





1       **Sec. 202.** RCW 82.44.020 and 1993 sp.s. c 23 s 61 are each amended  
2 to read as follows:

3       (1) An excise tax is imposed for the privilege of using in the  
4 state any motor vehicle, except those operated under reciprocal  
5 agreements, the provisions of RCW 46.16.160 (~~as now or hereafter~~  
6 amended)), or dealer's licenses. The annual amount of such excise tax  
7 shall be two and two-tenths percent of the value of such vehicle.

8       (2) (~~An additional excise tax is imposed, in addition to any other~~  
9 ~~tax imposed by this section, for the privilege of using in the state~~  
10 ~~any such motor vehicle, and the annual amount of such additional excise~~  
11 ~~shall be two-tenths of one percent of the value of such vehicle.~~

12       (3) ~~Effective with October 1992 motor vehicle registration~~  
13 ~~expirations,))~~ A clean air excise tax is imposed in addition to any  
14 other tax imposed by this section for the privilege of using in the  
15 state any motor vehicle as defined in RCW 82.44.010, except that farm  
16 vehicles as defined in RCW 46.04.181 shall not be subject to the tax  
17 imposed by this subsection. The (~~annual amount of the additional~~  
18 ~~excise tax shall be two dollars and twenty five cents. Effective with~~  
19 ~~July 1994 motor vehicle registration expirations, the)) annual amount  
20 of additional excise tax shall be two dollars.~~

21       (~~(4))~~) (3) An additional excise tax is imposed on truck-type power  
22 units that are used in combination with a trailer to transport loads in  
23 excess of forty thousand pounds combined gross weight. The annual  
24 amount of such additional excise tax shall be fifty-eight one-  
25 hundredths of one percent of the value of the vehicle.

26       The department shall distribute the additional tax collected under  
27 this subsection as follows:

28       (a) For each trailing unit subject to subsection (~~(5))~~) (4) of  
29 this section, an amount equal to the clean air excise tax prescribed in  
30 subsection (~~(3))~~) (2) of this section shall be distributed in the  
31 manner prescribed in RCW 82.44.110(~~(3))~~) (2);

32       (b) (~~(f))~~) The remainder of the additional excise tax collected  
33 under this subsection(~~, ten percent shall be distributed in the manner~~  
34 ~~prescribed in RCW 82.44.110(2) and ninety percent)) shall be~~  
35 distributed in the manner prescribed in RCW 82.44.110(1). This tax  
36 shall not apply to power units used exclusively for hauling logs.

37       (~~(5))~~) (4) The excise taxes imposed by subsections (1) (~~through~~  
38 ~~(3))~~) and (2) of this section shall not apply to trailing units which  
39 are used in combination with a power unit subject to the additional

1 excise tax imposed by subsection (~~((4))~~) (3) of this section. This  
2 subsection shall not apply to trailing units used for hauling logs.

3 (~~((6))~~) (5) In no case shall the total tax be less than two dollars  
4 except for proportionally registered vehicles and except for vehicles  
5 on which a credit is granted under section 201 of this act.

6 (~~((7))~~) (6) Washington residents, as defined in RCW 46.16.028, who  
7 license motor vehicles in another state or foreign country and avoid  
8 Washington motor vehicle excise taxes are liable for such unpaid excise  
9 taxes. The department of revenue may assess and collect the unpaid  
10 excise taxes under chapter 82.32 RCW, including the penalties and  
11 interest provided therein.

12 **Sec. 203.** RCW 82.44.041 and 1990 c 42 s 303 are each amended to  
13 read as follows:

14 (1) For the purpose of determining the tax under this chapter, the  
15 value of a truck-type power or trailing unit shall be the latest  
16 purchase price of the vehicle, excluding applicable federal excise  
17 taxes, state and local sales or use taxes, transportation or shipping  
18 costs, or preparatory or delivery costs, multiplied by the following  
19 percentage based on year of service of the vehicle since last sale.  
20 The latest purchase year shall be considered the first year of service.

| 21 | YEAR OF SERVICE | PERCENTAGE |
|----|-----------------|------------|
| 22 | 1               | 100        |
| 23 | 2               | 90         |
| 24 | 3               | 83         |
| 25 | 4               | 75         |
| 26 | 5               | 67         |
| 27 | 6               | 59         |
| 28 | 7               | 52         |
| 29 | 8               | 44         |
| 30 | 9               | 36         |
| 31 | 10              | 28         |
| 32 | 11              | 21         |
| 33 | 12              | 13         |
| 34 | 13 or older     | 10         |

35 (2) The reissuance of title and registration for a truck-type power  
36 or trailing unit because of the installation of body or special  
37 equipment shall be treated as a sale, and the value of the truck-type

1 power or trailing unit at that time, as determined by the department  
2 from such information as may be available, shall be considered the  
3 latest purchase price.

4 (3) For the purpose of determining the tax under this chapter, the  
5 value of a motor vehicle other than a truck-type power or trailing unit  
6 shall be the manufacturer's base suggested retail price of the vehicle  
7 when first offered for sale as a new vehicle, excluding any optional  
8 equipment, applicable federal excise taxes, state and local sales or  
9 use taxes, transportation or shipping costs, or preparatory or delivery  
10 costs, multiplied by the applicable percentage listed in this  
11 subsection based on year of service of the vehicle.

12 If the manufacturer's base suggested retail price is unavailable or  
13 otherwise unascertainable at the time of initial registration in this  
14 state, the department shall determine a value equivalent to a  
15 manufacturer's base suggested retail price as follows:

16 (a) The department shall determine a value using any information  
17 that may be available, including any guidebook, report, or compendium  
18 of recognized standing in the automotive industry or the selling price  
19 and year of sale of the vehicle. The department may use an appraisal  
20 by the county assessor. In valuing a vehicle for which the current  
21 value or selling price is not indicative of the value of similar  
22 vehicles of the same year and model, the department shall establish a  
23 value that more closely represents the average value of similar  
24 vehicles of the same year and model.

25 (b) The value determined in (a) of this subsection shall be divided  
26 by the applicable percentage listed in this subsection to establish a  
27 value equivalent to a manufacturer's base suggested retail price. The  
28 applicable percentage shall be based on the year of service of the  
29 vehicle for which the value is determined.

| 30 | YEAR OF SERVICE | PERCENTAGE                     |
|----|-----------------|--------------------------------|
| 31 | 1               | 100                            |
| 32 | 2               | <del>((100))</del> <u>93.5</u> |
| 33 | 3               | <del>((91))</del> <u>86</u>    |
| 34 | 4               | <del>((83))</del> <u>79</u>    |
| 35 | 5               | <del>((74))</del> <u>71</u>    |
| 36 | 6               | <del>((65))</del> <u>63</u>    |
| 37 | 7               | <del>((57))</del> <u>56</u>    |
| 38 | 8               | 48                             |
| 39 | 9               | 40                             |

|   |             |    |
|---|-------------|----|
| 1 | 10          | 31 |
| 2 | 11          | 22 |
| 3 | 12          | 14 |
| 4 | 13 or older | 10 |

5 (4) For purposes of this chapter, value shall exclude value  
6 attributable to modifications of a motor vehicle and equipment that are  
7 designed to facilitate the use or operation of the motor vehicle by a  
8 handicapped person.

9 **Sec. 204.** RCW 82.44.110 and 1997 c 338 s 68 are each amended to  
10 read as follows:

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

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

18 (a) (~~(1.60)~~) 1.455 percent into the motor vehicle fund through June  
19 30, 1999, and 1.813 percent beginning July 1, 1999, to defray  
20 administrative and other expenses incurred by the department in the  
21 collection of the excise tax.

22 (b) (~~(8.15)~~) 7.409 percent into the Puget Sound capital  
23 construction account in the motor vehicle fund through June 30, 1999,  
24 and 9.230 percent beginning July 1, 1999.

25 (c) (~~(4.07)~~) 3.70 percent into the Puget Sound ferry operations  
26 account in the motor vehicle fund through June 30, 1999, and 4.609  
27 percent beginning July 1, 1999.

28 (d) (~~(5.88)~~) 5.345 percent into the general fund to be distributed  
29 under RCW 82.44.155 through June 30, 1999, and 6.658 percent beginning  
30 July 1, 1999.

31 (e) (~~(4.75)~~) 4.318 percent into the municipal sales and use tax  
32 equalization account in the general fund created in RCW 82.14.210  
33 through June 30, 1999, and 5.379 percent beginning July 1, 1999.

34 (f) (~~(1.60)~~) 1.455 percent into the county sales and use tax  
35 equalization account in the general fund created in RCW 82.14.200  
36 through June 30, 1999, and 1.813 percent beginning July 1, 1999.

1 (g) (~~(62.6440)~~) 52.395 percent into the general fund through June  
2 30, (~~(1995, and 57.6440~~) percent into the general fund beginning July 1,  
3 ~~1995))~~ 1999, and 40.697 percent beginning July 1, 1999.

4 (h) (~~(5)~~) 13.645 percent into the transportation fund created in  
5 RCW 82.44.180 through June 30, 1999, and 16.998 percent beginning July  
6 1, (~~(1995))~~ 1999.

7 (i) (~~(5.9686)~~) 5.426 percent into the county criminal justice  
8 assistance account created in RCW 82.14.310 through June 30, 1999, and  
9 6.759 percent beginning July 1, 1999.

10 (j) (~~(1.1937)~~) 1.085 percent into the municipal criminal justice  
11 assistance account for distribution under RCW 82.14.320 through June  
12 30, 1999, and 1.352 percent beginning July 1, 1999.

13 (k) (~~(1.1937)~~) 1.085 percent into the municipal criminal justice  
14 assistance account for distribution under RCW 82.14.330 through June  
15 30, 1999, and 1.352 beginning July 1, 1999.

16 (l) (~~(2.95)~~) 2.682 percent into the county public health account  
17 created in RCW 70.05.125 through June 30, 1999, and 3.341 percent  
18 beginning July 1, 1999.

19 (~~(Notwithstanding (i) through (k) of this subsection, no more than~~  
20 ~~sixty million dollars shall be deposited into the accounts specified in~~  
21 ~~(i) through (k) of this subsection for the period January 1, 1994,~~  
22 ~~through June 30, 1995. Not more than five percent of the funds~~  
23 ~~deposited to these accounts shall be available for appropriations for~~  
24 ~~enhancements to the state patrol crime laboratory system and the~~  
25 ~~continuing costs related to these enhancements. Motor vehicle excise~~  
26 ~~tax funds appropriated for such enhancements shall not supplant~~  
27 ~~existing funds from the state general fund.))~~ For the fiscal year  
28 (~~(ending June 30,)~~) 1998, and for each fiscal year thereafter, the  
29 amounts deposited into the accounts specified in (i) through (k) of  
30 this subsection shall not increase by more than the amounts deposited  
31 into those accounts in the previous fiscal year increased by the  
32 implicit price deflator for the previous fiscal year. Any revenues in  
33 excess of this amount shall be deposited into the violence reduction  
34 and drug enforcement account.

35 (2) (~~(The state treasurer shall deposit the excise taxes collected~~  
36 ~~under RCW 82.44.020(2) into the transportation fund.~~

37 ~~(3))~~) The state treasurer shall deposit the excise tax imposed by  
38 RCW 82.44.020(~~(3))~~) (2) into the air pollution control account created  
39 by RCW 70.94.015.

