account, the highway
7 infrastructure account, the industrial insurance premium refund
8 account, the judges' retirement account, the judicial retirement
9 administrative account, the judicial retirement principal account, the
10 local leasehold excise tax account, the local real estate excise tax
11 account, the local sales and use tax account, the medical aid account,
12 the mobile home park relocation fund, the multimodal transportation
13 account, the municipal criminal justice assistance account, the
14 municipal sales and use tax equalization account, the natural resources
15 deposit account, the perpetual surveillance and maintenance account,
16 the public employees' retirement system plan 1 account, the public
17 employees' retirement system plan 2 account, the Puyallup tribal
18 settlement account, the resource management cost account, the site
19 closure account, the special wildlife account, the state employees'
20 insurance account, the state employees' insurance reserve account, the
21 state investment board expense account, the state investment board
22 commingled trust fund accounts, the supplemental pension account, the
23 teachers' retirement system plan 1 account, the teachers' retirement
24 system plan 2 account, the tobacco prevention and control account, the
25 tobacco settlement account, the transportation infrastructure account,
26 the tuition recovery trust fund, the University of Washington bond
27 retirement fund, the University of Washington building account, the
28 volunteer fire fighters' and reserve officers' relief and pension
29 principal ((~~account~~)) fund, the volunteer fire fighters' ((~~relief~~)) and
30 ((~~pension~~)) reserve officers' administrative ((~~account~~)) fund, the
31 Washington judicial retirement system account, the Washington law
32 enforcement officers' and fire fighters' system plan 1 retirement
33 account, the Washington law enforcement officers' and fire fighters'
34 system plan 2 retirement account, the Washington state patrol
35 retirement account, the Washington State University building account,
36 the Washington State University bond retirement fund, the water
37 pollution control revolving fund, and the Western Washington University
38 capital projects account. Earnings derived from investing balances of
39 the agricultural permanent fund, the normal school permanent fund, the

1 permanent common school fund, the scientific permanent fund, and the
2 state university permanent fund shall be allocated to their respective
3 beneficiary accounts. All earnings to be distributed under this
4 subsection (4)(a) shall first be reduced by the allocation to the state
5 treasurer's service fund pursuant to RCW 43.08.190.

6 (b) The following accounts and funds shall receive eighty percent
7 of their proportionate share of earnings based upon each account's or
8 fund's average daily balance for the period: The aeronautics account,
9 the aircraft search and rescue account, the county arterial
10 preservation account, the department of licensing services account, the
11 essential rail assistance account, the ferry bond retirement fund, the
12 grade crossing protective fund, the high capacity transportation
13 account, the highway bond retirement fund, the highway safety account,
14 the marine operating fund, the motor vehicle fund, the motorcycle
15 safety education account, the pilotage account, the public
16 transportation systems account, the Puget Sound capital construction
17 account, the Puget Sound ferry operations account, the recreational
18 vehicle account, the rural arterial trust account, the safety and
19 education account, the special category C account, the state patrol
20 highway account, the transportation equipment fund, the transportation
21 fund, the transportation improvement account, the transportation
22 improvement board bond retirement account, and the urban arterial trust
23 account.

24 (5) In conformance with Article II, section 37 of the state
25 Constitution, no treasury accounts or funds shall be allocated earnings
26 without the specific affirmative directive of this section.

27 **Sec. 4.** RCW 43.84.092 and 2000 c 79 s 38 are each amended to read
28 as follows:

29 (1) All earnings of investments of surplus balances in the state
30 treasury shall be deposited to the treasury income account, which
31 account is hereby established in the state treasury.

32 (2) The treasury income account shall be utilized to pay or receive
33 funds associated with federal programs as required by the federal cash
34 management improvement act of 1990. The treasury income account is
35 subject in all respects to chapter 43.88 RCW, but no appropriation is
36 required for refunds or allocations of interest earnings required by
37 the cash management improvement act. Refunds of interest to the
38 federal treasury required under the cash management improvement act

1 fall under RCW 43.88.180 and shall not require appropriation. The
2 office of financial management shall determine the amounts due to or
3 from the federal government pursuant to the cash management improvement
4 act. The office of financial management may direct transfers of funds
5 between accounts as deemed necessary to implement the provisions of the
6 cash management improvement act, and this subsection. Refunds or
7 allocations shall occur prior to the distributions of earnings set
8 forth in subsection (4) of this section.

9 (3) Except for the provisions of RCW 43.84.160, the treasury income
10 account may be utilized for the payment of purchased banking services
11 on behalf of treasury funds including, but not limited to, depository,
12 safekeeping, and disbursement functions for the state treasury and
13 affected state agencies. The treasury income account is subject in all
14 respects to chapter 43.88 RCW, but no appropriation is required for
15 payments to financial institutions. Payments shall occur prior to
16 distribution of earnings set forth in subsection (4) of this section.

17 (4) Monthly, the state treasurer shall distribute the earnings
18 credited to the treasury income account. The state treasurer shall
19 credit the general fund with all the earnings credited to the treasury
20 income account except:

21 (a) The following accounts and funds shall receive their
22 proportionate share of earnings based upon each account's and fund's
23 average daily balance for the period: The capitol building
24 construction account, the Cedar River channel construction and
25 operation account, the Central Washington University capital projects
26 account, the charitable, educational, penal and reformatory
27 institutions account, the common school construction fund, the county
28 criminal justice assistance account, the county sales and use tax
29 equalization account, the data processing building construction
30 account, the deferred compensation administrative account, the deferred
31 compensation principal account, the department of retirement systems
32 expense account, the drinking water assistance account, the Eastern
33 Washington University capital projects account, the education
34 construction fund, the emergency reserve fund, the federal forest
35 revolving account, the health services account, the public health
36 services account, the health system capacity account, the personal
37 health services account, the state higher education construction
38 account, the higher education construction account, the highway
39 infrastructure account, the industrial insurance premium refund

1 account, the judges' retirement account, the judicial retirement
2 administrative account, the judicial retirement principal account, the
3 local leasehold excise tax account, the local real estate excise tax
4 account, the local sales and use tax account, the medical aid account,
5 the mobile home park relocation fund, the multimodal transportation
6 account, the municipal criminal justice assistance account, the
7 municipal sales and use tax equalization account, the natural resources
8 deposit account, the perpetual surveillance and maintenance account,
9 the public employees' retirement system plan 1 account, the public
10 employees' retirement system plan 2 account, the Puyallup tribal
11 settlement account, the resource management cost account, the site
12 closure account, the special wildlife account, the state employees'
13 insurance account, the state employees' insurance reserve account, the
14 state investment board expense account, the state investment board
15 commingled trust fund accounts, the supplemental pension account, the
16 teachers' retirement system plan 1 account, the teachers' retirement
17 system plan 2 account, the tobacco prevention and control account, the
18 tobacco settlement account, the transportation infrastructure account,
19 the tuition recovery trust fund, the University of Washington bond
20 retirement fund, the University of Washington building account, the
21 volunteer fire fighters' and reserve officers' relief and pension
22 principal fund, the volunteer fire fighters' and reserve officers'
23 administrative fund, the Washington judicial retirement system account,
24 the Washington law enforcement officers' and fire fighters' system plan
25 1 retirement account, the Washington law enforcement officers' and fire
26 fighters' system plan 2 retirement account, the Washington state health
27 insurance pool account, the Washington state patrol retirement account,
28 the Washington State University building account, the Washington State
29 University bond retirement fund, the water pollution control revolving
30 fund, and the Western Washington University capital projects account.
31 Earnings derived from investing balances of the agricultural permanent
32 fund, the normal school permanent fund, the permanent common school
33 fund, the scientific permanent fund, and the state university permanent
34 fund shall be allocated to their respective beneficiary accounts. All
35 earnings to be distributed under this subsection (4)(a) shall first be
36 reduced by the allocation to the state treasurer's service fund
37 pursuant to RCW 43.08.190.

38 (b) The following accounts and funds shall receive eighty percent
39 of their proportionate share of earnings based upon each account's or

1 fund's average daily balance for the period: The aeronautics account,
2 the aircraft search and rescue account, the county arterial
3 preservation account, the department of licensing services account, the
4 essential rail assistance account, the ferry bond retirement fund, the
5 grade crossing protective fund, the high capacity transportation
6 account, the highway bond retirement fund, the highway safety account,
7 the motor vehicle fund, the motorcycle safety education account, the
8 pilotage account, the public transportation systems account, the Puget
9 Sound capital construction account, the Puget Sound ferry operations
10 account, the recreational vehicle account, the rural arterial trust
11 account, the safety and education account, the special category C
12 account, the state patrol highway account, the transportation equipment
13 fund, the transportation fund, the transportation improvement account,
14 the transportation improvement board bond retirement account, and the
15 urban arterial trust account.

16 (5) In conformance with Article II, section 37 of the state
17 Constitution, no treasury accounts or funds shall be allocated earnings
18 without the specific affirmative directive of this section.

19 **Sec. 5.** RCW 43.84.092 and 2000 c 79 s 39 are each amended to read
20 as follows:

21 (1) All earnings of investments of surplus balances in the state
22 treasury shall be deposited to the treasury income account, which
23 account is hereby established in the state treasury.

24 (2) The treasury income account shall be utilized to pay or receive
25 funds associated with federal programs as required by the federal cash
26 management improvement act of 1990. The treasury income account is
27 subject in all respects to chapter 43.88 RCW, but no appropriation is
28 required for refunds or allocations of interest earnings required by
29 the cash management improvement act. Refunds of interest to the
30 federal treasury required under the cash management improvement act
31 fall under RCW 43.88.180 and shall not require appropriation. The
32 office of financial management shall determine the amounts due to or
33 from the federal government pursuant to the cash management improvement
34 act. The office of financial management may direct transfers of funds
35 between accounts as deemed necessary to implement the provisions of the
36 cash management improvement act, and this subsection. Refunds or
37 allocations shall occur prior to the distributions of earnings set
38 forth in subsection (4) of this section.

1 (3) Except for the provisions of RCW 43.84.160, the treasury income
2 account may be utilized for the payment of purchased banking services
3 on behalf of treasury funds including, but not limited to, depository,
4 safekeeping, and disbursement functions for the state treasury and
5 affected state agencies. The treasury income account is subject in all
6 respects to chapter 43.88 RCW, but no appropriation is required for
7 payments to financial institutions. Payments shall occur prior to
8 distribution of earnings set forth in subsection (4) of this section.

