
SENATE BILL 5690

State of Washington 55th Legislature 1997 Regular Session

By Senators Sellar, Winsley, Haugen and Patterson

Read first time 02/07/97. Referred to Committee on Ways & Means.

1 AN ACT Relating to distribution of motor vehicle excise tax funds
2 used for equalization; amending RCW 82.14.210 and 82.44.155; and
3 reenacting and amending RCW 82.44.110.

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

5 **Sec. 1.** RCW 82.14.210 and 1996 c 64 s 1 are each amended to read
6 as follows:

7 There is created in the state treasury a special account to be
8 known as the "municipal sales and use tax equalization account." Into
9 this account shall be placed such revenues as are provided under RCW
10 82.44.110(1)(e). Funds in this account shall be allocated by the state
11 treasurer according to the following procedure:

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

17 (2) At such times as distributions are made under RCW 82.44.150,
18 the state treasurer shall apportion to each city not imposing the sales
19 and use tax under RCW 82.14.030(2) an amount from the municipal sales

1 and use tax equalization account equal to the amount distributed to the
2 city under RCW 82.44.155, multiplied by forty-five fifty-fifths.

3 (3) Subsequent to the distributions under subsection (2) of this
4 section, and at such times as distributions are made under RCW
5 82.44.150, the state treasurer shall apportion to each city imposing
6 the sales and use tax under RCW 82.14.030(1) at the maximum rate and
7 receiving less than seventy percent of the state-wide weighted average
8 per capita level of revenues for all cities as determined by the
9 department of revenue under subsection (1) of this section, an amount
10 from the municipal sales and use tax equalization account sufficient,
11 when added to the per capita level of revenues received the previous
12 calendar year by the city, to equal seventy percent of the state-wide
13 weighted average per capita level of revenues for all cities determined
14 under subsection (1) of this section, subject to reduction under
15 subsection (6) of this section.

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

30 (5) For a city with an official incorporation date after January 1,
31 1990, municipal sales and use tax equalization distributions shall be
32 made according to the procedures in this subsection. Municipal sales
33 and use tax equalization distributions to eligible new cities shall be
34 made at the same time as distributions are made under subsections (3)
35 and (4) of this section. The department of revenue shall follow the
36 estimating procedures outlined in this subsection until the new city
37 has received a full year's worth of revenues under RCW 82.14.030(1) as
38 of the January municipal sales and use tax equalization distribution.

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

6 (i) A newly incorporated city imposing the tax authorized under RCW
7 82.14.030(1) effective as of January 1st shall be eligible to receive
8 funds under this subsection beginning with the April municipal sales
9 and use tax equalization distribution of that year.

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

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

20 (iv) A newly incorporated city imposing the tax authorized under
21 RCW 82.14.030(1) effective as of August 1st, September 1st, or October
22 1st shall be eligible to receive funds under this subsection beginning
23 with the January municipal sales and use tax equalization distribution
24 of the next year.

25 (v) A newly incorporated city imposing the tax authorized under RCW
26 82.14.030(1) effective as of November 1st or December 1st shall be
27 eligible to receive funds under this subsection beginning with the
28 April municipal sales and use tax equalization distribution of the next
29 year.

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

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

35 (ii) Calculate the amount provided under subsection (3) of this
36 section based on the per capita revenues determined under (b)(i) of
37 this subsection;

1 (iii) Prorate the amount determined under (b)(ii) of this
2 subsection by the number of months the tax authorized under RCW
3 82.14.030(1) is imposed.

4 (c) A new city imposing the tax under RCW 82.14.030(2) at the
5 maximum rate and receiving a distribution calculated under (b) of this
6 subsection shall receive another distribution from the municipal sales
7 and use tax equalization account. This distribution shall be equal to
8 the calculation made under (b)(ii) of this subsection, prorated by the
9 number of months the city imposes the tax authorized under RCW
10 82.14.030(2) at the full rate.

11 (d) The department of revenue shall advise the state treasurer of
12 the amounts calculated under (b) and (c) of this subsection and the
13 state treasurer shall distribute these amounts to the new city from the
14 municipal sales and use tax equalization account subject to the
15 limitations imposed in subsection (6) of this section.

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

19 (6) If inadequate revenues exist in the municipal sales and use tax
20 equalization account to make the distributions under subsection (3),
21 (4), or (5) of this section, then the distributions under subsections
22 (3), (4), and (5) of this section shall be reduced ratably among the
23 qualifying cities. At such time during the year as additional funds
24 accrue to the municipal sales and use tax equalization account,
25 additional distributions shall be made under subsections (3), (4), and
26 (5) of this section to the cities.

27 (7) If the level of revenues in the municipal sales and use tax
28 equalization account exceeds the amount necessary to make the
29 distributions under subsections (2) through (5) of this section, then
30 the additional revenues shall be apportioned among the several cities
31 within the state ratably on the basis of population as last determined
32 by the office of financial management: PROVIDED, That no such
33 distribution shall be made to those cities receiving a distribution
34 under subsection (2) of this section.