1       **Sec. 205.** RCW 82.44.150 and 1995 2nd sp.s. c 14 s 538 are each  
2 amended to read as follows:

3       (1) The director of licensing shall, on the twenty-fifth day of  
4 February, May, August, and November of each year, advise the state  
5 treasurer of the total amount of motor vehicle excise taxes imposed by  
6 RCW 82.44.020 (1) (~~and (2)~~) remitted to the department during the  
7 preceding calendar quarter ending on the last day of March, June,  
8 September, and December, respectively, except for those payable under  
9 RCW 82.44.030, from motor vehicle owners residing within each  
10 municipality which has levied a tax under RCW 35.58.273, which amount  
11 of excise taxes shall be determined by the director as follows:

12       The total amount of motor vehicle excise taxes remitted to the  
13 department, except those payable under RCW 82.44.020(~~(+3)~~) (2) and  
14 82.44.030, from each county shall be multiplied by a fraction, the  
15 numerator of which is the population of the municipality residing in  
16 such county, and the denominator of which is the total population of  
17 the county in which such municipality or portion thereof is located.  
18 The product of this computation shall be the amount of excise taxes  
19 from motor vehicle owners residing within such municipality or portion  
20 thereof. Where the municipality levying a tax under RCW 35.58.273 is  
21 located in more than one county, the above computation shall be made by  
22 county, and the combined products shall provide the total amount of  
23 motor vehicle excise taxes from motor vehicle owners residing in the  
24 municipality as a whole. Population figures required for these  
25 computations shall be supplied to the director by the office of  
26 financial management, who shall adjust the fraction annually.

27       (2) On the first day of the months of January, April, July, and  
28 October of each year, the state treasurer based upon information  
29 provided by the department shall, from motor vehicle excise taxes  
30 deposited in the general fund(~~(7)~~) under RCW 82.44.110(1)(g), make the  
31 following deposits:

32       (a) To the high capacity transportation account created in RCW  
33 47.78.010, a sum equal to four and five-tenths percent of the special  
34 excise tax levied under RCW 35.58.273 by those municipalities  
35 authorized to levy a special excise tax within each county that has a  
36 population of one hundred seventy-five thousand or more and has an  
37 interstate highway within its borders; except that in a case of a  
38 municipality located in a county that has a population of one hundred  
39 seventy-five thousand or more that does not have an interstate highway



1 located within its borders, that sum shall be deposited in the  
2 passenger ferry account;

3 (b) To the central Puget Sound public transportation account  
4 created in RCW 82.44.180, (~~for revenues distributed after December 31,~~  
5 ~~1992,~~) within a county with a population of one million or more and a  
6 county with a population of from two hundred thousand to less than one  
7 million bordering a county with a population of one million or more, a  
8 sum equal to the difference between (i) the special excise tax levied  
9 and collected under RCW 35.58.273 by those municipalities authorized to  
10 levy and collect a special excise tax subject to the requirements of  
11 subsections (3) and (4) of this section and (ii) the special excise tax  
12 that the municipality would otherwise have been eligible to levy and  
13 collect at a tax rate of (~~(.815)~~) 0.8401 percent and been able to match  
14 with locally generated tax revenues, other than the excise tax imposed  
15 under RCW 35.58.273, budgeted for any public transportation purpose.  
16 Before this deposit, the sum shall be reduced by an amount equal to the  
17 amount distributed under (a) of this subsection for each of the  
18 municipalities within the counties to which this subsection (2)(b)  
19 applies; however, any transfer under this subsection (2)(b) must be  
20 greater than zero;

21 (c) To the public transportation systems account created in RCW  
22 82.44.180, (~~for revenues distributed after December 31, 1992,~~) within  
23 counties not described in (b) of this subsection, a sum equal to the  
24 difference between (i) the special excise tax levied and collected  
25 under RCW 35.58.273 by those municipalities authorized to levy and  
26 collect a special excise tax subject to the requirements of subsections  
27 (3) and (4) of this section and (ii) the special excise tax that the  
28 municipality would otherwise have been eligible to levy and collect at  
29 a tax rate of (~~(.815)~~) 0.8401 percent and been able to match with  
30 locally generated tax revenues, other than the excise tax imposed under  
31 RCW 35.58.273, budgeted for any public transportation purpose. Before  
32 this deposit, the sum shall be reduced by an amount equal to the amount  
33 distributed under (a) of this subsection for each of the municipalities  
34 within the counties to which this subsection (2)(c) applies; however,  
35 any transfer under this subsection (2)(c) must be greater than zero;  
36 and

37 (d) To the (~~general fund, for revenues distributed after June 30,~~  
38 ~~1993, and to the transportation fund, for revenues distributed after~~  
39 ~~June 30, 1995~~) transportation fund, a sum equal to the difference

1 between (i) the special excise tax levied and collected under RCW  
2 35.58.273 by those municipalities authorized to levy and collect a  
3 special excise tax subject to the requirements of subsections (3) and  
4 (4) of this section and (ii) the special excise tax that the  
5 municipality would otherwise have been eligible to levy and collect at  
6 a tax rate of (~~(.815)~~) 0.8401 percent notwithstanding the requirements  
7 set forth in subsections (3) through (6) of this section, reduced by an  
8 amount equal to distributions made under (a), (b), and (c) of this  
9 subsection and RCW 82.14.046.

10 (3) On the first day of the months of January, April, July, and  
11 October of each year, the state treasurer, based upon information  
12 provided by the department, shall remit motor vehicle excise tax  
13 revenues imposed and collected under RCW 35.58.273 as follows:

14 (a) The amount required to be remitted by the state treasurer to  
15 the treasurer of any municipality levying the tax shall not exceed in  
16 any calendar year the amount of locally-generated tax revenues,  
17 excluding (i) the excise tax imposed under RCW 35.58.273 for the  
18 purposes of this section, which shall have been budgeted by the  
19 municipality to be collected in such calendar year for any public  
20 transportation purposes including but not limited to operating costs,  
21 capital costs, and debt service on general obligation or revenue bonds  
22 issued for these purposes; and (ii) the sales and use tax equalization  
23 distributions provided under RCW 82.14.046; and

24 (b) In no event may the amount remitted in a single calendar  
25 quarter exceed the amount collected on behalf of the municipality under  
26 RCW 35.58.273 during the calendar quarter next preceding the  
27 immediately preceding quarter, excluding the sales and use tax  
28 equalization distributions provided under RCW 82.14.046.

29 (4) At the close of each calendar year accounting period, but not  
30 later than April 1, each municipality that has received motor vehicle  
31 excise taxes under subsection (3) of this section shall transmit to the  
32 director of licensing and the state auditor a written report showing by  
33 source the previous year's budgeted tax revenues for public  
34 transportation purposes as compared to actual collections. Any  
35 municipality that has not submitted the report by April 1 shall cease  
36 to be eligible to receive motor vehicle excise taxes under subsection  
37 (3) of this section until the report is received by the director of  
38 licensing. If a municipality has received more or less money under  
39 subsection (3) of this section for the period covered by the report

1 than it is entitled to receive by reason of its locally-generated  
2 collected tax revenues, the director of licensing shall, during the  
3 next ensuing quarter that the municipality is eligible to receive motor  
4 vehicle excise tax funds, increase or decrease the amount to be  
5 remitted in an amount equal to the difference between the locally-  
6 generated budgeted tax revenues and the locally-generated collected tax  
7 revenues. In no event may the amount remitted for a calendar year  
8 exceed the amount collected on behalf of the municipality under RCW  
9 35.58.273 during that same calendar year excluding the sales and use  
10 tax equalization distributions provided under RCW 82.14.046. At the  
11 time of the next fiscal audit of each municipality, the state auditor  
12 shall verify the accuracy of the report submitted and notify the  
13 director of licensing of any discrepancies.

14 (5) The motor vehicle excise taxes imposed under RCW 35.58.273 and  
15 required to be remitted under this section and RCW 82.14.046 shall be  
16 remitted without legislative appropriation.

17 (6) Any municipality levying and collecting a tax under RCW  
18 35.58.273 which does not have an operating, public transit system or a  
19 contract for public transportation services in effect within one year  
20 from the initial effective date of the tax shall return to the state  
21 treasurer all motor vehicle excise taxes received under subsection (3)  
22 of this section.

23 **Sec. 206.** RCW 69.50.520 and 1997 c 451 s 2 and 1997 338 s 69 are  
24 each reenacted and amended to read as follows:

25 The violence reduction and drug enforcement account is created in  
26 the state treasury. All designated receipts from RCW 9.41.110(8),  
27 66.24.210(4), 66.24.290(2), 69.50.505(h)(1), 82.08.150(5),  
28 82.24.020(2), and 82.64.020(~~(, and section 420, chapter 271, Laws of~~  
29 ~~1989))~~) shall be deposited into the account. Expenditures from the  
30 account may be used only for funding services and programs under  
31 chapter 271, Laws of 1989 and chapter 7, Laws of 1994 sp. sess.,  
32 including state incarceration costs. Funds from the account may also  
33 be appropriated to reimburse local governments for costs associated  
34 with implementing criminal justice legislation including chapter 338,  
35 Laws of 1997. During the 1997-1999 biennium, funds from the account  
36 may also be used for costs associated with conducting a feasibility  
37 study of the department of corrections' offender-based tracking system.  
38 After July 1, 1999, at least seven and one-half percent of expenditures

1 from the account shall be used for providing grants to community  
2 networks under chapter 70.190 RCW by the family policy council.

3 **Sec. 207.** RCW 82.50.410 and 1991 c 199 s 225 are each amended to  
4 read as follows:

5 The rate and measure of tax imposed by RCW 82.50.400 for each  
6 registration year shall be one and one-tenth percent(~~(, and a surcharge~~  
7 ~~of one-tenth of one percent,~~) of the value of the travel trailer or  
8 camper, as determined in the manner provided in this chapter:  
9 PROVIDED, That the excise tax upon a travel trailer or camper licensed  
10 for the first time in this state after the last day of any registration  
11 month may only be levied for the remaining months of the registration  
12 year including the month in which the travel trailer or camper is first  
13 licensed: PROVIDED FURTHER, That the minimum amount of tax payable  
14 shall be two dollars: PROVIDED FURTHER, That every dealer in mobile  
15 homes or travel trailers, for the privilege of using any mobile home or  
16 travel trailer eligible to be used under a dealer's license plate,  
17 shall pay an excise tax of two dollars, and such tax shall be collected  
18 upon the issuance of each original dealer's license plate, and also a  
19 similar tax shall be collected upon the issuance of each dealer's  
20 duplicate license plate, which taxes shall be in addition to any tax  
21 otherwise payable under this chapter.

22 A travel trailer or camper shall be deemed licensed for the first  
23 time in this state when such vehicle was not previously licensed by  
24 this state for the registration year or any part thereof immediately  
25 preceding the registration year in which application for license is  
26 made or when it has been registered in another jurisdiction subsequent  
27 to any prior registration in this state.

28 **Sec. 208.** RCW 82.50.510 and 1991 c 199 s 227 are each amended to  
29 read as follows:

30 The county auditor shall regularly, when remitting motor vehicle  
31 excise taxes, pay to the state treasurer the excise taxes imposed by  
32 RCW 82.50.400. The treasurer shall then distribute such funds  
33 quarterly on the first day of the month of January, April, July and  
34 October of each year in the following amount:

35 (1) (~~For the one percent tax imposed under RCW 82.50.410,~~  
36 ~~fifteen~~) 13.64 percent to cities and towns for the use thereof

1 apportioned ratably among such cities and towns on the basis of  
2 population; (~~(fifteen)~~)

3 (2) 13.64 percent to counties for the use thereof to be apportioned  
4 ratably among such counties on the basis of moneys collected in such  
5 counties from the excise taxes imposed under this chapter; (~~and~~  
6 ~~seventy~~)

7 (3) 63.64 percent for schools to be deposited in the state general  
8 fund; and

9 (~~((2) for the one-tenth of one percent surcharge imposed under RCW~~  
10 ~~82.50.410, one hundred)) (4) 9.08 percent to the transportation fund  
11 created in RCW 82.44.180.~~

12 **Sec. 209.** RCW 35.58.273 and 1992 c 194 s 11 are each amended to  
13 read as follows:

14 (1) (~~(Through June 30, 1992, any municipality, as defined in this~~  
15 ~~subsection, is authorized to levy and collect a special excise tax not~~  
16 ~~exceeding .7824 percent and beginning July 1, 1992, .725 percent on the~~  
17 ~~value, as determined under chapter 82.44 RCW, of every motor vehicle~~  
18 ~~owned by a resident of such municipality for the privilege of using~~  
19 ~~such motor vehicle provided that in no event shall the tax be less than~~  
20 ~~one dollar and, subject to RCW 82.44.150 (3) and (4), the amount of~~  
21 ~~such tax shall be credited against the amount of the excise tax levied~~  
22 ~~by the state under RCW 82.44.020(1). As used in this subsection, the~~  
23 ~~term "municipality" means a municipality that is located within (a)~~  
24 ~~each county with a population of two hundred ten thousand or more and~~  
25 ~~(b) each county with a population of from one hundred twenty five~~  
26 ~~thousand to less than two hundred ten thousand except for those~~  
27 ~~counties that do not border a county with a population as described~~  
28 ~~under subsection (a) of this subsection.~~

29 ~~(2) Through June 30, 1992, any other))~~ A municipality is authorized  
30 to levy and collect a special excise tax not exceeding (~~(.815 percent,~~  
31 ~~and beginning July 1, 1992, .725)) 0.7473 percent on the value, as~~  
32 ~~determined under chapter 82.44 RCW, of every motor vehicle owned by a~~  
33 ~~resident of such municipality for the privilege of using such motor~~  
34 ~~vehicle provided that in no event shall the tax be less than one dollar~~  
35 ~~and, subject to RCW 82.44.150 (3) and (4), the amount of such tax shall~~  
36 ~~be credited against the amount of the excise tax levied by the state~~  
37 ~~under RCW 82.44.020(1). Before utilization of any excise tax moneys~~  
38 ~~collected under authorization of this section for acquisition of right~~

1 of way or construction of a mass transit facility on a separate right  
2 of way the municipality shall adopt rules affording the public an  
3 opportunity for "corridor public hearings" and "design public hearings"  
4 as herein defined, which rule shall provide in detail the procedures  
5 necessary for public participation in the following instances: (a)  
6 Prior to adoption of location and design plans having a substantial  
7 social, economic or environmental effect upon the locality upon which  
8 they are to be constructed or (b) on such mass rapid transit systems  
9 operating on a separate right of way whenever a substantial change is  
10 proposed relating to location or design in the adopted plan. In  
11 adopting rules the municipality shall adhere to the provisions of the  
12 Administrative Procedure Act.

13 ~~((+3))~~ (2) A "corridor public hearing" is a public hearing that:  
14 (a) Is held before the municipality is committed to a specific mass  
15 transit route proposal, and before a route location is established; (b)  
16 is held to afford an opportunity for participation by those interested  
17 in the determination of the need for, and the location of, the mass  
18 rapid transit system; (c) provides a public forum that affords a full  
19 opportunity for presenting views on the mass rapid transit system route  
20 location, and the social, economic and environmental effects on that  
21 location and alternate locations: PROVIDED, That such hearing shall  
22 not be deemed to be necessary before adoption of an overall mass rapid  
23 transit system plan by a vote of the electorate of the municipality.

24 ~~((+4))~~ (3) A "design public hearing" is a public hearing that:  
25 (a) Is held after the location is established but before the design is  
26 adopted; and (b) is held to afford an opportunity for participation by  
27 those interested in the determination of major design features of the  
28 mass rapid transit system; and (c) provides a public forum to afford a  
29 full opportunity for presenting views on the mass rapid transit system  
30 design, and the social, economic, environmental effects of that design  
31 and alternate designs.

32 ~~((+5))~~ (4) A municipality imposing a tax under subsection (1) ~~((or~~  
33 ~~(+2))~~) of this section may also impose a sales and use tax, in addition  
34 to the tax authorized by RCW 82.14.030, upon retail car rentals within  
35 the municipality that are taxable by the state under chapters 82.08 and  
36 82.12 RCW. The rate of tax shall bear the same ratio to the rate  
37 imposed under RCW 82.08.020(2) as the excise tax rate imposed under  
38 subsection (1) of this section bears to the excise tax rate imposed  
39 under RCW 82.44.020(1) ~~((and-(2))~~). The base of the tax shall be the

1 selling price in the case of a sales tax or the rental value of the  
2 vehicle used in the case of a use tax. The tax imposed under this  
3 section shall be deducted from the amount of tax otherwise due under  
4 RCW 82.08.020(2). The revenue collected under this subsection shall be  
5 distributed in the same manner as special excise taxes under  
6 subsection(~~(s)~~) (1) (~~and (2)~~) of this section.

7 **Sec. 210.** RCW 35.58.410 and 1993 c 240 s 11 are each amended to  
8 read as follows:

9 (1) On or before the third Monday in June of each year, each  
10 metropolitan municipal corporation shall adopt a budget for the  
11 following calendar year. Such budget shall include a separate section  
12 for each authorized metropolitan function. Expenditures shall be  
13 segregated as to operation and maintenance expenses and capital and  
14 betterment outlays. Administrative and other expense general to the  
15 corporation shall be allocated between the authorized metropolitan  
16 functions. The budget shall contain an estimate of all revenues to be  
17 collected during the following budget year, including any surplus funds  
18 remaining unexpended from the preceding year. The metropolitan council  
19 shall not be required to confine capital or betterment expenditures  
20 made from bond proceeds or emergency expenditures to items provided in  
21 the budget. The affirmative vote of three-fourths of all members of  
22 the metropolitan council shall be required to authorize emergency  
23 expenditures.

24 (2) Subsection (1) of this section shall not apply to a county that  
25 has assumed the rights, powers, functions, and obligations of a  
26 metropolitan municipal corporation under chapter 36.56 RCW. This  
27 subsection (2) shall apply only to each county that has assumed the  
28 rights, powers, functions, and obligations of a metropolitan municipal  
29 corporation under chapter 36.56 RCW.

30 Each county that has assumed the rights, powers, functions, and  
31 obligations of a metropolitan municipal corporation under chapter 36.56  
32 RCW shall, on or before the third Monday in June of each year, prepare  
33 an estimate of all revenues to be collected during the following  
34 calendar year, including any surplus funds remaining unexpended from  
35 the preceding year for each authorized metropolitan function.

36 By June 30 of each year, the county shall adopt the rate for sewage  
37 disposal that will be charged to component cities and sewer districts  
38 during the following budget year.

1 As long as any general obligation indebtedness remains outstanding  
2 that was issued by the metropolitan municipal corporation prior to the  
3 assumption by the county, the county shall continue to impose the taxes  
4 authorized by RCW 82.14.045 and 35.58.273(~~((+5))~~) (4) at the maximum  
5 rates and on all of the taxable events authorized by law. If, despite  
6 the continued imposition of those taxes, the estimate of revenues made  
7 on or before the third Monday in June shows that estimated revenues  
8 will be insufficient to make all debt service payments falling due in  
9 the following calendar year on all general obligation indebtedness  
10 issued by the metropolitan municipal corporation prior to the  
11 assumption by the county of the rights, powers, functions, and  
12 obligations of the metropolitan municipal corporation, the remaining  
13 amount required to make the debt service payments shall be designated  
14 as "supplemental income" and shall be obtained from component cities  
15 and component counties as provided under RCW 35.58.420.

16 The county shall prepare and adopt a budget each year in accordance  
17 with applicable general law or county charter. If supplemental income  
18 has been designated under this subsection, the supplemental income  
19 shall be reflected in the budget that is adopted. If during the budget  
20 year the actual tax revenues from the taxes imposed under the authority  
21 of RCW 82.14.045 and 35.58.273(~~((+5))~~) (4) exceed the estimates upon  
22 which the supplemental income was based, the difference shall be  
23 refunded to the component cities and component counties in proportion  
24 to their payments promptly after the end of the budget year. A county  
25 that has assumed the rights, powers, functions, and obligations of a  
26 metropolitan municipal corporation under chapter 36.56 RCW shall not be  
27 required to confine capital or betterment expenditures for authorized  
28 metropolitan functions from bond proceeds or emergency expenditures to  
29 items provided in the budget.

30 **Sec. 211.** RCW 46.16.068 and 1993 c 123 s 4 are each amended to  
31 read as follows:

32 Trailing units which are subject to RCW 82.44.020(~~((+5))~~) (4) shall,  
33 upon application, be issued a permanent license plate that is valid  
34 until the vehicle is sold, permanently removed from the state, or  
35 otherwise disposed of by the registered owner. The fee for this  
36 license plate is thirty-six dollars. Upon the sale, permanent removal  
37 from the state, or other disposition of a trailing unit bearing a  
38 permanent license plate the registered owner is required to return the



1 license plate and registration certificate to the department.  
2 Violations of this section or misuse of a permanent license plate may  
3 subject the registered owner to prosecution or denial, or both, of  
4 future permanent registration of any trailing units. This section does  
5 not apply to any trailing units subject to the annual excise taxes  
6 prescribed in RCW 82.44.020. The department is authorized to adopt  
7 rules to implement this section for leased vehicles and other  
8 applications as necessary.

9       **Sec. 212.** RCW 70.94.015 and 1993 c 252 s 1 are each amended to  
10 read as follows:

11       (1) The air pollution control account is established in the state  
12 treasury. All receipts collected by or on behalf of the department  
13 from RCW 70.94.151(2), and receipts from nonpermit program sources  
14 under RCW 70.94.152(1) and 70.94.154(7), and all receipts from RCW  
15 70.94.650, 70.94.660, 82.44.020(~~(+3)~~) (2), and 82.50.405 shall be  
16 deposited into the account. Moneys in the account may be spent only  
17 after appropriation. Expenditures from the account may be used only to  
18 develop and implement the provisions of chapters 70.94 and 70.120 RCW.

19       (2) The amounts collected and allocated in accordance with this  
20 section shall be expended upon appropriation except as otherwise  
21 provided in this section and in accordance with the following  
22 limitations:

23       Portions of moneys received by the department of ecology from the  
24 air pollution control account shall be distributed by the department to  
25 local authorities based on:

26       (a) The level and extent of air quality problems within such  
27 authority's jurisdiction;

28       (b) The costs associated with implementing air pollution regulatory  
29 programs by such authority; and

30       (c) The amount of funding available to such authority from other  
31 sources, whether state, federal, or local, that could be used to  
32 implement such programs.

33       (3) The air operating permit account is created in the custody of  
34 the state treasurer. All receipts collected by or on behalf of the  
35 department from permit program sources under RCW 70.94.152(1),  
36 70.94.161, 70.94.162, and 70.94.154(7) shall be deposited into the  
37 account. Expenditures from the account may be used only for the  
38 activities described in RCW 70.94.152(1), 70.94.161, 70.94.162, and

1 70.94.154(7). Moneys in the account may be spent only after  
2 appropriation.

3 **Sec. 213.** RCW 81.100.060 and 1992 c 194 s 12 are each amended to  
4 read as follows:

5 A county with a population of one million or more and a county with  
6 a population of from two hundred ten thousand to less than one million  
7 that is adjoining a county with a population of one million or more,  
8 having within their boundaries existing or planned high occupancy  
9 vehicle lanes on the state highway system may, with voter approval,  
10 impose a local surcharge of not more than (~~fifteen~~) 13.64 percent on  
11 the state motor vehicle excise tax paid under RCW 82.44.020(1) on  
12 vehicles registered to a person residing within the county and on the  
13 state sales and use taxes paid under the rate in RCW 82.08.020(2) on  
14 retail car rentals within the county. No surcharge may be imposed on  
15 vehicles licensed under RCW 46.16.070 except vehicles with an unladen  
16 weight of six thousand pounds or less, RCW 46.16.079, (~~46.16.080,~~)  
17 46.16.085, or 46.16.090.

18 Counties imposing a tax under this section shall contract, before  
19 the effective date of the resolution or ordinance imposing a surcharge,  
20 administration and collection to the state department of licensing, and  
21 department of revenue, as appropriate, which shall deduct an amount, as  
22 provided by contract, for administration and collection expenses  
23 incurred by the department. All administrative provisions in chapters  
24 82.03, 82.32, and 82.44 RCW shall, insofar as they are applicable to  
25 state motor vehicle excise taxes, be applicable to surcharges imposed  
26 under this section. All administrative provisions in chapters 82.03,  
27 82.08, 82.12, and 82.32 RCW shall, insofar as they are applicable to  
28 state sales and use taxes, be applicable to surcharges imposed under  
29 this section.