9 (4) Monthly, the state treasurer shall distribute the earnings
10 credited to the treasury income account. The state treasurer shall
11 credit the general fund with all the earnings credited to the treasury
12 income account except:

13 (a) The following accounts and funds shall receive their
14 proportionate share of earnings based upon each account's and fund's
15 average daily balance for the period: The capitol building
16 construction account, the Cedar River channel construction and
17 operation account, the Central Washington University capital projects
18 account, the charitable, educational, penal and reformatory
19 institutions account, the common school construction fund, the county
20 criminal justice assistance account, the county sales and use tax
21 equalization account, the data processing building construction
22 account, the deferred compensation administrative account, the deferred
23 compensation principal account, the department of retirement systems
24 expense account, the drinking water assistance account, the Eastern
25 Washington University capital projects account, the education
26 construction fund, the emergency reserve fund, the federal forest
27 revolving account, the health services account, the public health
28 services account, the health system capacity account, the personal
29 health services account, the state higher education construction
30 account, the higher education construction account, the highway
31 infrastructure account, the industrial insurance premium refund
32 account, the judges' retirement account, the judicial retirement
33 administrative account, the judicial retirement principal account, the
34 local leasehold excise tax account, the local real estate excise tax
35 account, the local sales and use tax account, the medical aid account,
36 the mobile home park relocation fund, the multimodal transportation
37 account, the municipal criminal justice assistance account, the
38 municipal sales and use tax equalization account, the natural resources
39 deposit account, the perpetual surveillance and maintenance account,

1 the public employees' retirement system plan 1 account, the public
2 employees' retirement system plan 2 account, the Puyallup tribal
3 settlement account, the resource management cost account, the site
4 closure account, the special wildlife account, the state employees'
5 insurance account, the state employees' insurance reserve account, the
6 state investment board expense account, the state investment board
7 commingled trust fund accounts, the supplemental pension account, the
8 teachers' retirement system plan 1 account, the teachers' retirement
9 system combined plan 2 and plan 3 account, the tobacco prevention and
10 control account, the tobacco settlement account, the transportation
11 infrastructure account, the tuition recovery trust fund, the University
12 of Washington bond retirement fund, the University of Washington
13 building account, the volunteer fire fighters' and reserve officers'
14 relief and pension principal fund, the volunteer fire fighters' and
15 reserve officers' administrative fund, the Washington judicial
16 retirement system account, the Washington law enforcement officers' and
17 fire fighters' system plan 1 retirement account, the Washington law
18 enforcement officers' and fire fighters' system plan 2 retirement
19 account, the Washington school employees' retirement system combined
20 plan 2 and 3 account, the Washington state health insurance pool
21 account, the Washington state patrol retirement account, the Washington
22 State University building account, the Washington State University bond
23 retirement fund, the water pollution control revolving fund, and the
24 Western Washington University capital projects account. Earnings
25 derived from investing balances of the agricultural permanent fund, the
26 normal school permanent fund, the permanent common school fund, the
27 scientific permanent fund, and the state university permanent fund
28 shall be allocated to their respective beneficiary accounts. All
29 earnings to be distributed under this subsection (4)(a) shall first be
30 reduced by the allocation to the state treasurer's service fund
31 pursuant to RCW 43.08.190.

32 (b) The following accounts and funds shall receive eighty percent
33 of their proportionate share of earnings based upon each account's or
34 fund's average daily balance for the period: The aeronautics account,
35 the aircraft search and rescue account, the county arterial
36 preservation account, the department of licensing services account, the
37 essential rail assistance account, the ferry bond retirement fund, the
38 grade crossing protective fund, the high capacity transportation
39 account, the highway bond retirement fund, the highway safety account,

1 the motor vehicle fund, the motorcycle safety education account, the
2 pilotage account, the public transportation systems account, the Puget
3 Sound capital construction account, the Puget Sound ferry operations
4 account, the recreational vehicle account, the rural arterial trust
5 account, the safety and education account, the special category C
6 account, the state patrol highway account, the transportation equipment
7 fund, the transportation fund, the transportation improvement account,
8 the transportation improvement board bond retirement account, and the
9 urban arterial trust account.

10 (5) In conformance with Article II, section 37 of the state
11 Constitution, no treasury accounts or funds shall be allocated earnings
12 without the specific affirmative directive of this section.

13 **Sec. 6.** RCW 43.84.092 and 2000 2nd sp.s. c . . . s 5 (section 5 of
14 this act) and 2000 c 247 s 702 are each reenacted to read as follows:

15 (1) All earnings of investments of surplus balances in the state
16 treasury shall be deposited to the treasury income account, which
17 account is hereby established in the state treasury.

18 (2) The treasury income account shall be utilized to pay or receive
19 funds associated with federal programs as required by the federal cash
20 management improvement act of 1990. The treasury income account is
21 subject in all respects to chapter 43.88 RCW, but no appropriation is
22 required for refunds or allocations of interest earnings required by
23 the cash management improvement act. Refunds of interest to the
24 federal treasury required under the cash management improvement act
25 fall under RCW 43.88.180 and shall not require appropriation. The
26 office of financial management shall determine the amounts due to or
27 from the federal government pursuant to the cash management improvement
28 act. The office of financial management may direct transfers of funds
29 between accounts as deemed necessary to implement the provisions of the
30 cash management improvement act, and this subsection. Refunds or
31 allocations shall occur prior to the distributions of earnings set
32 forth in subsection (4) of this section.

33 (3) Except for the provisions of RCW 43.84.160, the treasury income
34 account may be utilized for the payment of purchased banking services
35 on behalf of treasury funds including, but not limited to, depository,
36 safekeeping, and disbursement functions for the state treasury and
37 affected state agencies. The treasury income account is subject in all
38 respects to chapter 43.88 RCW, but no appropriation is required for

1 payments to financial institutions. Payments shall occur prior to
2 distribution of earnings set forth in subsection (4) of this section.

3 (4) Monthly, the state treasurer shall distribute the earnings
4 credited to the treasury income account. The state treasurer shall
5 credit the general fund with all the earnings credited to the treasury
6 income account except:

7 (a) The following accounts and funds shall receive their
8 proportionate share of earnings based upon each account's and fund's
9 average daily balance for the period: The capitol building
10 construction account, the Cedar River channel construction and
11 operation account, the Central Washington University capital projects
12 account, the charitable, educational, penal and reformatory
13 institutions account, the common school construction fund, the county
14 criminal justice assistance account, the county sales and use tax
15 equalization account, the data processing building construction
16 account, the deferred compensation administrative account, the deferred
17 compensation principal account, the department of retirement systems
18 expense account, the drinking water assistance account, the Eastern
19 Washington University capital projects account, the education
20 construction fund, the emergency reserve fund, the federal forest
21 revolving account, the health services account, the public health
22 services account, the health system capacity account, the personal
23 health services account, the state higher education construction
24 account, the higher education construction account, the highway
25 infrastructure account, the industrial insurance premium refund
26 account, the judges' retirement account, the judicial retirement
27 administrative account, the judicial retirement principal account, the
28 local leasehold excise tax account, the local real estate excise tax
29 account, the local sales and use tax account, the medical aid account,
30 the mobile home park relocation fund, the multimodal transportation
31 account, the municipal criminal justice assistance account, the
32 municipal sales and use tax equalization account, the natural resources
33 deposit account, the perpetual surveillance and maintenance account,
34 the public employees' retirement system plan 1 account, the public
35 employees' retirement system combined plan 2 and plan 3 account, the
36 Puyallup tribal settlement account, the resource management cost
37 account, the site closure account, the special wildlife account, the
38 state employees' insurance account, the state employees' insurance
39 reserve account, the state investment board expense account, the state

1 investment board commingled trust fund accounts, the supplemental
2 pension account, the teachers' retirement system plan 1 account, the
3 teachers' retirement system combined plan 2 and plan 3 account, the
4 tobacco prevention and control account, the tobacco settlement account,
5 the transportation infrastructure account, the tuition recovery trust
6 fund, the University of Washington bond retirement fund, the University
7 of Washington building account, the volunteer fire fighters' and
8 reserve officers' relief and pension principal fund, the volunteer fire
9 fighters' and reserve officers' administrative fund, the Washington
10 judicial retirement system account, the Washington law enforcement
11 officers' and fire fighters' system plan 1 retirement account, the
12 Washington law enforcement officers' and fire fighters' system plan 2
13 retirement account, the Washington school employees' retirement system
14 combined plan 2 and 3 account, the Washington state health insurance
15 pool account, the Washington state patrol retirement account, the
16 Washington State University building account, the Washington State
17 University bond retirement fund, the water pollution control revolving
18 fund, and the Western Washington University capital projects account.
19 Earnings derived from investing balances of the agricultural permanent
20 fund, the normal school permanent fund, the permanent common school
21 fund, the scientific permanent fund, and the state university permanent
22 fund shall be allocated to their respective beneficiary accounts. All
23 earnings to be distributed under this subsection (4)(a) shall first be
24 reduced by the allocation to the state treasurer's service fund
25 pursuant to RCW 43.08.190.

26 (b) The following accounts and funds shall receive eighty percent
27 of their proportionate share of earnings based upon each account's or
28 fund's average daily balance for the period: The aeronautics account,
29 the aircraft search and rescue account, the county arterial
30 preservation account, the department of licensing services account, the
31 essential rail assistance account, the ferry bond retirement fund, the
32 grade crossing protective fund, the high capacity transportation
33 account, the highway bond retirement fund, the highway safety account,
34 the motor vehicle fund, the motorcycle safety education account, the
35 pilotage account, the public transportation systems account, the Puget
36 Sound capital construction account, the Puget Sound ferry operations
37 account, the recreational vehicle account, the rural arterial trust
38 account, the safety and education account, the special category C
39 account, the state patrol highway account, the transportation equipment

1 fund, the transportation fund, the transportation improvement account,
2 the transportation improvement board bond retirement account, and the
3 urban arterial trust account.

4 (5) In conformance with Article II, section 37 of the state
5 Constitution, no treasury accounts or funds shall be allocated earnings
6 without the specific affirmative directive of this section.