35 (8) If inadequate revenues exist, after distributions under
36 subsection (6) of this section, to raise the level for the cities
37 having moneys distributed to them under subsection (3) of this section
38 to the level of seventy percent of the state-wide weighted average per
39 capita level of revenues for all cities determined under subsection (1)

1 of this section, then the state treasurer shall apportion and
2 distribute the motor vehicle taxes deposited into the general fund
3 under RCW 82.44.110(1)(m) in a manner to equalize all entitled cities
4 to the same per capita level of revenues.

5 **Sec. 2.** RCW 82.44.110 and 1995 1st sp.s. c 15 s 2 and 1995 c 398
6 s 14 are each reenacted and amended to read as follows:

7 The county auditor shall regularly, when remitting license fee
8 receipts, pay over and account to the director of licensing for the
9 excise taxes collected under the provisions of this chapter. The
10 director shall forthwith transmit the excise taxes to the state
11 treasurer.

12 (1) The state treasurer shall deposit the excise taxes collected
13 under RCW 82.44.020(1) as follows:

14 (a) 1.60 percent into the motor vehicle fund to defray
15 administrative and other expenses incurred by the department in the
16 collection of the excise tax.

17 (b) 8.15 percent into the Puget Sound capital construction account
18 in the motor vehicle fund.

19 (c) 4.07 percent into the Puget Sound ferry operations account in
20 the motor vehicle fund.

21 (d) 5.88 percent into the general fund to be distributed under RCW
22 82.44.155.

23 (e) 4.75 percent into the municipal sales and use tax equalization
24 account in the general fund created in RCW 82.14.210.

25 (f) 1.60 percent into the county sales and use tax equalization
26 account in the general fund created in RCW 82.14.200.

27 (g) (~~62.6440 percent into the general fund through June 30, 1995,~~
28 ~~and 57.6440)) 56.894 percent into the general fund (~~beginning July 1,~~
29 ~~1995)).~~~~

30 (h) 5 percent into the transportation fund created in RCW 82.44.180
31 beginning July 1, 1995.

32 (i) 5.9686 percent into the county criminal justice assistance
33 account created in RCW 82.14.310.

34 (j) 1.1937 percent into the municipal criminal justice assistance
35 account for distribution under RCW 82.14.320.

36 (k) 1.1937 percent into the municipal criminal justice assistance
37 account for distribution under RCW 82.14.330.

1 (1) 2.95 percent into the county public health account created in
2 RCW 70.05.125.

3 (m) 0.75 percent into the general fund to be distributed under RCW
4 82.14.210(8).

5 Notwithstanding (i) through (k) of this subsection, no more than
6 sixty million dollars shall be deposited into the accounts specified in
7 (i) through (k) of this subsection for the period January 1, 1994,
8 through June 30, 1995. Not more than five percent of the funds
9 deposited to these accounts shall be available for appropriations for
10 enhancements to the state patrol crime laboratory system and the
11 continuing costs related to these enhancements. Motor vehicle excise
12 tax funds appropriated for such enhancements shall not supplant
13 existing funds from the state general fund. For the fiscal year ending
14 June 30, 1998, and for each fiscal year thereafter, the amounts
15 deposited into the accounts specified in (i) through (k) of this
16 subsection shall not increase by more than the amounts deposited into
17 those accounts in the previous fiscal year increased by the implicit
18 price deflator for the previous fiscal year. Any revenues in excess of
19 this amount shall be deposited into the general fund.

20 (2) The state treasurer shall deposit the excise taxes collected
21 under RCW 82.44.020(2) into the transportation fund.

22 (3) The state treasurer shall deposit the excise tax imposed by RCW
23 82.44.020(3) into the air pollution control account created by RCW
24 70.94.015.

25 **Sec. 3.** RCW 82.44.155 and 1993 c 492 s 254 are each amended to
26 read as follows:

27 (1) When distributions are made under RCW 82.44.150, the state
28 treasurer shall apportion and distribute the motor vehicle excise taxes
29 deposited into the general fund under RCW 82.44.110(1)(d) to the cities
30 and towns ratably on the basis of population as last determined by the
31 office of financial management.

32 (2) When distributions are made under RCW 82.44.150, the state
33 treasurer shall apportion and distribute the motor vehicle excise taxes
34 deposited into the general fund under RCW 82.44.110(1)(m) in a manner
35 to equalize all entitled cities to the same per capita level of
36 revenues. If there are moneys available from RCW 82.44.110(1)(m) in
37 excess of those needed to equalize all entitled cities and towns to the

1 level provided in RCW 82.14.210(8), the excess moneys shall be credited
2 and transferred to the state general fund.

3 (3) When ((~~so~~)) apportioned under this section, the amount payable
4 to each such city and town shall be transmitted to the city treasurer
5 thereof, and shall be used by the city or town for the purposes of
6 police and fire protection in the city or town, and not otherwise. If
7 it is adjudged that revenue derived from the excise taxes imposed by
8 RCW 82.44.020 (1) and (2) cannot lawfully be apportioned or distributed
9 to cities or towns, all moneys directed by this section to be
10 apportioned and distributed to cities and towns shall be credited and
11 transferred to the state general fund.

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