30 If the tax authorized in RCW 81.100.030 is also imposed by the  
31 county, the total proceeds from tax sources imposed under this section  
32 and RCW 81.100.030 each year shall not exceed the maximum amount which  
33 could be collected under this section.

34 **Sec. 214.** RCW 81.104.160 and 1992 c 194 s 13 and 1992 c 101 s 27  
35 are each reenacted and amended to read as follows:

36 (1) Cities that operate transit systems, county transportation  
37 authorities, metropolitan municipal corporations, public transportation

1 benefit areas, and regional transit authorities may submit an  
2 authorizing proposition to the voters, and if approved, may levy and  
3 collect an excise tax, at a rate approved by the voters, but not  
4 exceeding eighty one-hundredths of one percent on the value, under  
5 chapter 82.44 RCW, of every motor vehicle owned by a resident of the  
6 taxing district, solely for the purpose of providing high capacity  
7 transportation service. In any county imposing a motor vehicle excise  
8 tax surcharge pursuant to RCW 81.100.060, the maximum tax rate under  
9 this section shall be reduced to a rate equal to eighty one-hundredths  
10 of one percent on the value less the equivalent motor vehicle excise  
11 tax rate of the surcharge imposed pursuant to RCW 81.100.060. This  
12 rate shall not apply to vehicles licensed under RCW 46.16.070 except  
13 vehicles with an unladen weight of six thousand pounds or less, RCW  
14 46.16.079, (~~(46.16.080,)~~) 46.16.085, or 46.16.090.

15 (2) An agency imposing a tax under subsection (1) of this section  
16 may also impose a sales and use tax solely for the purpose of providing  
17 high capacity transportation service, in addition to the tax authorized  
18 by RCW 82.14.030, upon retail car rentals within the agency's  
19 jurisdiction that are taxable by the state under chapters 82.08 and  
20 82.12 RCW. The rate of tax shall bear the same ratio to the rate  
21 imposed under RCW 82.08.020(2) as the excise tax rate imposed under  
22 subsection (1) of this section bears to the excise tax rate imposed  
23 under RCW 82.44.020(1) (~~and (2)~~). The base of the tax shall be the  
24 selling price in the case of a sales tax or the rental value of the  
25 vehicle used in the case of a use tax. The revenue collected under  
26 this subsection shall be used in the same manner as excise taxes under  
27 subsection (1) of this section.

28 **Sec. 215.** RCW 82.08.020 and 1992 c 194 s 9 are each amended to  
29 read as follows:

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

33 (2) There is levied and there shall be collected an additional tax  
34 on each retail car rental, regardless of whether the vehicle is  
35 licensed in this state, equal to five and nine-tenths percent of the  
36 selling price. (~~Ninety one percent of~~) The revenue collected under  
37 this subsection shall be deposited and distributed in the same manner  
38 as motor vehicle excise tax revenue collected under RCW 82.44.020(1).

1 ((Nine percent of the revenue collected under this subsection shall be  
2 deposited in the transportation fund and distributed in the same manner  
3 as motor vehicle excise tax revenue collected under RCW 82.44.020(2).))

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

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

8 **Sec. 216.** RCW 82.44.023 and 1994 c 227 s 3 are each amended to  
9 read as follows:

10 Rental cars as defined in RCW 46.04.465 are exempt from the taxes  
11 imposed in RCW 82.44.020(1) ((and (2))). When a rental car ceases to  
12 be used for rental car purposes and at the time of its retail sale, the  
13 excise tax imposed in RCW 82.44.020(1) ((and (2))) shall be imposed in  
14 an amount equal to one-twelfth of the annual excise tax then in effect,  
15 for each full month remaining in the vehicle's registration year.

16 **Sec. 217.** RCW 82.44.025 and 1996 c 139 s 3 are each amended to  
17 read as follows:

18 Motor vehicles licensed under RCW 46.16.374 are exempt from the  
19 ((taxes)) tax imposed in RCW 82.44.020(1) ((and (2))). When the motor  
20 vehicle ceases to be used for the purposes of RCW 46.16.374 or at the  
21 time of its retail sale, the excise tax imposed in RCW 82.44.020(1)  
22 ((and (2))) must be imposed for twelve full months from the date of  
23 application of the new owner.

24 **Sec. 218.** RCW 82.44.155 and 1993 c 492 s 254 are each amended to  
25 read as follows:

26 When distributions are made under RCW 82.44.150, the state  
27 treasurer shall apportion and distribute the motor vehicle excise taxes  
28 deposited into the general fund under RCW 82.44.110(1)(d) to the cities  
29 and towns ratably on the basis of population as last determined by the  
30 office of financial management. When so apportioned, the amount  
31 payable to each such city and town shall be transmitted to the city  
32 treasurer thereof, and shall be used by the city or town for the  
33 purposes of police and fire protection in the city or town, and not  
34 otherwise. If it is adjudged that revenue derived from the excise  
35 ((taxes)) tax imposed by RCW 82.44.020(1) ((and (2))) cannot lawfully  
36 be apportioned or distributed to cities or towns, all moneys directed

1 by this section to be apportioned and distributed to cities and towns  
2 shall be credited and transferred to the state general fund.

3 **Sec. 219.** RCW 82.44.180 and 1995 c 269 s 2601 are each amended to  
4 read as follows:

5 (1) The transportation fund is created in the state treasury.  
6 Revenues under RCW (~~(82.44.020(1) and (2),)~~) 82.44.110(~~(, 82.44.150,)~~)  
7 and (~~(the surcharge under RCW)~~) 82.50.510(4) shall be deposited into  
8 the fund as provided in those sections.

9 Moneys in the fund may be spent only after appropriation.  
10 Expenditures from the fund may be used only for transportation purposes  
11 and activities and operations of the Washington state patrol not  
12 directly related to the policing of public highways and that are not  
13 authorized under Article II, section 40 of the state Constitution.

14 (2) There is hereby created the central Puget Sound public  
15 transportation account within the transportation fund. Moneys  
16 deposited into the account under RCW 82.44.150(2)(b) shall be  
17 appropriated to the transportation improvement board and allocated by  
18 the transportation improvement board to public transportation projects  
19 within the region from which the funds are derived, solely for:

20 (a) Planning;

21 (b) Development of capital projects;

22 (c) Development of high capacity transportation systems as defined  
23 in RCW 81.104.015;

24 (d) Development of high occupancy vehicle lanes and related  
25 facilities as defined in RCW 81.100.020; and

26 (e) Public transportation system contributions required to fund  
27 projects under federal programs and those approved by the  
28 transportation improvement board from other fund sources.

29 (3) There is hereby created the public transportation systems  
30 account within the transportation fund. Moneys deposited into the  
31 account under RCW 82.44.150(2)(c) shall be appropriated to the  
32 transportation improvement board and allocated by the transportation  
33 improvement board to public transportation projects submitted by the  
34 public transportation systems from which the funds are derived, solely  
35 for:

36 (a) Planning;

37 (b) Development of capital projects;

1 (c) Development of high capacity transportation systems as defined  
2 in RCW 81.104.015;

3 (d) Development of high occupancy vehicle lanes and related  
4 facilities as defined in RCW 81.100.020;

5 (e) Other public transportation system-related roadway projects on  
6 state highways, county roads, or city streets; and

7 (f) Public transportation system contributions required to fund  
8 projects under federal programs and those approved by the  
9 transportation improvement board from other fund sources.

10 **Sec. 220.** RCW 84.44.050 and 1993 c 123 s 3 are each amended to  
11 read as follows:

12 The personal property of automobile transportation companies  
13 owning, controlling, operating or managing any motor propelled vehicle  
14 used in the business of transporting persons and/or property for  
15 compensation over any public highway in this state between fixed  
16 termini or over a regular route, shall be listed and assessed in the  
17 various counties where such vehicles are operated, in proportion to the  
18 mileage of their operations in such counties: PROVIDED, That vehicles  
19 subject to chapter 82.44 RCW and trailer units exempt under RCW  
20 82.44.020(~~(+5)~~) (4) shall not be listed or assessed for ad valorem  
21 taxation so long as chapter 82.44 RCW remains in effect. All vessels  
22 of every class which are by law required to be registered, licensed or  
23 enrolled, must be assessed and the taxes thereon paid only in the  
24 county of their actual situs: PROVIDED, That such interest shall be  
25 taxed but once. All boats and small craft not required to be  
26 registered must be assessed in the county of their actual situs.

27 **PART III**

28 NEW SECTION. **Sec. 301.** A new section is added to chapter 82.36  
29 RCW to read as follows:

30 (1) The department shall adjust the motor vehicle fuel tax rate on  
31 July 1, 1998, to an amount derived by multiplying the motor vehicle  
32 fuel tax rate specified in RCW 82.36.025 by the term formed by adding  
33 one to the 1998 fiscal growth factor as defined in RCW 43.135.025. The  
34 department shall calculate and transmit to the legislature the new  
35 motor vehicle fuel tax rate no later than April 1, 1998, for the July  
36 1, 1998, adjustment. The tax computed under the computation prescribed

1 in this subsection shall be rounded to the nearest one-tenth of one  
2 cent.

3 (2) The department shall adjust the motor vehicle fuel tax rate on  
4 January 1, 1999, and January 1st of each succeeding year through  
5 January 1, 2003, to an amount derived by multiplying the motor vehicle  
6 fuel tax rate specified in RCW 82.36.025 by the product of the series  
7 of two or more terms formed by adding one to the fiscal growth factor  
8 as defined in RCW 43.135.025 for each year for which the fiscal growth  
9 factor is greater than zero, starting from the fiscal year 1998 through  
10 the fiscal year encompassing the implementation of the January 1st  
11 adjustment. The department shall calculate and transmit to the  
12 legislature the new motor vehicle fuel tax rate for the forthcoming  
13 calendar year no later than July 1, 1998, for the January 1, 1999,  
14 adjustment, and for each subsequent year, eleven months preceding the  
15 January 1st implementation. The tax computed under the computation  
16 prescribed in this subsection shall be rounded to the nearest one-tenth  
17 of one cent.

18 **Sec. 302.** RCW 36.78.070 and 1993 c 65 s 3 are each amended to read  
19 as follows:

20 The county road administration board shall:

21 (1) Establish by rule, standards of good practice for the  
22 administration of county roads and the efficient movement of people and  
23 goods over county roads;

24 (2) Establish reporting requirements for counties with respect to  
25 the standards of good practice adopted by the board;

26 (3) Receive and review reports from counties and reports from its  
27 executive director to determine compliance with legislative directives  
28 and the standards of good practice adopted by the board;

29 (4) Advise counties on issues relating to county roads and the safe  
30 and efficient movement of people and goods over county roads and assist  
31 counties in developing uniform and efficient transportation-related  
32 information technology resources;

33 (5) Report annually before the fifteenth day of January, and  
34 throughout the year as appropriate, to the state department of  
35 transportation and to the chairs of the legislative transportation  
36 committee and the house and senate transportation committees, and to  
37 other entities as appropriate on the status of county road  
38 administration in each county, including one copy to the staff of each

1 of the committees. The annual report shall contain recommendations for  
2 improving administration of the county road programs;

3 (6) Administer the rural arterial program established by chapter  
4 36.79 RCW and the program funded by the county arterial preservation  
5 ~~((program))~~ account established by RCW ~~((46.68.095))~~ 46.68.090, as well  
6 as any other programs provided for in law.