7 **Sec. 7.** RCW 43.89.010 and 1993 sp.s. c 23 s 63 are each amended to
8 read as follows:

9 The chief of the Washington state patrol is hereby authorized to
10 establish a (~~teletypewriter~~) communications network which will inter-
11 connect the law enforcement agencies of the state and its political
12 subdivisions into a unified written communications system. The chief
13 of the Washington state patrol is authorized to lease or purchase such
14 facilities and equipment as may be necessary to establish and maintain
15 (~~such teletypewriter~~) the communications network.

16 (1) The communications network shall be used exclusively for the
17 official business of the state, and the official business of any city,
18 county, city and county, or other public agency.

19 (2) This section does not prohibit the occasional use of the
20 state's communications network by any other state or public agency
21 thereof when the messages transmitted relate to the enforcement of the
22 criminal laws of the state.

23 (3) The chief of the Washington state patrol shall fix the monthly
24 operational charge to be paid by any department or agency of state
25 government, or any city, county, city and county, or other public
26 agency participating in the communications network: PROVIDED, That in
27 computing charges to be made against a city, county, or city and county
28 the state shall bear at least fifty percent of the costs of such
29 service as its share in providing a modern unified communications
30 network to the law enforcement agencies of the state. Of the fees
31 collected pursuant to this section, one-half shall be deposited in the
32 motor vehicle fund and one-half shall be deposited in the
33 (~~transportation fund~~) state patrol highway account.

34 (4) The chief of the Washington state patrol is authorized to
35 arrange for the connection of the communications network with the law
36 enforcement communications system of any adjacent state, or the
37 Province of British Columbia, Canada.

1 **Sec. 8.** RCW 46.68.035 and 1993 c 102 s 7 are each amended to read
2 as follows:

3 All proceeds from combined vehicle licensing fees received by the
4 director for vehicles licensed under RCW 46.16.070 and 46.16.085 shall
5 be forwarded to the state treasurer to be distributed into accounts
6 according to the following method:

7 (1) The sum of two dollars for each vehicle shall be deposited into
8 the (~~highway safety fund~~) multimodal transportation account, except
9 that for each vehicle registered by a county auditor or agent to a
10 county auditor pursuant to RCW 46.01.140, the sum of two dollars shall
11 be credited to the current county expense fund.

12 (2) The remainder shall be distributed as follows:

13 (a) (~~23.677 percent shall be deposited into the state patrol~~
14 ~~highway account of the motor vehicle fund;~~

15 ~~(b))~~ 1.521 percent shall be deposited into the Puget Sound ferry
16 operations account of the motor vehicle fund; and

17 (~~(c))~~ (b) The remaining proceeds shall be deposited into the
18 motor vehicle fund.

19 **Sec. 9.** RCW 82.36.380 and 1995 c 287 s 2 are each amended to read
20 as follows:

21 (1) It is unlawful for a person or corporation to evade a tax or
22 fee imposed under this chapter.

23 (2) Evasion of taxes or fees under this chapter is a class C felony
24 under chapter 9A.20 RCW. In addition to other penalties and remedies
25 provided by law, the court shall order a person or corporation found
26 guilty of violating subsection (1) of this section to:

27 (a) Pay the tax or fee evaded plus interest, commencing at the date
28 the tax or fee was first due, at the rate of twelve percent per year,
29 compounded monthly; and

30 (b) Pay a penalty of one hundred percent of the tax evaded, to the
31 multimodal transportation (~~fund~~) account of the state.

32 **Sec. 10.** RCW 82.38.270 and 1995 c 287 s 4 are each amended to read
33 as follows:

34 (1) It is unlawful for a person or corporation to evade a tax or
35 fee imposed under this chapter.

36 (2) Evasion of taxes or fees under this chapter is a class C felony
37 under chapter 9A.20 RCW. In addition to other penalties and remedies

1 provided by law, the court shall order a person or corporation found
2 guilty of violating subsection (1) of this section to:

3 (a) Pay the tax or fee evaded plus interest, commencing at the date
4 the tax or fee was first due, at the rate of twelve percent per year,
5 compounded monthly; and

6 (b) Pay a penalty of one hundred percent of the tax evaded, to the
7 multimodal transportation ((fund)) account of the state.

8 **Sec. 11.** RCW 43.88.020 and 1996 c 288 s 23 are each amended to
9 read as follows:

10 (1) "Budget" means a proposed plan of expenditures for a given
11 period or purpose and the proposed means for financing these
12 expenditures.

13 (2) "Budget document" means a formal statement, either written or
14 provided on any electronic media or both, offered by the governor to
15 the legislature, as provided in RCW 43.88.030.

16 (3) "Director of financial management" means the official appointed
17 by the governor to serve at the governor's pleasure and to whom the
18 governor may delegate necessary authority to carry out the governor's
19 duties as provided in this chapter. The director of financial
20 management shall be head of the office of financial management which
21 shall be in the office of the governor.

22 (4) "Agency" means and includes every state office, officer, each
23 institution, whether educational, correctional, or other, and every
24 department, division, board, and commission, except as otherwise
25 provided in this chapter.

26 (5) "Public funds", for purposes of this chapter, means all moneys,
27 including cash, checks, bills, notes, drafts, stocks, and bonds,
28 whether held in trust, for operating purposes, or for capital purposes,
29 and collected or disbursed under law, whether or not such funds are
30 otherwise subject to legislative appropriation, including funds
31 maintained outside the state treasury.

32 (6) "Regulations" means the policies, standards, and requirements,
33 stated in writing, designed to carry out the purposes of this chapter,
34 as issued by the governor or the governor's designated agent, and which
35 shall have the force and effect of law.

36 (7) "Ensuing biennium" means the fiscal biennium beginning on July
37 1st of the same year in which a regular session of the legislature is

1 held during an odd-numbered year pursuant to Article II, section 12 of
2 the Constitution and which biennium next succeeds the current biennium.

3 (8) "Dedicated fund" means a fund in the state treasury, or a
4 separate account or fund in the general fund in the state treasury,
5 that by law is dedicated, appropriated, or set aside for a limited
6 object or purpose; but "dedicated fund" does not include a revolving
7 fund or a trust fund.

8 (9) "Revolving fund" means a fund in the state treasury,
9 established by law, from which is paid the cost of goods or services
10 furnished to or by a state agency, and which is replenished through
11 charges made for such goods or services or through transfers from other
12 accounts or funds.

13 (10) "Trust fund" means a fund in the state treasury in which
14 designated persons or classes of persons have a vested beneficial
15 interest or equitable ownership, or which was created or established by
16 a gift, grant, contribution, devise, or bequest that limits the use of
17 the fund to designated objects or purposes.

18 (11) "Administrative expenses" means expenditures for: (a)
19 Salaries, wages, and related costs of personnel and (b) operations and
20 maintenance including but not limited to costs of supplies, materials,
21 services, and equipment.

22 (12) "Fiscal year" means the year beginning July 1st and ending the
23 following June 30th.

24 (13) "Lapse" means the termination of authority to expend an
25 appropriation.

26 (14) "Legislative fiscal committees" means the joint legislative
27 audit and review committee, the legislative evaluation and
28 accountability program committee, the ways and means and transportation
29 committees of the senate and house of representatives, and, where
30 appropriate, the legislative transportation committee.

31 (15) "Fiscal period" means the period for which an appropriation is
32 made as specified within the act making the appropriation.

33 (16) "Primary budget driver" means the primary determinant of a
34 budget level, other than a price variable, which causes or is
35 associated with the major expenditure of an agency or budget unit
36 within an agency, such as a caseload, enrollment, workload, or
37 population statistic.

38 (17) "State tax revenue limit" means the limitation created by
39 chapter 43.135 RCW.

1 (18) "General state revenues" means the revenues defined by Article
2 VIII, section 1(c) of the state Constitution.

3 (19) "Annual growth rate in real personal income" means the
4 estimated percentage growth in personal income for the state during the
5 current fiscal year, expressed in constant value dollars, as published
6 by the office of financial management or its successor agency.

7 (20) "Estimated revenues" means estimates of revenue in the most
8 recent official economic and revenue forecast prepared under RCW
9 82.33.020, and prepared by the office of financial management for those
10 funds, accounts, and sources for which the office of the economic and
11 revenue forecast council does not prepare an official forecast
12 including estimates of revenues to support financial plans under RCW
13 44.40.070, that are prepared by the office of financial management in
14 consultation with the (~~interagency task force~~) transportation revenue
15 forecast council.

16 (21) "Estimated receipts" means the estimated receipt of cash in
17 the most recent official economic and revenue forecast prepared under
18 RCW 82.33.020, and prepared by the office of financial management for
19 those funds, accounts, and sources for which the office of the economic
20 and revenue forecast council does not prepare an official forecast.

21 (22) "State budgeting, accounting, and reporting system" means a
22 system that gathers, maintains, and communicates fiscal information.
23 The system links fiscal information beginning with development of
24 agency budget requests through adoption of legislative appropriations
25 to tracking actual receipts and expenditures against approved plans.

26 (23) "Allotment of appropriation" means the agency's statement of
27 proposed expenditures, the director of financial management's review of
28 that statement, and the placement of the approved statement into the
29 state budgeting, accounting, and reporting system.

30 (24) "Statement of proposed expenditures" means a plan prepared by
31 each agency that breaks each appropriation out into monthly detail
32 representing the best estimate of how the appropriation will be
33 expended.

34 (25) "Undesignated fund balance (or deficit)" means unreserved and
35 undesignated current assets or other resources available for
36 expenditure over and above any current liabilities which are expected
37 to be incurred by the close of the fiscal period.

38 (26) "Internal audit" means an independent appraisal activity
39 within an agency for the review of operations as a service to

1 management, including a systematic examination of accounting and fiscal
2 controls to assure that human and material resources are guarded
3 against waste, loss, or misuse; and that reliable data are gathered,
4 maintained, and fairly disclosed in a written report of the audit
5 findings.

6 (27) "Performance verification" means an analysis that (a) verifies
7 the accuracy of data used by state agencies in quantifying intended
8 results and measuring performance toward those results, and (b)
9 verifies whether or not the reported results were achieved.

10 (28) "Performance audit" has the same meaning as it is defined in
11 RCW 44.28.005.

12 **Sec. 12.** RCW 43.88.030 and 1998 c 346 s 910 are each amended to
13 read as follows:

14 (1) The director of financial management shall provide all agencies
15 with a complete set of instructions for submitting biennial budget
16 requests to the director at least three months before agency budget
17 documents are due into the office of financial management. The
18 director shall provide agencies and committees that are required under
19 RCW 44.40.070 to develop comprehensive six-year program and financial
20 plans with a complete set of instructions for submitting these program
21 and financial plans at the same time that instructions for submitting
22 other budget requests are provided. The budget document or documents
23 shall consist of the governor's budget message which shall be
24 explanatory of the budget and shall contain an outline of the proposed
25 financial policies of the state for the ensuing fiscal period, as well
26 as an outline of the proposed six-year financial policies where
27 applicable, and shall describe in connection therewith the important
28 features of the budget. The message shall set forth the reasons for
29 salient changes from the previous fiscal period in expenditure and
30 revenue items and shall explain any major changes in financial policy.
31 Attached to the budget message shall be such supporting schedules,
32 exhibits and other explanatory material in respect to both current
33 operations and capital improvements as the governor shall deem to be
34 useful to the legislature. The budget document or documents shall set
35 forth a proposal for expenditures in the ensuing fiscal period, or six-
36 year period where applicable, based upon the estimated revenues and
37 caseloads as approved by the economic and revenue forecast council and
38 caseload forecast council or upon the estimated revenues and caseloads

1 of the office of financial management for those funds, accounts,
2 sources, and programs for which the forecast councils do not prepare an
3 official forecast, including those revenues anticipated to support the
4 six-year programs and financial plans under RCW 44.40.070. In
5 estimating revenues to support financial plans under RCW 44.40.070, the
6 office of financial management shall rely on information and advice
7 from the ~~((interagency))~~ transportation revenue ~~((task force))~~ forecast
8 council. Revenues shall be estimated for such fiscal period from the
9 source and at the rates existing by law at the time of submission of
10 the budget document, including the supplemental budgets submitted in
11 the even-numbered years of a biennium. However, the estimated revenues
12 and caseloads for use in the governor's budget document may be adjusted
13 to reflect budgetary revenue transfers and revenue and caseload
14 estimates dependent upon budgetary assumptions of enrollments,
15 workloads, and caseloads. All adjustments to the approved estimated
16 revenues and caseloads must be set forth in the budget document. The
17 governor may additionally submit, as an appendix to each supplemental,
18 biennial, or six-year agency budget or to the budget document or
19 documents, a proposal for expenditures in the ensuing fiscal period
20 from revenue sources derived from proposed changes in existing
21 statutes.

22 Supplemental and biennial documents shall reflect a six-year
23 expenditure plan consistent with estimated revenues from existing
24 sources and at existing rates for those agencies required to submit
25 six-year program and financial plans under RCW 44.40.070. Any
26 additional revenue resulting from proposed changes to existing statutes
27 shall be separately identified within the document as well as related
28 expenditures for the six-year period.

29 The budget document or documents shall also contain:

30 (a) Revenues classified by fund and source for the immediately past
31 fiscal period, those received or anticipated for the current fiscal
32 period, those anticipated for the ensuing biennium, and those
33 anticipated for the ensuing six-year period to support the six-year
34 programs and financial plans required under RCW 44.40.070;

35 (b) The undesignated fund balance or deficit, by fund;

36 (c) Such additional information dealing with expenditures,
37 revenues, workload, performance, and personnel as the legislature may
38 direct by law or concurrent resolution;

1 (d) Such additional information dealing with revenues and
2 expenditures as the governor shall deem pertinent and useful to the
3 legislature;

4 (e) Tabulations showing expenditures classified by fund, function,
5 activity, and agency;

6 (f) A delineation of each agency's activities, including those
7 activities funded from nonbudgeted, nonappropriated sources, including
8 funds maintained outside the state treasury;

9 (g) Identification of all proposed direct expenditures to implement
10 the Puget Sound water quality plan under chapter 90.71 RCW, shown by
11 agency and in total; and

12 (h) Tabulations showing each postretirement adjustment by
13 retirement system established after fiscal year 1991, to include, but
14 not be limited to, estimated total payments made to the end of the
15 previous biennial period, estimated payments for the present biennium,
16 and estimated payments for the ensuing biennium.

17 (2) The budget document or documents shall include detailed
18 estimates of all anticipated revenues applicable to proposed operating
19 or capital expenditures and shall also include all proposed operating
20 or capital expenditures. The total of beginning undesignated fund
21 balance and estimated revenues less working capital and other reserves
22 shall equal or exceed the total of proposed applicable expenditures.
23 The budget document or documents shall further include:

24 (a) Interest, amortization and redemption charges on the state
25 debt;

26 (b) Payments of all reliefs, judgments, and claims;

27 (c) Other statutory expenditures;

28 (d) Expenditures incident to the operation for each agency;

29 (e) Revenues derived from agency operations;

30 (f) Expenditures and revenues shall be given in comparative form
31 showing those incurred or received for the immediately past fiscal
32 period and those anticipated for the current biennium and next ensuing
33 biennium, as well as those required to support the six-year programs
34 and financial plans required under RCW 44.40.070;

35 (g) A showing and explanation of amounts of general fund and other
36 funds obligations for debt service and any transfers of moneys that
37 otherwise would have been available for appropriation;

38 (h) Common school expenditures on a fiscal-year basis;

1 (i) A showing, by agency, of the value and purpose of financing
2 contracts for the lease/purchase or acquisition of personal or real
3 property for the current and ensuing fiscal periods; and

4 (j) A showing and explanation of anticipated amounts of general
5 fund and other funds required to amortize the unfunded actuarial
6 accrued liability of the retirement system specified under chapter
7 41.45 RCW, and the contributions to meet such amortization, stated in
8 total dollars and as a level percentage of total compensation.

9 (3) A separate capital budget document or schedule shall be
10 submitted that will contain the following:

11 (a) A statement setting forth a long-range facilities plan for the
12 state that identifies and includes the highest priority needs within
13 affordable spending levels;

14 (b) A capital program consisting of proposed capital projects for
15 the next biennium and the two biennia succeeding the next biennium
16 consistent with the long-range facilities plan. Inasmuch as is
17 practical, and recognizing emergent needs, the capital program shall
18 reflect the priorities, projects, and spending levels proposed in
19 previously submitted capital budget documents in order to provide a
20 reliable long-range planning tool for the legislature and state
21 agencies;

22 (c) A capital plan consisting of proposed capital spending for at
23 least four biennia succeeding the next biennium;

24 (d) A strategic plan for reducing backlogs of maintenance and
25 repair projects. The plan shall include a prioritized list of specific
26 facility deficiencies and capital projects to address the deficiencies
27 for each agency, cost estimates for each project, a schedule for
28 completing projects over a reasonable period of time, and
29 identification of normal maintenance activities to reduce future
30 backlogs;

31 (e) A statement of the reason or purpose for a project;

32 (f) Verification that a project is consistent with the provisions
33 set forth in chapter 36.70A RCW;

34 (g) A statement about the proposed site, size, and estimated life
35 of the project, if applicable;

36 (h) Estimated total project cost;

37 (i) For major projects valued over five million dollars, estimated
38 costs for the following project components: Acquisition, consultant
39 services, construction, equipment, project management, and other costs

1 included as part of the project. Project component costs shall be
2 displayed in a standard format defined by the office of financial
3 management to allow comparisons between projects;

4 (j) Estimated total project cost for each phase of the project as
5 defined by the office of financial management;

6 (k) Estimated ensuing biennium costs;

7 (l) Estimated costs beyond the ensuing biennium;

8 (m) Estimated construction start and completion dates;

9 (n) Source and type of funds proposed;

10 (o) Estimated ongoing operating budget costs or savings resulting
11 from the project, including staffing and maintenance costs;

12 (p) For any capital appropriation requested for a state agency for
13 the acquisition of land or the capital improvement of land in which the
14 primary purpose of the acquisition or improvement is recreation or
15 wildlife habitat conservation, the capital budget document, or an
16 omnibus list of recreation and habitat acquisitions provided with the
17 governor's budget document, shall identify the projected costs of
18 operation and maintenance for at least the two biennia succeeding the
19 next biennium. Omnibus lists of habitat and recreation land
20 acquisitions shall include individual project cost estimates for
21 operation and maintenance as well as a total for all state projects
22 included in the list. The document shall identify the source of funds
23 from which the operation and maintenance costs are proposed to be
24 funded;

25 (q) Such other information bearing upon capital projects as the
26 governor deems to be useful;

27 (r) Standard terms, including a standard and uniform definition of
28 normal maintenance, for all capital projects;

29 (s) Such other information as the legislature may direct by law or
30 concurrent resolution.

31 For purposes of this subsection (3), the term "capital project"
32 shall be defined subsequent to the analysis, findings, and
33 recommendations of a joint committee comprised of representatives from
34 the house capital appropriations committee, senate ways and means
35 committee, legislative transportation committee, legislative evaluation
36 and accountability program committee, and office of financial
37 management.

38 (4) No change affecting the comparability of agency or program
39 information relating to expenditures, revenues, workload, performance

1 and personnel shall be made in the format of any budget document or
2 report presented to the legislature under this section or RCW
3 43.88.160(1) relative to the format of the budget document or report
4 which was presented to the previous regular session of the legislature
5 during an odd-numbered year without prior legislative concurrence.
6 Prior legislative concurrence shall consist of (a) a favorable majority
7 vote on the proposal by the standing committees on ways and means of
8 both houses if the legislature is in session or (b) a favorable
9 majority vote on the proposal by members of the legislative evaluation
10 and accountability program committee if the legislature is not in
11 session.

12 **Sec. 13.** RCW 43.88.120 and 1991 c 358 s 3 are each amended to read
13 as follows:

14 Each agency engaged in the collection of revenues shall prepare
15 estimated revenues and estimated receipts for the current and ensuing
16 biennium and shall submit the estimates to the director of financial
17 management and the director of revenue at times and in the form
18 specified by the directors, along with any other information which the
19 directors may request. For those agencies required to develop six-year
20 programs and financial plans under RCW 44.40.070, six-year revenue
21 estimates shall be submitted to the director of financial management
22 and the ((legislative)) transportation committees of the senate and the
23 house of representatives unless the responsibility for reporting these
24 revenue estimates is assumed elsewhere.

25 A copy of such revenue estimates shall be simultaneously submitted
26 to the economic and revenue forecast work group when required by the
27 office of the economic and revenue forecast council.