7 **Sec. 303.** RCW 46.68.090 and 1994 c 225 s 2 and 1994 c 179 s 3 are  
8 each reenacted and amended to read as follows:

9 (1) All moneys that have accrued or may accrue to the motor vehicle  
10 fund from the motor vehicle fuel tax and special fuel tax shall be  
11 first expended for the following purposes:

12 (a) For payment of refunds of motor vehicle fuel tax and special  
13 fuel tax that has been paid and is refundable as provided by law;

14 (b) For payment of amounts to be expended pursuant to  
15 appropriations for the administrative expenses of the offices of state  
16 treasurer, state auditor, and the department of licensing of the state  
17 of Washington in the administration of the motor vehicle fuel tax and  
18 the special fuel tax, which sums shall be distributed monthly;

19 ~~((From April 1, 1992, through March 31, 1996, for distribution  
20 to the transfer relief account, hereby created in the motor vehicle  
21 fund, an amount not to exceed three hundred twenty five one thousandths  
22 of one percent;~~

23 ~~((d) For distribution to the rural arterial trust account in the  
24 motor vehicle fund, an amount as provided in RCW 82.36.025(2) and  
25 46.68.095(3);~~

26 ~~((e) For distribution to the urban arterial trust account in the  
27 motor vehicle fund, an amount as provided in RCW 46.68.100(4) and  
28 82.36.025(3);~~

29 ~~((f) For distribution to the transportation improvement account in  
30 the motor vehicle fund, an amount as provided in RCW 46.68.095(1);~~

31 ~~((g) For distribution to the special category C account, hereby  
32 created in the motor vehicle fund, an amount as provided in RCW  
33 46.68.095(2);~~

34 ~~((h) For distribution to the county arterial preservation account,  
35 hereby created in the motor vehicle fund, an amount as provided in RCW  
36 46.68.095(4);~~



1 (i) For distribution to the motor vehicle fund to be allocated to  
2 cities and towns as provided in RCW 46.68.110, an amount as provided in  
3 RCW 46.68.095(5);

4 (j) For distribution to the motor vehicle fund to be allocated to  
5 counties as provided in RCW 46.68.120, an amount as provided in RCW  
6 46.68.095(6);

7 (k) For expenditure for highway purposes of the state as defined in  
8 RCW 46.68.130, an amount as provided in RCW 82.36.025(4) and  
9 46.68.095(7);

10 (l) From July 1, 1994, through June 30, 1995, for distribution to  
11 the gasohol exemption holding account, hereby created in the motor  
12 vehicle fund, an amount equal to five and thirty-four one-hundredths of  
13 one percent of the amount available prior to distributions provided  
14 under (a) through (k) of this subsection, to be used only for highway  
15 construction;

16 (m) For distribution to the small city account, hereby created in  
17 the motor vehicle fund, an amount as provided for in RCW 46.68.095(1),  
18 46.68.100(9), and 82.36.025(3).) For distribution to the motor vehicle  
19 fund an amount equal to forty-four and thirty-eight one-hundredths  
20 percent to be expended for highway purposes of the state as defined in  
21 RCW 46.68.130;

22 (d) For distribution to the special category C account, hereby  
23 created in the motor vehicle fund, an amount equal to three and twenty-  
24 six one-hundredths percent to be expended for special category C  
25 projects. Special category C projects are category C projects that,  
26 due to high cost only, require bond financing to complete construction.

27 The following criteria, listed in order of priority, must be used  
28 in determining which special category C projects have the highest  
29 priority;

30 (i) Accident experience;

31 (ii) Fatal accident experience;

32 (iii) Capacity to move people and goods safely and at reasonable  
33 speeds without undue congestion; and

34 (iv) Continuity of development of the highway transportation  
35 network.

36 Moneys deposited in the special category C account in the motor  
37 vehicle fund may be used for payment of debt service on bonds the  
38 proceeds of which are used to finance special category C projects under  
39 this subsection (1)(d);

1       (e) For distribution to the Puget Sound ferry operations account in  
2 the motor vehicle fund an amount equal to two and thirty-three one-  
3 hundredths percent;

4       (f) For distribution to the Puget Sound capital construction  
5 account in the motor vehicle fund an amount equal to two and thirty-  
6 seven one-hundredths percent;

7       (g) For distribution to the urban arterial trust account in the  
8 motor vehicle fund an amount equal to six and thirty-eight one-  
9 hundredths percent;

10       (h) For distribution to the transportation improvement account in  
11 the motor vehicle fund an amount equal to five and sixty-seven  
12 one-hundredths percent in accordance with RCW 47.26.086;

13       (i) For distribution to the small city account, hereby created in  
14 the motor vehicle fund an amount equal to one and eighteen one-  
15 hundredths percent in accordance with RCW 47.26.115;

16       (j) For distribution to the cities and towns from the motor vehicle  
17 fund an amount equal to ten and seven-tenths percent in accordance with  
18 RCW 46.68.110;

19       (k) For distribution to the counties from the motor vehicle fund an  
20 amount equal to nineteen and twenty-three one-hundredths percent: (i)  
21 Out of which there shall be distributed from time to time, as directed  
22 by the department of transportation, those sums as may be necessary to  
23 carry out RCW 47.56.725; and (ii) less any amounts appropriated to the  
24 county road administration board to implement the provisions of RCW  
25 47.56.725(4), with the balance of the county share to be distributed  
26 monthly as the same accrues for distribution in accordance with RCW  
27 46.68.120;

28       (l) For distribution to the county arterial preservation account,  
29 hereby created in the motor vehicle fund an amount equal to one and  
30 ninety-six one-hundredths percent. These funds shall be distributed by  
31 the county road administration board to counties in proportions  
32 corresponding to the number of paved arterial lane miles in the  
33 unincorporated area of each county and shall be used for improvements  
34 to sustain the structural, safety, and operational integrity of county  
35 arterials. The county road administration board shall adopt reasonable  
36 rules and develop policies to implement this program and to assure that  
37 a pavement management system is used; and

1 (m) For distribution to the rural arterial trust account in the  
2 motor vehicle fund an amount equal to two and fifty-four one-hundredths  
3 percent in accordance with RCW 36.79.020.

4 (2) The amount accruing to the motor vehicle fund by virtue of the  
5 motor vehicle fuel tax and the special fuel tax and remaining after  
6 payments, distributions, and expenditures as provided in this section  
7 shall, for the purposes of this chapter, be referred to as the "net tax  
8 amount."

9 Nothing in this section or in RCW 46.68.130 may be construed so as  
10 to violate terms or conditions contained in highway construction bond  
11 issues authorized by statute as of the effective date of this section  
12 and thereafter and whose payment is, by the statute, pledged to be paid  
13 from excise taxes on motor vehicle fuel and special fuels.

14 **Sec. 304.** RCW 46.68.110 and 1996 c 94 s 1 are each amended to read  
15 as follows:

16 Funds credited to the incorporated cities and towns of the state as  
17 set forth in RCW (~~46.68.100(1)~~) 46.68.090(1)(j) shall be subject to  
18 deduction and distribution as follows:

19 (1) One and one-half percent of such sums shall be deducted monthly  
20 as such sums are credited and set aside for the use of the department  
21 of transportation for the supervision of work and expenditures of such  
22 incorporated cities and towns on the city and town streets thereof,  
23 including the supervision and administration of federal-aid programs  
24 for which the department of transportation has responsibility:  
25 PROVIDED, That any moneys so retained and not expended shall be  
26 credited in the succeeding biennium to the incorporated cities and  
27 towns in proportion to deductions herein made;

28 (2) Thirty-three one-hundredths of one percent of such funds shall  
29 be deducted monthly, as such funds accrue, and set aside for the use of  
30 the department of transportation for the purpose of funding the cities'  
31 share of the costs of highway jurisdiction studies and other studies.  
32 Any funds so retained and not expended shall be credited in the  
33 succeeding biennium to the cities in proportion to the deductions made;

34 (3) One percent of such funds shall be deducted monthly, as such  
35 funds accrue, to be deposited in the city hardship assistance account,  
36 hereby created in the motor vehicle fund, to implement the city  
37 hardship assistance program, as provided in RCW 47.26.164. However,  
38 any moneys so retained and not required to carry out the program as of

1 July 1, 1996, and July 1st of each odd-numbered year thereafter, shall  
2 be provided within sixty days to the treasurer and distributed in the  
3 manner prescribed in subsection (~~((4))~~) (5) of this section;

4 (4) Thirty-two percent of the fuel tax distributed to the cities  
5 and towns in RCW 46.68.090(1)(j) shall be allocated to the incorporated  
6 cities and towns set forth in subsection (5) of this section, subject  
7 to RCW 35.76.050, to be used exclusively for: The construction,  
8 improvement, chip sealing, seal-coating, and repair for arterial  
9 highways and city streets as those terms are defined in RCW 46.04.030  
10 and 46.04.120; the maintenance of arterial highways and city streets  
11 for those cities with a population of less than fifteen thousand; or  
12 the payment of any municipal indebtedness which may be incurred in the  
13 construction, improvement, chip sealing, seal-coating, and repair of  
14 arterial highways and city streets; and

15 (5) The balance remaining to the credit of incorporated cities and  
16 towns after such deduction shall be apportioned monthly as such funds  
17 accrue among the several cities and towns within the state ratably on  
18 the basis of the population last determined by the office of financial  
19 management.

20 **Sec. 305.** RCW 46.68.130 and 1981 c 342 s 11 are each amended to  
21 read as follows:

22 The net tax amount distributed to the state in the manner provided  
23 by RCW (~~(46.68.100)~~) 46.68.090, and all moneys accruing to the motor  
24 vehicle fund from any other source, less such sums as are properly  
25 appropriated and reappropriated for expenditure for costs of collection  
26 and administration thereof, shall be expended, subject to proper  
27 appropriation and reappropriation, solely for highway purposes of the  
28 state, including the purposes of RCW 47.30.030. For the purposes of  
29 this section, the term "highway purposes of the state" does not include  
30 those expenditures of the Washington state patrol heretofore  
31 appropriated or reappropriated from the motor vehicle fund. Nothing in  
32 this section or in RCW 46.68.090 may be construed so as to violate  
33 terms or conditions contained in highway construction bond issues  
34 authorized by statute as of the effective date of this section or  
35 thereafter and whose payment is, by the statute, pledged to be paid  
36 from excise taxes on motor vehicle fuel and special fuels.

1       **Sec. 306.** RCW 47.26.405 and 1977 ex.s. c 317 s 17 are each amended  
2 to read as follows:

3       Any funds required to repay such bonds, or the interest thereon  
4 when due shall be taken from that portion of the motor vehicle fund  
5 which results from the imposition of excise taxes on motor vehicle and  
6 special fuels and which is distributed to the state under the  
7 provisions of RCW (~~((46.68.100(6) as now or hereafter amended))~~)  
8 46.68.090(1)(c) for construction of state highways in urban areas, and  
9 shall never constitute a charge against any allocations of any other  
10 such funds to the state, counties, cities, and towns unless and until  
11 the amount of the motor vehicle fund arising from the excise taxes on  
12 motor vehicle and special fuels and available to the state for  
13 construction of state highways in urban areas proves insufficient to  
14 meet the requirements for bond retirement or interest on any such  
15 bonds.

16       **Sec. 307.** RCW 47.26.425 and 1994 c 179 s 22 are each amended to  
17 read as follows:

18       Any funds required to repay the first authorization of two hundred  
19 million dollars of bonds authorized by RCW 47.26.420, as amended by  
20 section 18, chapter 317, Laws of 1977 ex. sess. or the interest thereon  
21 when due, shall be taken from that portion of the motor vehicle fund  
22 which results from the imposition of excise taxes on motor vehicle and  
23 special fuels and which is distributed to the urban arterial trust  
24 account in the motor vehicle fund and the certain sums received by the  
25 small city account in the motor vehicle fund imposed by RCW  
26 (~~((82.36.025(3) and 46.68.100(9))~~) 46.68.090(1) (g) and (i), and shall  
27 never constitute a charge against any allocations of any other such  
28 funds in the motor vehicle fund to the state, counties, cities, and  
29 towns unless and until the amount of the motor vehicle fund arising  
30 from the excise tax on motor vehicle and special fuels and distributed  
31 to the urban arterial trust account and the small city account proves  
32 insufficient to meet the requirements for bond retirement or interest  
33 on any such bonds.