28 **Sec. 14.** RCW 43.88.122 and 1991 c 358 s 7 are each amended to read
29 as follows:

30 Where there are variances of revenue forecasts between the office
31 of financial management and the ((interagency)) transportation revenue
32 ((task force)) forecast council, for those transportation agencies that
33 are required to develop plans under RCW 44.40.070, the office of
34 financial management shall submit (1) a reconciliation of the
35 differences between the revenue forecasts and (2) the assumptions used
36 by the office of financial management to the ((legislative))

1 transportation committees of the senate and the house of
2 representatives.

3 **Sec. 15.** RCW 44.40.070 and 1998 c 245 s 87 are each amended to
4 read as follows:

5 Prior to October 1st of each even-numbered year the transportation
6 revenue forecast council, consisting of all state agencies whose major
7 programs consist of transportation activities, including the department
8 of transportation, the transportation improvement board, the Washington
9 state patrol, the department of licensing, the traffic safety
10 commission, the county road administration board, and the board of
11 pilotage commissioners, shall adopt or revise, after consultation with
12 the ((legislative)) transportation committees of the senate and house
13 of representatives, a comprehensive six-year program and financial plan
14 for all transportation activities under each agency's jurisdiction.

15 The comprehensive six-year program and financial plan shall state
16 the general objectives and needs of each agency's major transportation
17 programs, including workload and performance estimates.

18 **Sec. 16.** RCW 82.14.045 and 1998 c 321 s 7 (Referendum Bill No. 49)
19 are each amended to read as follows:

20 (1) The legislative body of any city pursuant to RCW 35.92.060, of
21 any county which has created an unincorporated transportation benefit
22 area pursuant to RCW 36.57.100 and 36.57.110, of any public
23 transportation benefit area pursuant to RCW 36.57A.080 and 36.57A.090,
24 of any county transportation authority established pursuant to chapter
25 36.57 RCW, and of any metropolitan municipal corporation within a
26 county with a population of one million or more pursuant to chapter
27 35.58 RCW, may, by resolution or ordinance for the sole purpose of
28 providing funds for the operation, maintenance, or capital needs of
29 public transportation systems and in lieu of the excise taxes
30 authorized by RCW 35.95.040, submit an authorizing proposition to the
31 voters or include such authorization in a proposition to perform the
32 function of public transportation and if approved by a majority of
33 persons voting thereon, fix and impose a sales and use tax in
34 accordance with the terms of this chapter: PROVIDED, That no such
35 legislative body shall impose such a sales and use tax without
36 submitting such an authorizing proposition to the voters and obtaining
37 the approval of a majority of persons voting thereon: PROVIDED

1 FURTHER, That where such a proposition is submitted by a county on
2 behalf of an unincorporated transportation benefit area, it shall be
3 voted upon by the voters residing within the boundaries of such
4 unincorporated transportation benefit area and, if approved, the sales
5 and use tax shall be imposed only within such area. Notwithstanding
6 any provisions of this section to the contrary, any county in which a
7 county public transportation plan has been adopted pursuant to RCW
8 36.57.070 and the voters of such county have authorized the imposition
9 of a sales and use tax pursuant to the provisions of section 10,
10 chapter 167, Laws of 1974 ex. sess., prior to July 1, 1975, shall be
11 authorized to fix and impose a sales and use tax as provided in this
12 section at not to exceed the rate so authorized without additional
13 approval of the voters of such county as otherwise required by this
14 section.

15 The tax authorized pursuant to this section shall be in addition to
16 the tax authorized by RCW 82.14.030 and shall be collected from those
17 persons who are taxable by the state pursuant to chapters 82.08 and
18 82.12 RCW upon the occurrence of any taxable event within such city,
19 public transportation benefit area, county, or metropolitan municipal
20 corporation as the case may be. The rate of such tax shall be one-
21 tenth, two-tenths, three-tenths, four-tenths, five-tenths, ~~((or))~~ six-
22 tenths, seven-tenths, eight-tenths, or nine-tenths of one percent of
23 the selling price (in the case of a sales tax) or value of the article
24 used (in the case of a use tax). The rate of such tax shall not exceed
25 the rate authorized by the voters unless such increase shall be
26 similarly approved.

27 (2)(a) In the event a metropolitan municipal corporation shall
28 impose a sales and use tax pursuant to this chapter no city, county
29 which has created an unincorporated transportation benefit area, public
30 transportation benefit area authority, or county transportation
31 authority wholly within such metropolitan municipal corporation shall
32 be empowered to levy and/or collect taxes pursuant to RCW 35.58.273,
33 35.95.040, and/or 82.14.045, but nothing herein shall prevent such city
34 or county from imposing sales and use taxes pursuant to any other
35 authorization.

36 (b) In the event a county transportation authority shall impose a
37 sales and use tax pursuant to this section, no city, county which has
38 created an unincorporated transportation benefit area, public
39 transportation benefit area, or metropolitan municipal corporation,

1 located within the territory of the authority, shall be empowered to
2 levy or collect taxes pursuant to RCW 35.58.273, 35.95.040, or
3 82.14.045.

4 (c) In the event a public transportation benefit area shall impose
5 a sales and use tax pursuant to this section, no city, county which has
6 created an unincorporated transportation benefit area, or metropolitan
7 municipal corporation, located wholly or partly within the territory of
8 the public transportation benefit area, shall be empowered to levy or
9 collect taxes pursuant to RCW 35.58.273, 35.95.040, or 82.14.045.

10 (3) Any local sales and use tax revenue collected pursuant to this
11 section by any city or by any county for transportation purposes
12 pursuant to RCW 36.57.100 and 36.57.110 shall not be counted as locally
13 generated tax revenues for the purposes of apportionment and
14 distribution, in the manner prescribed by chapter 82.44 RCW, of the
15 proceeds of the motor vehicle excise tax authorized pursuant to RCW
16 35.58.273, except that the local sales and use tax revenue collected
17 under this section by a city with a population greater than sixty
18 thousand that as of January 1, 1998, owns and operates a municipal
19 public transportation system shall be counted as locally generated tax
20 revenues for the purposes of apportionment and distribution, in the
21 manner prescribed by chapter 82.44 RCW, of the proceeds of the motor
22 vehicle excise tax authorized under RCW 35.58.273 as follows:

23 (a) For fiscal year 2000, revenues collected under this section
24 shall be counted as locally generated tax revenues for up to 25 percent
25 of the tax collected under RCW 35.58.273;

26 (b) For fiscal year 2001, revenues collected under this section
27 shall be counted as locally generated tax revenues for up to 50 percent
28 of the tax collected under RCW 35.58.273;

29 (c) For fiscal year 2002, revenues collected under this section
30 shall be counted as locally generated tax revenues for up to 75 percent
31 of the tax collected under RCW 35.58.273; and

32 (d) For fiscal year 2003 and thereafter, revenues collected under
33 this section shall be counted as locally generated tax revenues for up
34 to 100 percent of the tax collected under RCW 35.58.273.

35 NEW SECTION. **Sec. 17.** The legislature finds that additional funds
36 or other benefits can be made available to Washington regional transit
37 authorities by facilitating their entry into sale and leaseback,
38 leaseout and leaseback, and similar transactions that provide to

1 private parties, in consideration for the funds or other benefits
2 obtained by the regional transit authorities, tax benefits that are not
3 otherwise available to regional transit authorities. The legislature
4 further finds that such transactions have been encouraged by agencies
5 of the federal government as ways to provide additional funds for
6 public facilities. To facilitate such transactions for regional
7 transit authorities, the legislature has determined that while regional
8 transit authorities may currently have the necessary statutory
9 authority and may currently enjoy exemptions from Washington state
10 taxes for such transactions, an explicit statement of statutory
11 authority and exemption from Washington state taxes is necessary and
12 helpful for the parties to such transactions. In recognition of the
13 complexity of such transactions, the legislature desires that the
14 authority and exemptions provided by sections 18 through 30 of this act
15 be subject to certain limitations and be granted for a period as
16 specified in section 30 of this act.

17 NEW SECTION. **Sec. 18.** A new section is added to chapter 81.112
18 RCW to read as follows:

19 (1) In order to enable regional transit authorities to acquire or
20 finance equipment or facilities, or reduce the cost of equipment or
21 facilities, regional transit authorities may enter into sale and
22 leaseback, leaseout and leaseback, and other similar transactions with
23 respect to equipment, facilities, and other real and personal property.
24 In connection with any such transaction, a regional transit authority
25 may execute, as it considers appropriate, contracts, agreements, notes,
26 security agreements, conveyances, bills of sale, deeds, leases as
27 lessee or lessor, and currency hedges, defeasance arrangements,
28 interest rate, currency or other swap transactions, one or more payment
29 undertaking agreements, and agreements relating to foreign and domestic
30 currency. These agreements or instruments must have terms, maturities,
31 durations, provisions as to governing laws, grants of security
32 interests, and other provisions that are approved by the board of the
33 regional transit authority.

34 (2) "Payment undertaking agreement" means one or more agreements,
35 undertakings or arrangements under which all or a portion of the funds
36 generated by a sale and leaseback, leaseout and leaseback, or other
37 similar transaction are directed or paid over to a financial
38 institution, insurance company or other entity that agrees to meet or

1 fulfill, in consideration for the funds, some or all of the obligations
2 of the regional transit authority, or any public corporation or other
3 entity created under section 20 of this act, to make future rent, debt
4 service, or purchase price installment payments in connection with the
5 transaction.

6 NEW SECTION. **Sec. 19.** A new section is added to chapter 81.112
7 RCW to read as follows:

8 Transactions undertaken under section 18 of this act are subject to
9 the following conditions:

10 (1) The financial institution, insurance company, or other entity
11 that enters into a payment undertaking agreement with the regional
12 transit authority or public development corporation or entity created
13 under section 20 of this act as a counterparty must have a rating from
14 at least two nationally recognized credit rating agencies, as of the
15 date of execution of the payment undertaking agreement, that is within
16 the two highest long-term investment grade rating categories, without
17 regard to subcategories, or the obligations of the counterparty must be
18 guaranteed by a financial institution, insurance company, or other
19 entity with that credit rating. The payment undertaking agreement must
20 require that the obligations of the counterparty or the guarantor, as
21 the case may be, must be collateralized by collateral of a type and in
22 an amount specified by the governing body of the regional transit
23 authority if the credit ratings of the counterparty or its guarantor
24 fall below the level required by this subsection.

25 (2) The amount to be paid by the counterparties under payment
26 undertaking agreements for a transaction under the terms of the
27 agreements, when combined with the amount of securities, deposits, and
28 investments set aside by the regional transit authority for payment in
29 respect of the transactions, together with interest or other earnings
30 on the securities, deposits, or investments, must be sufficient to pay
31 when due all amounts required to be paid by the regional transit
32 authority, or public corporation or entity created under section 20 of
33 this act, as rent, debt service, or installments of purchase price, as
34 the case may be, over the full term of the transaction plus any
35 optional purchase price due under the transaction. A certification by
36 an independent financial expert, banker, or certified public
37 accountant, who is not an employee of the regional transit authority or
38 public corporation or entity created under section 20 of this act,

1 certifying compliance with this requirement is conclusive evidence that
2 the arrangements, by their terms, comply with the requirement under
3 this subsection on the sufficiency of the amount.

4 (3) The payment undertaking agreements, and all other basic and
5 material agreements entered into in connection with the transactions,
6 must specify that the parties to the agreements consent to the
7 jurisdiction of state courts of Washington for disputes arising out of
8 the agreements and agree not to contest venue before such courts.
9 Regardless of the choice of law specified in the foregoing agreements,
10 the agreements must acknowledge that the regional transit authority or
11 public development corporation or entity created under section 20 of
12 this act that is a party to the agreements is an entity created under
13 the laws of the state of Washington whose power and authority and
14 limitations and restrictions on the power and authority are governed by
15 the laws of the state of Washington.

16 Payment undertaking agreements that meet the foregoing requirement
17 must be treated for all relevant purposes as agreements under which
18 future services are performed for a present payment and shall not be
19 treated as payment agreements within the meaning of chapter 39.96 RCW.

20 NEW SECTION. **Sec. 20.** A new section is added to chapter 81.112
21 RCW to read as follows:

22 To accomplish any of the activities under section 18 of this act,
23 a regional transit authority may create a public corporation,
24 commission, or authority under RCW 35.21.730 through 35.21.755, and
25 authorize the corporation, commission, or authority to provide any of
26 the facilities and services that a regional transit authority may
27 provide including any activities under section 18 of this act. A
28 regional transit authority has all the powers, authorities, and rights
29 granted to any city, town, or county or their agents under RCW
30 35.21.730 through 35.21.755 for the purposes of entering into and
31 implementing transactions under section 18 of this act.

32 NEW SECTION. **Sec. 21.** A new section is added to chapter 82.08 RCW
33 to read as follows:

34 The tax levied by RCW 82.08.020 does not apply to lease amounts
35 paid by a seller/lessee to a lessor under a sale/leaseback agreement
36 under section 18 of this act in respect to tangible personal property,
37 used by the seller/lessee, or to the purchase amount paid by the lessee

1 pursuant to an option to purchase at the end of the lease term, but
2 only if the seller/lessee previously paid any tax otherwise due under
3 this chapter or chapter 82.12 RCW at the time of acquisition of the
4 tangible personal property.

5 NEW SECTION. **Sec. 22.** A new section is added to chapter 82.12 RCW
6 to read as follows:

7 This chapter does not apply to the use of tangible personal
8 property by a seller/lessee to a lessor under a sale/leaseback
9 agreement under section 18 of this act in respect to tangible personal
10 property used by the seller/lessee, or to the purchase amount paid by
11 the lessee under an option to purchase at the end of the lease term,
12 but only if the seller/lessee previously paid any tax otherwise due
13 under this chapter or chapter 82.08 RCW at the time of acquisition of
14 the tangible personal property.

15 **Sec. 23.** RCW 82.04.050 and 1998 c 332 s 2, 1998 c 315 s 1, 1998 c
16 308 s 1, and 1998 c 275 s 1 are each reenacted and amended to read as
17 follows:

18 (1) "Sale at retail" or "retail sale" means every sale of tangible
19 personal property (including articles produced, fabricated, or
20 imprinted) to all persons irrespective of the nature of their business
21 and including, among others, without limiting the scope hereof, persons
22 who install, repair, clean, alter, improve, construct, or decorate real
23 or personal property of or for consumers other than a sale to a person
24 who presents a resale certificate under RCW 82.04.470 and who:

25 (a) Purchases for the purpose of resale as tangible personal
26 property in the regular course of business without intervening use by
27 such person, but a purchase for the purpose of resale by a regional
28 transit authority under section 18 of this act is not a sale for
29 resale; or

30 (b) Installs, repairs, cleans, alters, imprints, improves,
31 constructs, or decorates real or personal property of or for consumers,
32 if such tangible personal property becomes an ingredient or component
33 of such real or personal property without intervening use by such
34 person; or

35 (c) Purchases for the purpose of consuming the property purchased
36 in producing for sale a new article of tangible personal property or
37 substance, of which such property becomes an ingredient or component or

1 is a chemical used in processing, when the primary purpose of such
2 chemical is to create a chemical reaction directly through contact with
3 an ingredient of a new article being produced for sale; or

4 (d) Purchases for the purpose of consuming the property purchased
5 in producing ferrosilicon which is subsequently used in producing
6 magnesium for sale, if the primary purpose of such property is to
7 create a chemical reaction directly through contact with an ingredient
8 of ferrosilicon; or

9 (e) Purchases for the purpose of providing the property to
10 consumers as part of competitive telephone service, as defined in RCW
11 82.04.065. The term shall include every sale of tangible personal
12 property which is used or consumed or to be used or consumed in the
13 performance of any activity classified as a "sale at retail" or "retail
14 sale" even though such property is resold or utilized as provided in
15 (a), (b), (c), (d), or (e) of this subsection following such use. The
16 term also means every sale of tangible personal property to persons
17 engaged in any business which is taxable under RCW 82.04.280 (2) and
18 (7) and 82.04.290.

19 (2) The term "sale at retail" or "retail sale" shall include the
20 sale of or charge made for tangible personal property consumed and/or
21 for labor and services rendered in respect to the following:

22 (a) The installing, repairing, cleaning, altering, imprinting, or
23 improving of tangible personal property of or for consumers, including
24 charges made for the mere use of facilities in respect thereto, but
25 excluding charges made for the use of coin-operated laundry facilities
26 when such facilities are situated in an apartment house, rooming house,
27 or mobile home park for the exclusive use of the tenants thereof, and
28 also excluding sales of laundry service to nonprofit health care
29 facilities, and excluding services rendered in respect to live animals,
30 birds and insects;

31 (b) The constructing, repairing, decorating, or improving of new or
32 existing buildings or other structures under, upon, or above real
33 property of or for consumers, including the installing or attaching of
34 any article of tangible personal property therein or thereto, whether
35 or not such personal property becomes a part of the realty by virtue of
36 installation, and shall also include the sale of services or charges
37 made for the clearing of land and the moving of earth excepting the
38 mere leveling of land used in commercial farming or agriculture;

1 (c) The charge for labor and services rendered in respect to
2 constructing, repairing, or improving any structure upon, above, or
3 under any real property owned by an owner who conveys the property by
4 title, possession, or any other means to the person performing such
5 construction, repair, or improvement for the purpose of performing such
6 construction, repair, or improvement and the property is then
7 reconveyed by title, possession, or any other means to the original
8 owner;

9 (d) The sale of or charge made for labor and services rendered in
10 respect to the cleaning, fumigating, razing or moving of existing
11 buildings or structures, but shall not include the charge made for
12 janitorial services; and for purposes of this section the term
13 "janitorial services" shall mean those cleaning and caretaking services
14 ordinarily performed by commercial janitor service businesses
15 including, but not limited to, wall and window washing, floor cleaning
16 and waxing, and the cleaning in place of rugs, drapes and upholstery.
17 The term "janitorial services" does not include painting, papering,
18 repairing, furnace or septic tank cleaning, snow removal or
19 sandblasting;

20 (e) The sale of or charge made for labor and services rendered in
21 respect to automobile towing and similar automotive transportation
22 services, but not in respect to those required to report and pay taxes
23 under chapter 82.16 RCW;

24 (f) The sale of and charge made for the furnishing of lodging and
25 all other services by a hotel, rooming house, tourist court, motel,
26 trailer camp, and the granting of any similar license to use real
27 property, as distinguished from the renting or leasing of real
28 property, and it shall be presumed that the occupancy of real property
29 for a continuous period of one month or more constitutes a rental or
30 lease of real property and not a mere license to use or enjoy the same;

31 (g) The sale of or charge made for tangible personal property,
32 labor and services to persons taxable under (a), (b), (c), (d), (e),
33 and (f) of this subsection when such sales or charges are for property,
34 labor and services which are used or consumed in whole or in part by
35 such persons in the performance of any activity defined as a "sale at
36 retail" or "retail sale" even though such property, labor and services
37 may be resold after such use or consumption. Nothing contained in this
38 subsection shall be construed to modify subsection (1) of this section

1 and nothing contained in subsection (1) of this section shall be
2 construed to modify this subsection.

3 (3) The term "sale at retail" or "retail sale" shall include the
4 sale of or charge made for personal, business, or professional services
5 including amounts designated as interest, rents, fees, admission, and
6 other service emoluments however designated, received by persons
7 engaging in the following business activities:

8 (a) Amusement and recreation services including but not limited to
9 golf, pool, billiards, skating, bowling, ski lifts and tows, day trips
10 for sightseeing purposes, and others, when provided to consumers;

11 (b) Abstract, title insurance, and escrow services;

12 (c) Credit bureau services;

13 (d) Automobile parking and storage garage services;

14 (e) Landscape maintenance and horticultural services but excluding
15 (i) horticultural services provided to farmers and (ii) pruning,
16 trimming, repairing, removing, and clearing of trees and brush near
17 electric transmission or distribution lines or equipment, if performed
18 by or at the direction of an electric utility;

19 (f) Service charges associated with tickets to professional
20 sporting events; and

21 (g) The following personal services: Physical fitness services,
22 tanning salon services, tattoo parlor services, steam bath services,
23 turkish bath services, escort services, and dating services.

24 (4) The term shall also include the renting or leasing of tangible
25 personal property to consumers and the rental of equipment with an
26 operator.

27 (5) The term shall also include the providing of telephone service,
28 as defined in RCW 82.04.065, to consumers.

29 (6) The term shall also include the sale of canned software other
30 than a sale to a person who presents a resale certificate under RCW
31 82.04.470, regardless of the method of delivery to the end user, but
32 shall not include custom software or the customization of canned
33 software.