34       **Sec. 308.** RCW 47.26.4252 and 1995 c 274 s 12 are each amended to  
35 read as follows:

36       Any funds required to repay the authorization of series II bonds  
37 authorized by RCW 47.26.420, as reenacted by section 3, chapter 5, Laws

1 of 1979, or the interest thereon when due, shall first be taken from  
2 that portion of the motor vehicle fund which results from the  
3 imposition of excise taxes on motor vehicle and special fuels imposed  
4 by chapters 82.36 and 82.38 RCW and which is distributed to the urban  
5 arterial trust account in the motor vehicle fund and the certain sums  
6 received by the small city account in the motor vehicle fund imposed by  
7 RCW ((82.36.025(3) and 46.68.100(9))) 46.68.090(1) (g) and (i),  
8 subject, however, to the prior lien of the first authorization of bonds  
9 authorized by RCW 47.26.420, as reenacted by section 3, chapter 5, Laws  
10 of 1979. If the moneys distributed to the urban arterial trust account  
11 and the small city account shall ever be insufficient to repay the  
12 first authorization bonds together with interest thereon, and the  
13 series II bonds or the interest thereon when due, the amount required  
14 to make such payments on such bonds or interest thereon shall next be  
15 taken from that portion of the motor vehicle fund which results from  
16 the imposition of excise taxes on motor vehicle and special fuels and  
17 which is distributed to the state, counties, cities, and towns pursuant  
18 to RCW ((46.68.100)) 46.68.090 as now existing or hereafter amended.  
19 Any payments on such bonds or interest thereon taken from motor vehicle  
20 or special fuel tax revenues which are distributable to the state,  
21 counties, cities, and towns, shall be repaid from the first moneys  
22 distributed to the urban arterial trust account not required for  
23 redemption of the first authorization bonds or series II and series III  
24 bonds or interest on those bond issues.

25 **Sec. 309.** RCW 47.26.4254 and 1995 c 274 s 13 are each amended to  
26 read as follows:

27 (1) Any funds required to repay series III bonds authorized by RCW  
28 47.26.420, or the interest thereon, when due shall first be taken from  
29 that portion of the motor vehicle fund that results from the imposition  
30 of excise taxes on motor vehicle and special fuels imposed by chapters  
31 82.36 and 82.38 RCW and that is distributed to the urban arterial trust  
32 account in the motor vehicle fund and the certain sums received by the  
33 small city account in the motor vehicle fund imposed by RCW  
34 ((82.36.025(3) and 46.68.100(9))) 46.68.090(1) (g) and (i), subject,  
35 however, to the prior lien of the first authorization of bonds  
36 authorized by RCW 47.26.420. If the moneys so distributed to the urban  
37 arterial trust account and the small city account, after first being  
38 applied to administrative expenses of the transportation improvement

1 board and to the requirements of bond retirement and payment of  
2 interest on first authorization bonds and series II bonds as provided  
3 in RCW 47.26.425 and 47.26.4252, are insufficient to meet the  
4 requirements for bond retirement or interest on any series III bonds,  
5 the amount required to make such payments on series III bonds or  
6 interest thereon shall next be taken from that portion of the motor  
7 vehicle fund that results from the imposition of excise taxes on motor  
8 vehicle and special fuels and that is distributed to the state,  
9 counties, cities, and towns pursuant to RCW ~~((46.68.100))~~ 46.68.090,  
10 subject, however, to subsection (2) of this section.

11 (2) To the extent that moneys so distributed to the urban arterial  
12 trust account and the small city account are insufficient to meet the  
13 requirements for bond retirement or interest on any series III bonds,  
14 sixty percent of the amount required to make such payments when due  
15 shall first be taken from that portion of the motor vehicle fund that  
16 results from the imposition of excise taxes on motor vehicle and  
17 special fuels and that is distributed to the state. The remaining  
18 forty percent shall first be taken from that portion of the motor  
19 vehicle fund that results from the imposition of excise taxes on motor  
20 vehicle and special fuels and that is distributed to the cities and  
21 towns pursuant to RCW ~~((46.68.100(1)))~~ 46.68.090(1)(j) and to the  
22 counties pursuant to RCW ~~((46.68.100(3).—Of the counties', cities',  
23 and towns' share of any additional amounts required in the fiscal year  
24 ending June 30, 1984, fifteen percent shall be taken from the counties'  
25 distributive share and eighty five percent from the cities' and towns'  
26 distributive share))~~ 46.68.090(1)(k). Of the counties', cities', and  
27 towns' share of any additional amounts required in each fiscal year  
28 ~~((thereafter))~~, the percentage thereof to be taken from the counties'  
29 distributive share and from the cities' and towns' distributive share  
30 shall correspond to the percentage of funds authorized for specific  
31 county projects and for specific city and town projects, respectively,  
32 from the proceeds of series III bonds, for the period through the first  
33 eleven months of the prior fiscal year as determined by the chairman of  
34 the transportation improvement board and reported to the state finance  
35 committee and the state treasurer not later than the first working day  
36 of June.

37 (3) Any payments on such bonds or interest thereon taken from motor  
38 vehicle or special fuel tax revenues that are distributable to the  
39 state, counties, cities, and towns shall be repaid from the first

1 moneys distributed to the urban arterial trust account and the small  
2 city account not required for redemption of the first authorization  
3 bonds, series II bonds, or series III bonds or interest on these bonds.

4 **Sec. 310.** RCW 47.26.505 and 1994 c 179 s 29 are each amended to  
5 read as follows:

6 Any funds required to repay such bonds, or the interest thereon  
7 when due, shall be taken from that portion of the motor vehicle fund  
8 which results from the imposition of excise taxes on motor vehicle and  
9 special fuels and which is distributed to the transportation  
10 improvement account in the motor vehicle fund and the sums received by  
11 the small city account in the motor vehicle fund under RCW  
12 ((46.68.095)) 46.68.090, and shall never constitute a charge against  
13 any allocations of any other such funds in the motor vehicle fund to  
14 the state, counties, cities, and towns unless and until the amount of  
15 the motor vehicle fund arising from the excise tax on motor vehicle and  
16 special fuels and distributed to the transportation improvement account  
17 proves insufficient to meet the requirements for bond retirement or  
18 interest on any such bonds.

19 **Sec. 311.** RCW 47.30.030 and 1979 ex.s. c 121 s 1 are each amended  
20 to read as follows:

21 Where an existing highway severs, or where the right of way of an  
22 existing highway accommodates a trail for pedestrians, equestrians, or  
23 bicyclists or where the separation of motor vehicle traffic from  
24 pedestrians, equestrians, or bicyclists will materially increase the  
25 motor vehicle safety, the provision of facilities for pedestrians,  
26 equestrians, or bicyclists which are a part of a comprehensive trail  
27 plan adopted by federal, state, or local governmental authority having  
28 jurisdiction over the trail is hereby authorized. The department of  
29 transportation, or the county or city having jurisdiction over the  
30 highway, road, or street, or facility is further authorized to expend  
31 reasonable amounts out of the funds made available to them, according  
32 to the provisions of RCW ((46.68.100)) 46.68.090, as necessary for the  
33 planning, accommodation, establishment, and maintenance of such  
34 facilities.

35 **Sec. 312.** RCW 47.30.050 and 1979 ex.s. c 121 s 2 are each amended  
36 to read as follows:



1 (1) The amount expended by a city, town, or county as authorized by  
2 RCW 47.30.030, as now or hereafter amended, shall never in any one  
3 fiscal year be less than (~~(one-half)~~) four-tenths of one percent of the  
4 total amount of funds received from the motor vehicle fund according to  
5 (~~(the provisions of)~~) RCW (~~(46.68.100:—PROVIDED, That)~~) 46.68.090.  
6 However, this section does not apply to a city or town in any year in  
7 which the (~~(one-half)~~) four-tenths of one percent equals five hundred  
8 dollars or less, or to a county in any year in which the (~~(one-half)~~)  
9 four-tenths of one percent equals three thousand dollars or less(~~(÷~~  
10 ~~PROVIDED FURTHER, That)~~). Also, a city, town, or county in lieu of  
11 expending the funds each year may credit the funds to a financial  
12 reserve or special fund, to be held for not more than ten years, and to  
13 be expended for the purposes required or permitted by RCW 47.30.030.

14 (2) In each fiscal year the department of transportation shall  
15 expend, as a minimum, for the purposes mentioned in RCW 47.30.030, (~~(as~~  
16 ~~now or hereafter amended,~~) a sum equal to three-tenths of one percent  
17 of all funds, both state and federal, expended for the construction of  
18 state highways in such year, or in order to more efficiently program  
19 trail improvements the department may defer any part of such minimum  
20 trail or path expenditures for a fiscal year for a period not to exceed  
21 four years after the end of such fiscal year. Any fiscal year in which  
22 the department expends for trail or path purposes more than the minimum  
23 sum required by this subsection, the amount of such excess expenditure  
24 shall constitute a credit which may be carried forward and applied to  
25 the minimum trail and path expenditure requirements for any of the  
26 ensuing four fiscal years.

27 (3) The department of transportation, a city, or a county in  
28 computing the amount expended for trails or paths under their  
29 respective jurisdictions may include the cost of improvements  
30 consistent with a comprehensive plan or master plan for bicycle trails  
31 or paths adopted by a state or local governmental authority either  
32 prior to such construction or prior to January 1, 1980.

33 **Sec. 313.** RCW 47.56.725 and 1991 c 310 s 1 are each amended to  
34 read as follows:

35 (1) The department is hereby authorized to enter into a continuing  
36 agreement with Pierce, Skagit, and Whatcom counties pursuant to which  
37 the department shall, from time to time, direct the distribution to

1 each of the counties the amounts authorized in subsection (2) of this  
2 section in accordance with RCW ((46.68.100)) 46.68.090.

3 (2) The department is authorized to include in each agreement a  
4 provision for the distribution of funds to each county to reimburse the  
5 county for fifty percent of the deficit incurred during each previous  
6 fiscal year in the operation and maintenance of the ferry system owned  
7 and operated by the county. The total amount to be reimbursed to  
8 Pierce, Skagit, and Whatcom counties collectively shall not exceed one  
9 million dollars in any biennium. Each county agreement shall contain  
10 a requirement that the county shall maintain tolls on its ferries at  
11 least equal to tolls in place on January 1, 1990.

12 (3) The annual fiscal year operating and maintenance deficit, if  
13 any, shall be determined by Pierce, Skagit, and Whatcom counties  
14 subject to review and approval of the department. The annual fiscal  
15 year operating and maintenance deficit is defined as the total of  
16 operations and maintenance expenditures less the sum of ferry toll  
17 revenues and that portion of fuel tax revenue distributions which are  
18 attributable to the county ferry as determined by the department.  
19 Distribution of the amounts authorized by subsection (2) of this  
20 section by the state treasurer shall be directed by the department upon  
21 the receipt of properly executed vouchers from each county.

22 (4) The county road administration board may evaluate requests by  
23 Pierce, Skagit, Wahkiakum, and Whatcom counties for county ferry  
24 capital improvement funds. The board shall evaluate the requests and,  
25 if approved by a majority of the board, submit the requests to the  
26 legislature for funding out of the amounts available under RCW  
27 ((46.68.100(3-))) 46.68.090(1)(k). Any county making a request under  
28 this subsection shall first seek funding through the public works trust  
29 fund, or any other available revenue source, where appropriate.

30 **Sec. 314.** RCW 47.56.750 and 1995 c 274 s 16 are each amended to  
31 read as follows:

32 There is hereby created in the highway bond retirement fund in the  
33 state treasury a special account to be known as the Columbia river toll  
34 bridge account into which shall be deposited any capitalized interest  
35 from the proceeds of the bonds, and at least monthly all of the tolls  
36 and other revenues received from the operation of the toll bridge and  
37 from any interest which may be earned from the deposit or investment of  
38 these revenues after the payment of costs of operation, maintenance,

1 management, and necessary repairs of the facility. The principal of  
2 and interest on the bonds shall be paid first from money deposited in  
3 the Columbia river toll bridge account in the highway bond retirement  
4 fund, and then, to the extent that money deposited in that account is  
5 insufficient to make any such payment when due, from the state excise  
6 taxes on motor vehicle and special fuels deposited in the highway bond  
7 retirement fund. There is hereby pledged the proceeds of state excise  
8 taxes on motor vehicle and special fuels imposed under chapters 82.36  
9 and 82.38 RCW to pay the bonds and interest thereon, and the  
10 legislature hereby agrees to continue to impose the same excise taxes  
11 on motor vehicle and special fuels in amounts sufficient to pay, when  
12 due, the principal and interest on the bonds if the money deposited in  
13 the Columbia river toll bridge account of the highway bond retirement  
14 fund is insufficient to make such payments. Not less than fifteen days  
15 prior to the date any interest or principal and interest payments are  
16 due, the state finance committee shall certify to the state treasurer  
17 such amount of additional moneys as may be required for debt service,  
18 and the treasurer shall thereupon transfer from the motor vehicle fund  
19 such amount from the proceeds of such excise taxes into the highway  
20 bond retirement fund. Any proceeds of such excise taxes required for  
21 these purposes shall first be taken from that portion of the motor  
22 vehicle fund which results from the imposition of the excise taxes on  
23 motor vehicle and special fuels and which is distributed to the state.  
24 If the proceeds from the excise taxes distributed to the state are ever  
25 insufficient to meet the required payments on principal or interest on  
26 the bonds when due, the amount required to make the payments on the  
27 principal or interest shall next be taken from that portion of the  
28 motor vehicle fund which results from the imposition of excise taxes on  
29 motor vehicle and special fuels and which is distributed to the state,  
30 counties, cities, and towns pursuant to RCW ((~~46.68.100 as now existing~~  
31 ~~or hereafter amended~~)) 46.68.090. Any payments of the principal or  
32 interest taken from the motor vehicle or special fuel tax revenues  
33 which are distributable to the counties, cities, and towns shall be  
34 repaid from the first moneys distributed to the state not required for  
35 redemption of the bonds or interest thereon. The legislature covenants  
36 and pledges that it shall at all times provide sufficient revenues from  
37 the imposition of such excise taxes to pay the principal and interest  
38 due on the bonds.

1       **Sec. 315.** RCW 47.56.771 and 1995 c 274 s 17 are each amended to  
2 read as follows:

3       (1) The refunding bonds authorized under RCW 47.56.770 shall be  
4 general obligation bonds of the state of Washington and shall be issued  
5 in a total principal amount not to exceed fifteen million dollars. The  
6 exact amount of refunding bonds to be issued shall be determined by the  
7 state finance committee after calculating the amount of money deposited  
8 with the trustee for the bonds to be refunded which can be used to  
9 redeem or defease outstanding toll bridge authority, ferry, and Hood  
10 Canal bridge revenue bonds after the setting aside of sufficient money  
11 from that fund to pay the first interest installment on the refunding  
12 bonds. The refunding bonds shall be serial in form maturing at such  
13 time, in such amounts, having such denomination or denominations,  
14 redemption privileges, and having such terms and conditions as  
15 determined by the state finance committee. The last maturity date of  
16 the refunding bonds shall not be later than January 1, 2002.

17       (2) The refunding bonds shall be signed by the governor and the  
18 state treasurer under the seal of the state, which signatures shall be  
19 made manually or in printed facsimile. The bonds shall be registered  
20 in the name of the owner in accordance with chapter 39.46 RCW. The  
21 refunding bonds shall distinctly state that they are a general  
22 obligation of the state of Washington, shall pledge the full faith and  
23 credit of the state, and shall contain an unconditional promise to pay  
24 the principal thereof and the interest thereon when due. The refunding  
25 bonds shall be fully negotiable instruments.

26       (3) The principal and interest on the refunding bonds shall be  
27 first payable in the manner provided in this section from the proceeds  
28 of state excise taxes on motor vehicle and special fuels imposed by  
29 chapters 82.36 and 82.38 RCW.

30       (4) The principal of and interest on the refunding bonds shall be  
31 paid first from the state excise taxes on motor vehicle and special  
32 fuels deposited in the ferry bond retirement fund. There is hereby  
33 pledged the proceeds of state excise taxes on motor vehicle and special  
34 fuels imposed under chapters 82.36 and 82.38 RCW to pay the refunding  
35 bonds and interest thereon, and the legislature hereby agrees to  
36 continue to impose the same excise taxes on motor vehicle and special  
37 fuels in amounts sufficient to pay, when due, the principal and  
38 interest on the refunding bonds. Not less than fifteen days prior to  
39 the date any interest or principal and interest payments are due, the

1 state finance committee shall certify to the state treasurer such  
2 amount of additional money as may be required for debt service, and the  
3 treasurer shall thereupon transfer from the motor vehicle fund such  
4 amount from the proceeds of such excise taxes into the ferry bond  
5 retirement fund. Any proceeds of such excise taxes required for these  
6 purposes shall first be taken from that portion of the motor vehicle  
7 fund which results from the imposition of the excise taxes on motor  
8 vehicle and special fuels and which is distributed to the Puget Sound  
9 capital construction account. If the proceeds from excise taxes  
10 distributed to the state are ever insufficient to meet the required  
11 payments on principal or interest on the refunding bonds when due, the  
12 amount required to make the payments on the principal or interest shall  
13 next be taken from that portion of the motor vehicle fund which results  
14 from the imposition of excise taxes on motor vehicle and special fuels  
15 and which is distributed to the state, counties, cities, and towns  
16 pursuant to RCW (~~46.68.100 as now existing or hereafter amended~~)  
17 46.68.090. Any payments of the principal or interest taken from the  
18 motor vehicle or special fuel tax revenues which are distributable to  
19 the counties, cities, and towns shall be repaid from the first money  
20 distributed to the state not required for redemption of the refunding  
21 bonds or interest thereon. The legislature covenants that it shall at  
22 all times provide sufficient revenues from the imposition of such  
23 excise taxes to pay the principal and interest due on the refunding  
24 bonds.

25 **Sec. 316.** RCW 47.60.420 and 1990 c 42 s 407 are each amended to  
26 read as follows:

27 To the extent that all revenues from the Washington state ferry  
28 system available therefor are insufficient to provide for the payment  
29 of principal and interest on the bonds authorized and issued under RCW  
30 47.60.400 through 47.60.470 and for sinking fund requirements  
31 established with respect thereto and for payment into such reserves as  
32 the department has established with respect to the securing of the  
33 bonds, there is imposed a first and prior charge against the Puget  
34 Sound capital construction account of the motor vehicle fund created by  
35 RCW 47.60.505 and, to the extent required, against all revenues  
36 required by RCW (~~46.68.100~~) 46.68.090 to be deposited in the Puget  
37 Sound capital construction account.

1 To the extent that the revenues from the Washington state ferry  
2 system available therefor are insufficient to meet required payments of  
3 principal and interest on bonds, sinking fund requirements, and  
4 payments into reserves, the department shall use moneys in the Puget  
5 Sound capital construction account for such purpose.

6 **Sec. 317.** RCW 82.36.020 and 1983 1st ex.s. c 49 s 26 are each  
7 amended to read as follows:

8 Every distributor shall pay, in addition to any other taxes  
9 provided by law, an excise tax to the director at a rate computed in  
10 the manner provided in RCW 82.36.025 and section 301 of this act for  
11 each gallon of motor vehicle fuel sold, distributed, or used by him in  
12 the state as well as on each gallon upon which he has assumed liability  
13 for payment of the tax under the provisions of RCW 82.36.100:  
14 PROVIDED, That under such regulations as the director may prescribe  
15 sales or distribution of motor vehicle fuel may be made by one licensed  
16 distributor to another licensed distributor free of the tax. In the  
17 computation of the tax, one-quarter of one percent of the net gallonage  
18 otherwise taxable shall be deducted by the distributor before computing  
19 the tax due, on account of the losses sustained through handling. The  
20 tax imposed hereunder shall be in addition to any other tax required by  
21 law, and shall not be imposed under circumstances in which the tax is  
22 prohibited by the Constitution or laws of the United States. The tax  
23 herein imposed shall be collected and paid to the state but once in  
24 respect to any motor vehicle fuel. An invoice shall be rendered by a  
25 distributor to a purchaser for each distribution of motor vehicle fuel.

26 The proceeds of the motor vehicle fuel excise tax collected on the  
27 net gallonage after the deduction provided for herein and after the  
28 deductions for payments and expenditures as provided in RCW 46.68.090,  
29 shall be distributed as provided in RCW (~~46.68.100~~) 46.68.090.

30 **Sec. 318.** RCW 82.36.025 and 1994 c 179 s 30 are each amended to  
31 read as follows:

32 ~~((The motor vehicle fuel tax rate shall be computed as the sum of  
33 the tax rate provided in subsection (1) of this section and the  
34 additional tax rates provided in subsections (2) through (5) of this  
35 section.~~

1       ~~(1))~~ A motor vehicle fuel tax rate of ~~((seventeen))~~ twenty-three  
2 cents per gallon shall apply to the sale, distribution, or use of motor  
3 vehicle fuel.

4       ~~((2) An additional motor vehicle fuel tax rate of one third cent~~  
5 ~~per gallon shall apply to the sale, distribution, or use of motor~~  
6 ~~vehicle fuel, and the proceeds from this additional tax rate, reduced~~  
7 ~~by an amount equal to the sum of the payments under RCW 46.68.090(1)~~  
8 ~~(a), (b), and (c) multiplied by the additional tax rate prescribed by~~  
9 ~~this subsection divided by the motor vehicle fuel tax rate provided in~~  
10 ~~this section, shall be deposited in the rural arterial trust account in~~  
11 ~~the motor vehicle fund for expenditures under RCW 36.79.020.~~

12       ~~(3) An additional motor vehicle fuel tax rate of one third cent per~~  
13 ~~gallon shall apply to the sale, distribution, or use of motor vehicle~~  
14 ~~fuel, and the proceeds from this additional tax rate, reduced by an~~  
15 ~~amount equal to the sum of the payments under RCW 46.68.090(1) (a),~~  
16 ~~(b), and (c) multiplied by the additional tax rate prescribed by this~~  
17 ~~subsection divided by the motor vehicle fuel tax rate provided in this~~  
18 ~~section, shall be deposited in the urban arterial trust account in the~~  
19 ~~motor vehicle fund. After June 30, 1995, ninety five percent of this~~  
20 ~~revenue shall be deposited in the urban arterial trust account in the~~  
21 ~~motor vehicle fund and five percent shall be deposited in the small~~  
22 ~~city account in the motor vehicle fund.~~

23       ~~(4) An additional motor vehicle fuel tax rate of one third cent per~~  
24 ~~gallon shall be applied to the sale, distribution, or use of motor~~  
25 ~~vehicle fuel, and the proceeds from this additional tax rate, reduced~~  
26 ~~by an amount equal to the sum of the payments under RCW 46.68.090(1)~~  
27 ~~(a), (b), and (c) multiplied by the additional tax rate prescribed by~~  
28 ~~this subsection divided by the motor vehicle fuel tax rate provided in~~  
29 ~~this section, shall be deposited in the motor vehicle fund to be~~  
30 ~~expended for highway purposes of the state as defined in RCW 46.68.130.~~

31       ~~(5) An additional motor vehicle fuel tax rate of four cents per~~  
32 ~~gallon from April 1, 1990, through March 31, 1991, and five cents per~~  
33 ~~gallon from April 1, 1991, applies to the sale, distribution, or use of~~  
34 ~~motor vehicle fuel. The proceeds from the additional tax rate under~~  
35 ~~this subsection, reduced by an amount equal to the sum of the payments~~  
36 ~~under RCW 46.68.090(1) (a), (b), and (c) multiplied by the additional~~  
37 ~~tax rate prescribed by this subsection divided by the motor fuel tax~~  
38 ~~rate provided in this section, shall be deposited in the motor vehicle~~

1 ~~fund and shall be distributed by the state treasurer according to RCW~~  
2 ~~46.68.095.)~~)

3       **Sec. 319.** RCW 82.36.100 and 1983 1st ex.s. c 49 s 28 are each  
4 amended to read as follows:

5       Every person other than a distributor who acquires any motor  
6 vehicle fuel within this state upon which payment of tax is required  
7 under the provisions of this chapter, or imports such motor vehicle  
8 fuel into this state and sells, distributes, or in any manner uses it  
9 in this state shall, if the tax has not been paid, apply for a license  
10 to carry on such activities, file bond, make reports, comply with all  
11 regulations the director may prescribe in respect thereto, and pay an  
12 excise tax at the rate computed in the manner provided in RCW 82.36.025  
13 and section 301 of this act for each gallon thereof so sold,  
14 distributed, or used during the fiscal year for which such rate is  
15 applicable in the manner provided for distributors, and the director  
16 shall issue a license to such person in the manner provided for  
17 issuance of licenses to distributors. The proceeds of the tax imposed  
18 by this section shall be distributed in the manner provided for the  
19 distribution of the motor vehicle fuel excise tax in RCW 82.36.020.  
20 However, a distributor licensed under this chapter may deliver motor  
21 vehicle fuel to an importer in individual quantities of five hundred  
22 gallons or less and assume the liability for payment of the tax to this  
23 state. Under such conditions, the importer is exempt from the  
24 requirements of this section. For failure to comply with this chapter  
25 such person is subject to the same penalties imposed upon distributors.  
26 The director shall pursue against such persons the same procedure and  
27 remedies for audits, adjustments, collection, and enforcement of this  
28 chapter as is provided with respect to distributors. Nothing in this  
29 section may be construed as classifying such persons as distributors.