34 (7) The term shall not include the sale of or charge made for labor
35 and services rendered in respect to the building, repairing, or
36 improving of any street, place, road, highway, easement, right of way,
37 mass public transportation terminal or parking facility, bridge,
38 tunnel, or trestle which is owned by a municipal corporation or
39 political subdivision of the state or by the United States and which is

1 used or to be used primarily for foot or vehicular traffic including
2 mass transportation vehicles of any kind.

3 (8) The term shall also not include sales of chemical sprays or
4 washes to persons for the purpose of postharvest treatment of fruit for
5 the prevention of scald, fungus, mold, or decay, nor shall it include
6 sales of feed, seed, seedlings, fertilizer, agents for enhanced
7 pollination including insects such as bees, and spray materials to:

8 (a) Persons who participate in the federal conservation reserve
9 program, the environmental quality incentives program, the wetlands
10 reserve program, and the wildlife habitat incentives program, or their
11 successors administered by the United States department of agriculture;

12 (b) farmers for the purpose of producing for sale any agricultural
13 product; and (c) farmers acting under cooperative habitat development
14 or access contracts with an organization exempt from federal income tax
15 under 26 U.S.C. Sec. 501(c)(3) or the Washington state department of
16 fish and wildlife to produce or improve wildlife habitat on land that
17 the farmer owns or leases.

18 (9) The term shall not include the sale of or charge made for labor
19 and services rendered in respect to the constructing, repairing,
20 decorating, or improving of new or existing buildings or other
21 structures under, upon, or above real property of or for the United
22 States, any instrumentality thereof, or a county or city housing
23 authority created pursuant to chapter 35.82 RCW, including the
24 installing, or attaching of any article of tangible personal property
25 therein or thereto, whether or not such personal property becomes a
26 part of the realty by virtue of installation. Nor shall the term
27 include the sale of services or charges made for the clearing of land
28 and the moving of earth of or for the United States, any
29 instrumentality thereof, or a county or city housing authority. Nor
30 shall the term include the sale of services or charges made for
31 cleaning up for the United States, or its instrumentalities,
32 radioactive waste and other byproducts of weapons production and
33 nuclear research and development.

34 (10) Until July 1, 2003, the term shall not include the sale of or
35 charge made for labor and services rendered for environmental remedial
36 action as defined in RCW 82.04.2635(2).

37 NEW SECTION. **Sec. 24.** A new section is added to chapter 82.04 RCW
38 to read as follows:

1 This chapter does not apply to amounts received as lease payments
2 paid by a seller/lessee to a lessor under a sale/leaseback agreement
3 under section 18 of this act in respect to tangible personal property
4 used by the seller/lessee, or to the purchase amount paid by the lessee
5 under an option to purchase at the end of the lease term.

6 NEW SECTION. **Sec. 25.** A new section is added to chapter 82.29A
7 RCW to read as follows:

8 All leasehold interests in property of a regional transit authority
9 or public corporation created under section 20 of this act under an
10 agreement under section 18 of this act are exempt from tax under this
11 chapter.

12 **Sec. 26.** RCW 82.45.010 and 1999 c 209 s 2 are each amended to read
13 as follows:

14 (1) As used in this chapter, the term "sale" shall have its
15 ordinary meaning and shall include any conveyance, grant, assignment,
16 quitclaim, or transfer of the ownership of or title to real property,
17 including standing timber, or any estate or interest therein for a
18 valuable consideration, and any contract for such conveyance, grant,
19 assignment, quitclaim, or transfer, and any lease with an option to
20 purchase real property, including standing timber, or any estate or
21 interest therein or other contract under which possession of the
22 property is given to the purchaser, or any other person at the
23 purchaser's direction, and title to the property is retained by the
24 vendor as security for the payment of the purchase price. The term
25 also includes the grant, assignment, quitclaim, sale, or transfer of
26 improvements constructed upon leased land.

27 (2) The term "sale" also includes the transfer or acquisition
28 within any twelve-month period of a controlling interest in any entity
29 with an interest in real property located in this state for a valuable
30 consideration. For purposes of this subsection, all acquisitions of
31 persons acting in concert shall be aggregated for purposes of
32 determining whether a transfer or acquisition of a controlling interest
33 has taken place. The department of revenue shall adopt standards by
34 rule to determine when persons are acting in concert. In adopting a
35 rule for this purpose, the department shall consider the following:

1 (a) Persons shall be treated as acting in concert when they have a
2 relationship with each other such that one person influences or
3 controls the actions of another through common ownership; and

4 (b) When persons are not commonly owned or controlled, they shall
5 be treated as acting in concert only when the unity with which the
6 purchasers have negotiated and will consummate the transfer of
7 ownership interests supports a finding that they are acting as a single
8 entity. If the acquisitions are completely independent, with each
9 purchaser buying without regard to the identity of the other
10 purchasers, then the acquisitions shall be considered separate
11 acquisitions.

12 (3) The term "sale" shall not include:

13 (a) A transfer by gift, devise, or inheritance.

14 (b) A transfer of any leasehold interest other than of the type
15 mentioned above.

16 (c) A cancellation or forfeiture of a vendee's interest in a
17 contract for the sale of real property, whether or not such contract
18 contains a forfeiture clause, or deed in lieu of foreclosure of a
19 mortgage.

20 (d) The partition of property by tenants in common by agreement or
21 as the result of a court decree.

22 (e) The assignment of property or interest in property from one
23 spouse to the other in accordance with the terms of a decree of divorce
24 or in fulfillment of a property settlement agreement.

25 (f) The assignment or other transfer of a vendor's interest in a
26 contract for the sale of real property, even though accompanied by a
27 conveyance of the vendor's interest in the real property involved.

28 (g) Transfers by appropriation or decree in condemnation
29 proceedings brought by the United States, the state or any political
30 subdivision thereof, or a municipal corporation.

31 (h) A mortgage or other transfer of an interest in real property
32 merely to secure a debt, or the assignment thereof.

33 (i) Any transfer or conveyance made pursuant to a deed of trust or
34 an order of sale by the court in any mortgage, deed of trust, or lien
35 foreclosure proceeding or upon execution of a judgment, or deed in lieu
36 of foreclosure to satisfy a mortgage or deed of trust.

37 (j) A conveyance to the federal housing administration or veterans
38 administration by an authorized mortgagee made pursuant to a contract

1 of insurance or guaranty with the federal housing administration or
2 veterans administration.

3 (k) A transfer in compliance with the terms of any lease or
4 contract upon which the tax as imposed by this chapter has been paid or
5 where the lease or contract was entered into prior to the date this tax
6 was first imposed.

7 (l) The sale of any grave or lot in an established cemetery.

8 (m) A sale by the United States, this state or any political
9 subdivision thereof, or a municipal corporation of this state.

10 (n) A sale to a regional transit authority or public corporation
11 under section 20 of this act under a sale/leaseback agreement under
12 section 18 of this act.

13 (o) A transfer of real property, however effected, if it consists
14 of a mere change in identity or form of ownership of an entity where
15 there is no change in the beneficial ownership. These include
16 transfers to a corporation or partnership which is wholly owned by the
17 transferor and/or the transferor's spouse or children: PROVIDED, That
18 if thereafter such transferee corporation or partnership voluntarily
19 transfers such real property, or such transferor, spouse, or children
20 voluntarily transfer stock in the transferee corporation or interest in
21 the transferee partnership capital, as the case may be, to other than
22 (1) the transferor and/or the transferor's spouse or children, (2) a
23 trust having the transferor and/or the transferor's spouse or children
24 as the only beneficiaries at the time of the transfer to the trust, or
25 (3) a corporation or partnership wholly owned by the original
26 transferor and/or the transferor's spouse or children, within three
27 years of the original transfer to which this exemption applies, and the
28 tax on the subsequent transfer has not been paid within sixty days of
29 becoming due, excise taxes shall become due and payable on the original
30 transfer as otherwise provided by law.

31 ((+o+)) (p)(i) A transfer that for federal income tax purposes does
32 not involve the recognition of gain or loss for entity formation,
33 liquidation or dissolution, and reorganization, including but not
34 limited to nonrecognition of gain or loss because of application of
35 section 332, 337, 351, 368(a)(1), 721, or 731 of the Internal Revenue
36 Code of 1986, as amended.

37 (ii) However, the transfer described in ((+o+)) (p)(i) of this
38 subsection cannot be preceded or followed within a twelve-month period
39 by another transfer or series of transfers, that, when combined with

1 the otherwise exempt transfer or transfers described in ~~((+o+))~~ (p)(i)
2 of this subsection, results in the transfer of a controlling interest
3 in the entity for valuable consideration, and in which one or more
4 persons previously holding a controlling interest in the entity receive
5 cash or property in exchange for any interest the person or persons
6 acting in concert hold in the entity. This subsection ~~(3)((+o+))~~
7 (p)(ii) does not apply to that part of the transfer involving property
8 received that is the real property interest that the person or persons
9 originally contributed to the entity or when one or more persons who
10 did not contribute real property or belong to the entity at a time when
11 real property was purchased receive cash or personal property in
12 exchange for that person or persons' interest in the entity. The real
13 estate excise tax under this subsection ~~(3)((+o+))~~ (p)(ii) is imposed
14 upon the person or persons who previously held a controlling interest
15 in the entity.

16 NEW SECTION. Sec. 27. A new section is added to chapter 84.36 RCW
17 to read as follows:

18 All real and personal property subject to a sale/leaseback
19 agreement under section 18 of this act is exempt from taxation.

20 NEW SECTION. Sec. 28. A new section is added to chapter 35.21 RCW
21 to read as follows:

22 A city or town may not impose taxes on amounts received as lease
23 payments paid by a seller/lessee to a lessor under a sale/leaseback
24 agreement under section 18 of this act in respect to tangible personal
25 property used by the seller/lessee, or to the purchase amount paid by
26 the lessee under an option to purchase at the end of the lease term.

27 Sec. 29. RCW 35.21.755 and 1999 c 266 s 1 are each amended to read
28 as follows:

29 (1) A public corporation, commission, or authority created pursuant
30 to RCW 35.21.730 ~~((o+))~~, 35.21.660, or section 20 of this act shall
31 receive the same immunity or exemption from taxation as that of the
32 city, town, or county creating the same: PROVIDED, That, except for
33 (a) any property within a special review district established by
34 ordinance prior to January 1, 1976, or listed on or which is within a
35 district listed on any federal or state register of historical sites or
36 (b) any property owned, operated, or controlled by a public corporation

1 that is used primarily for low-income housing, or that is used as a
2 convention center, performing arts center, public assembly hall, public
3 meeting place, public esplanade, street, public way, public open space,
4 park, public utility corridor, or view corridor for the general public
5 or (c) any blighted property owned, operated, or controlled by a public
6 corporation that was acquired for the purpose of remediation and
7 redevelopment of the property in accordance with an agreement or plan
8 approved by the city, town, or county in which the property is located,
9 or (d) any property owned, operated, or controlled by a public
10 corporation created under section 20 of this act, any such public
11 corporation, commission, or authority shall pay to the county treasurer
12 an annual excise tax equal to the amounts which would be paid upon real
13 property and personal property devoted to the purposes of such public
14 corporation, commission, or authority were it in private ownership, and
15 such real property and personal property is acquired and/or operated
16 under RCW 35.21.730 through 35.21.755, and the proceeds of such excise
17 tax shall be allocated by the county treasurer to the various taxing
18 authorities in which such property is situated, in the same manner as
19 though the property were in private ownership: PROVIDED FURTHER, That
20 the provisions of chapter 82.29A RCW shall not apply to property within
21 a special review district established by ordinance prior to January 1,
22 1976, or listed on or which is within a district listed on any federal
23 or state register of historical sites and which is controlled by a
24 public corporation, commission, or authority created pursuant to RCW
25 35.21.730 or 35.21.660, which was in existence prior to January 1,
26 1987: AND PROVIDED FURTHER, That property within a special review
27 district established by ordinance prior to January 1, 1976, or property
28 which is listed on any federal or state register of historical sites
29 and controlled by a public corporation, commission, or authority
30 created pursuant to RCW 35.21.730 or 35.21.660, which was in existence
31 prior to January 1, 1976, shall receive the same immunity or exemption
32 from taxation as if such property had been within a district listed on
33 any such federal or state register of historical sites as of January 1,
34 1976, and controlled by a public corporation, commission, or authority
35 created pursuant to RCW 35.21.730 or 35.21.660 which was in existence
36 prior to January 1, 1976.

37 (2) As used in this section:

38 (a) "Low-income" means a total annual income, adjusted for family
39 size, not exceeding fifty percent of the area median income.

1 (b) "Area median income" means:

2 (i) For an area within a standard metropolitan statistical area,
3 the area median income reported by the United States department of
4 housing and urban development for that standard metropolitan
5 statistical area; or

6 (ii) For an area not within a standard metropolitan statistical
7 area, the county median income reported by the department of community,
8 trade, and economic development.

9 (c) "Blighted property" means property that is contaminated with
10 hazardous substances as defined under RCW 70.105D.020(7).

11 NEW SECTION. **Sec. 30.** A new section is added to chapter 81.112
12 RCW to read as follows:

13 (1) Except as provided in subsection (3) of this section, no
14 regional transit authority may initiate a transaction authorized under
15 section 18 of this act after June 30, 2007.

16 (2) The termination of authority to enter into transactions after
17 June 30, 2007, does not affect the validity of any transactions entered
18 into under section 18 of this act.

19 (3) A regional transit authority may enter into a transaction in
20 accordance with section 18 of this act after June 30, 2007, to replace
21 or refinance a transaction that relates to specific obligations entered
22 into on or before that date and that has terminated, or is, under the
23 terms of the replacement or refinance, to terminate, before the final
24 stated term of that transaction. The exemptions from taxes provided by
25 sections 21, 22, 24, 25, 27, and 28 of this act and RCW 82.04.050,
26 82.45.010, and 35.21.755 apply to the replacement or refinance
27 transactions.

28 (4) A regional transit authority, or public corporation or entity
29 created under section 20 of this act, that undertakes a transaction
30 authorized by section 18 of this act, shall provide to the state
31 finance committee, or its financial advisor, at the state finance
32 committee's discretion, a copy of all material agreements executed in
33 connection with the transaction within three months of the closing of
34 the transaction and shall make a report to the state finance committee,
35 the president of the senate, and the speaker of the house of
36 representatives on transactions authorized by section 18 of this act.
37 The report must include the amount of the transactions, the expected
38 savings or losses resulting from the transactions, the transaction

1 costs, including fees and detailed pricing information, the risks
2 associated with the transaction, and any other information the regional
3 transit authority determines relevant. The report must be submitted
4 within six months of the closing of each transaction.

5 NEW SECTION. **Sec. 31.** The authority granted by sections 18
6 through 30 of this act is in addition and supplemental to any authority
7 previously granted and does not limit nor is limited by any other
8 powers or authority previously granted to regional transit authorities
9 or any public corporation, or restrictions on such powers or authority.
10 Nothing in sections 18 through 30 of this act limits other statutory
11 authority previously granted to regional transit authorities or public
12 corporations or other tax exemptions granted to regional transit
13 authorities or public corporations. Nothing in sections 18 through 30
14 of this act limits the authority of the state, any political
15 subdivision thereof, or any other public or municipal corporation to
16 undertake the activities described in sections 18 through 30 of this
17 act as expressly or impliedly authorized by other provisions of law.
18 Nothing in sections 18 through 30 of this act is an authorization to
19 provide indemnification to the extent the indemnification is prohibited
20 or restricted by other provisions of law or the Constitution of the
21 state of Washington.

22 **Sec. 32.** RCW 81.112.060 and 1992 c 101 s 6 are each amended to
23 read as follows:

24 An authority shall have the following powers:

25 (1) To establish offices, departments, boards, and commissions that
26 are necessary to carry out the purposes of the authority, and to
27 prescribe the functions, powers, and duties thereof.

28 (2) To appoint or provide for the appointment of, and to remove or
29 to provide for the removal of, all officers and employees of the
30 authority.

31 (3) To fix the salaries, wages, and other compensation of all
32 officers and employees of the authority.

33 (4) To employ such engineering, legal, financial, or other
34 specialized personnel as may be necessary to accomplish the purposes of
35 the authority.

36 (5) To determine risks, hazards, and liabilities in order to obtain
37 insurance consistent with these determinations. This insurance may

1 include any types of insurance covering, and for the benefit of, one or
2 more parties with whom the authority contracts for any purpose, and
3 insurance for the benefit of its board members, authority officers, and
4 employees to insure against liability for acts or omissions while
5 performing or in good faith purporting to perform their official
6 duties. All insurance obtained for construction of authority projects
7 with a total project cost exceeding one hundred million dollars may be
8 acquired by bid or by negotiation through December 31, 2006. In order
9 to allow the authority flexibility to secure appropriate insurance by
10 negotiation, the authority is exempt from RCW 48.30.270.

11 **Sec. 33.** RCW 48.30.270 and 1983 2nd ex.s. c 1 s 6 are each amended
12 to read as follows:

13 (1) No officer or employee of this state, or of any public agency,
14 public authority or public corporation except a public corporation or
15 public authority created pursuant to agreement or compact with another
16 state, and no person acting or purporting to act on behalf of such
17 officer or employee, or public agency or public authority or public
18 corporation, shall, with respect to any public building or construction
19 contract which is about to be, or which has been competitively bid,
20 require the bidder to make application to, or to furnish financial data
21 to, or to obtain or procure, any of the surety bonds or contracts of
22 insurance specified in connection with such contract, or specified by
23 any law, general, special or local, from a particular insurer or agent
24 or broker.

25 (2) No such officer or employee or any person, acting or purporting
26 to act on behalf of such officer or employee shall negotiate, make
27 application for, obtain or procure any of such surety bonds or
28 contracts of insurance, except contracts of insurance for builder's
29 risk or owner's protective liability, which can be obtained or procured
30 by the bidder, contractor or subcontractor.

31 (3) This section shall not be construed to prevent the exercise by
32 such officer or employee on behalf of the state or such public agency,
33 public authority, or public corporation of its right to approve the
34 form, sufficiency or manner or execution of the surety bonds or
35 contracts of insurance furnished by the insurer selected by the bidder
36 to underwrite such bonds, or contracts of insurance.

1 (4) Any provisions in any invitation for bids, or in any of the
2 contract documents, in conflict with this section are declared to be
3 contrary to the public policy of this state.

4 (5) A violation of this section shall be subject to the penalties
5 provided by RCW 48.01.080.

6 (6) This section shall not apply to:

7 (a) The public nonprofit corporation authorized under RCW
8 67.40.020; or

9 (b) A regional transit authority authorized under RCW 81.112.030.

10 NEW SECTION. Sec. 34. Section 1 of this act applies to taxes
11 collected on and after December 31, 1999.

12 NEW SECTION. Sec. 35. Sections 1 through 3 and 20 of this act are
13 necessary for the immediate preservation of the public peace, health,
14 or safety, or support of the state government and its existing public
15 institutions, and take effect immediately.

16 NEW SECTION. Sec. 36. (1) Sections 4 and 7 through 10 of this act
17 are necessary for the immediate preservation of the public peace,
18 health, or safety, or support of the state government and its existing
19 public institutions, and take effect July 1, 2000.

20 (2) Section 5 of this act takes effect September 1, 2000.

21 (3) Section 6 of this act takes effect March 1, 2002.

22 NEW SECTION. Sec. 37. Sections 3 and 4 of this act expire
23 September 1, 2000."

24 **E2SSB 6856** - S AMD - 331

25 By Senators Haugen, Gardner and Horn

26

27 In line 1 of the title, after "funding;" strike the remainder of
28 the title and insert "amending RCW 82.08.020, 43.84.092, 43.84.092,
29 43.89.010, 46.68.035, 82.36.380, 82.38.270, 43.88.020, 43.88.030,
30 43.88.120, 43.88.122, 44.40.070, 82.14.045, 82.45.010, 35.21.755,
31 81.112.060, and 48.30.270; reenacting and amending RCW 43.84.092 and
32 82.04.050; reenacting RCW 43.84.092; adding a new section to chapter
33 47.66 RCW; adding new sections to chapter 81.112 RCW; adding a new

1 section to chapter 82.08 RCW; adding a new section to chapter 82.12
2 RCW; adding a new section to chapter 82.04 RCW; adding a new section to
3 chapter 82.29A RCW; adding a new section to chapter 84.36 RCW; adding
4 a new section to chapter 35.21 RCW; creating new sections; providing
5 effective dates; providing an expiration date; and declaring an
6 emergency."

--- END ---