30       NEW SECTION. **Sec. 320.** A new section is added to chapter 82.36  
31 RCW to read as follows:

32       It is intended that the ultimate incidence of and burden for the  
33 tax imposed under this chapter be upon the consumer, regardless of the  
34 manner in which collection of the tax is provided for in this chapter.  
35 However, this section shall not apply to agreements between the  
36 department and federally recognized Indian tribes entered into under  
37 RCW 82.36.450, nor shall it apply to the consent decrees entered in



1 confederated tribes of the Colville Reservation v. Washington  
2 Department of Licensing, No. CS-92-248-JLQ (E.D. Wash.) and Teo v.  
3 Steffenson, No. CY-93-3050-AAM (E.D. Wash.).

4 **Sec. 321.** RCW 82.38.030 and 1996 c 104 s 7 are each amended to  
5 read as follows:

6 (1) There is hereby levied and imposed upon special fuel users a  
7 tax at the rate computed in the manner provided in RCW 82.36.025 and  
8 section 301 of this act per gallon or each one hundred cubic feet of  
9 compressed natural gas measured at standard pressure and temperature on  
10 the use of special fuel in any motor vehicle operated upon the highways  
11 of this state during the fiscal year for which such rate is applicable.

12 (2) The tax shall be collected by the special fuel dealer and shall  
13 be paid over to the department as hereinafter provided: (a) With  
14 respect to all special fuel delivered by a special fuel dealer into  
15 supply tanks of motor vehicles or into storage facilities used for the  
16 fueling of motor vehicles at unbonded service stations in this state;  
17 or (b) in all other transactions where the purchaser is not the holder  
18 of a valid special fuel license issued pursuant to this chapter  
19 allowing the purchase of untaxed special fuel, except sales of special  
20 fuel for export. To claim an exemption on account of sales by a  
21 licensed special fuel dealer for export, the purchaser shall obtain  
22 from the selling special fuel dealer, and such selling special fuel  
23 dealer must furnish the purchaser, an invoice giving such details of  
24 the sale for export as the director may require, copies of which shall  
25 be furnished the department and the entity of the state or foreign  
26 jurisdiction of destination which is charged by the laws of that state  
27 or foreign jurisdiction with the control or monitoring or both, of the  
28 sales or movement of special fuel in that state or foreign  
29 jurisdiction.

30 (3) The tax shall be paid over to the department by the special  
31 fuel user as hereinafter provided with respect to the taxable use of  
32 special fuel upon which the tax has not previously been imposed.

33 It is expressly provided that delivery of special fuel may be made  
34 without collecting the tax otherwise imposed, when such deliveries are  
35 made by a bonded special fuel dealer to special fuel users who are  
36 authorized by the department as hereinafter provided, to purchase fuel  
37 without payment of tax to the bonded special fuel dealer.

1 (4) The tax required by this chapter, to be collected by the  
2 seller, is held in trust by the seller until paid to the department,  
3 and a seller who appropriates or converts the tax collected to his or  
4 her own use or to any use other than the payment of the tax to the  
5 extent that the money required to be collected is not available for  
6 payment on the due date as prescribed in this chapter is guilty of a  
7 felony, or gross misdemeanor in accordance with the theft and  
8 anticipatory provisions of Title 9A RCW. A person, partnership,  
9 corporation, or corporate officer who fails to collect the tax imposed  
10 by this section, or who has collected the tax and fails to pay it to  
11 the department in the manner prescribed by this chapter, is personally  
12 liable to the state for the amount of the tax.

13 **Sec. 322.** RCW 82.38.075 and 1983 c 212 s 1 are each amended to  
14 read as follows:

15 In order to encourage the use of nonpolluting fuels, an annual  
16 license fee in lieu of the tax imposed by RCW 82.38.030 shall be  
17 imposed upon the use of natural gas as defined in this chapter or on  
18 liquified petroleum gas, commonly called propane, which is used in any  
19 motor vehicle, as defined in RCW 46.04.320, which shall be based upon  
20 the following schedule as adjusted by the formula set out below:

| 21 | VEHICLE TONNAGE (GVW) | FEE   |
|----|-----------------------|-------|
| 22 | 0 - 6,000             | \$ 45 |
| 23 | 6,001 - 10,000        | \$ 45 |
| 24 | 10,001 - 18,000       | \$ 80 |
| 25 | 18,001 - 28,000       | \$110 |
| 26 | 28,001 - 36,000       | \$150 |
| 27 | 36,001 and above      | \$250 |

28 To determine the actual annual license fee imposed by this section  
29 for a registration year, the appropriate dollar amount set out in the  
30 above schedule shall be multiplied by the motor vehicle fuel tax rate  
31 in cents per gallon as established by RCW 82.36.025 and section 301 of  
32 this act effective on July 1st of the preceding calendar year and the  
33 product thereof shall be divided by 12 cents.

34 The department of licensing, in addition to the foregoing fee,  
35 shall charge a further fee of five dollars as a handling charge for  
36 each license issued.

1 The director of licensing shall be authorized to prorate the  
2 vehicle tonnage fee so that the annual license required by this section  
3 will correspond with the staggered vehicle licensing system.

4 A decal or other identifying device issued upon payment of these  
5 annual fees shall be displayed as prescribed by the department as  
6 authority to purchase this fuel.

7 Persons selling or dispensing natural gas or propane may not sell  
8 or dispense this fuel for their own use or the use of others into tanks  
9 of vehicles powered by this fuel which do not display a valid decal or  
10 other identifying device as provided in this section.

11 Vehicles registered in jurisdictions outside the state of  
12 Washington are exempt from this section.

13 Any person selling or dispensing natural gas or propane into the  
14 tank of a motor vehicle powered by this fuel, except as prescribed in  
15 this chapter, is subject to the penalty provisions of this chapter.

16 NEW SECTION. **Sec. 323.** A new section is added to chapter 82.38  
17 RCW to read as follows:

18 It is intended that the ultimate incidence of and burden for the  
19 tax imposed under this chapter be upon the consumer, regardless of the  
20 manner in which collection of the tax is provided for in this chapter.  
21 However, this section shall not apply to agreements between the  
22 department and federally recognized Indian tribes entered into under  
23 RCW 82.38.310, nor shall it apply to the consent decrees entered in  
24 confederated tribes of the Colville Reservation v. Washington  
25 Department of Licensing, No. CS-92-248-JLQ (E.D. Wash.) and Teo v.  
26 Steffenson, No. CY-93-3050-AAM (E.D. Wash.).

27 **Sec. 324.** RCW 82.80.010 and 1991 c 339 s 12 are each amended to  
28 read as follows:

29 (1) Subject to the conditions of this section, any county may levy,  
30 by approval of its legislative body and a majority of the registered  
31 voters of the county voting on the proposition at a general or special  
32 election, additional excise taxes equal to ten percent of the state-  
33 wide motor vehicle fuel tax rate under RCW 82.36.025 and section 301 of  
34 this act on each gallon of motor vehicle fuel as defined in RCW  
35 82.36.010(2) and on each gallon of special fuel as defined in RCW  
36 82.38.020(5) sold within the boundaries of the county. Vehicles paying  
37 an annual license fee under RCW 82.38.075 are exempt from the county

1 fuel excise tax. An election held under this section must be held not  
2 more than twelve months before the date on which the proposed tax is to  
3 be levied. The ballot setting forth the proposition shall state the  
4 tax rate that is proposed. The county's authority to levy additional  
5 excise taxes under this section includes the incorporated and  
6 unincorporated areas of the county. The additional excise taxes are  
7 subject to the same exceptions and rights of refund as applicable to  
8 other motor vehicle fuel and special fuel excise taxes levied under  
9 chapters 82.36 and 82.38 RCW. The proposed tax shall not be levied  
10 less than one month from the date the election results are certified by  
11 the county election officer. The commencement date for the levy of any  
12 tax under this section shall be the first day of January, April, July,  
13 or October.

14 (2) Every person subject to the tax shall pay, in addition to any  
15 other taxes provided by law, an additional excise tax to the director  
16 of licensing at the rate levied by a county exercising its authority  
17 under this section.

18 (3) The state treasurer shall distribute monthly to the levying  
19 county and cities contained therein the proceeds of the additional  
20 excise taxes collected under this section, after the deductions for  
21 payments and expenditures as provided in RCW 46.68.090 (1) and (2) and  
22 under the conditions and limitations provided in RCW 82.80.080.

23 (4) The proceeds of the additional excise taxes levied under this  
24 section shall be used strictly for transportation purposes in  
25 accordance with RCW 82.80.070.

26 (5) The department of licensing shall administer and collect the  
27 county fuel taxes. The department shall deduct a percentage amount, as  
28 provided by contract, for administrative, collection, refund, and audit  
29 expenses incurred. The remaining proceeds shall be remitted to the  
30 custody of the state treasurer for monthly distribution under RCW  
31 82.80.080.

32 **PART IV**

33 **Sec. 401.** RCW 82.04.050 and 1997 c 127 s 1 are each amended to  
34 read as follows:

35 (1) "Sale at retail" or "retail sale" means every sale of tangible  
36 personal property (including articles produced, fabricated, or  
37 imprinted) to all persons irrespective of the nature of their business

1 and including, among others, without limiting the scope hereof, persons  
2 who install, repair, clean, alter, improve, construct, or decorate real  
3 or personal property of or for consumers other than a sale to a person  
4 who presents a resale certificate under RCW 82.04.470 and who:

5 (a) Purchases for the purpose of resale as tangible personal  
6 property in the regular course of business without intervening use by  
7 such person; or

8 (b) Installs, repairs, cleans, alters, imprints, improves,  
9 constructs, or decorates real or personal property of or for consumers,  
10 if such tangible personal property becomes an ingredient or component  
11 of such real or personal property without intervening use by such  
12 person; or

13 (c) Purchases for the purpose of consuming the property purchased  
14 in producing for sale a new article of tangible personal property or  
15 substance, of which such property becomes an ingredient or component or  
16 is a chemical used in processing, when the primary purpose of such  
17 chemical is to create a chemical reaction directly through contact with  
18 an ingredient of a new article being produced for sale; or

19 (d) Purchases for the purpose of consuming the property purchased  
20 in producing ferrosilicon which is subsequently used in producing  
21 magnesium for sale, if the primary purpose of such property is to  
22 create a chemical reaction directly through contact with an ingredient  
23 of ferrosilicon; or

24 (e) Purchases for the purpose of providing the property to  
25 consumers as part of competitive telephone service, as defined in RCW  
26 82.04.065. The term shall include every sale of tangible personal  
27 property which is used or consumed or to be used or consumed in the  
28 performance of any activity classified as a "sale at retail" or "retail  
29 sale" even though such property is resold or utilized as provided in  
30 (a), (b), (c), (d), or (e) of this subsection following such use. The  
31 term also means every sale of tangible personal property to persons  
32 engaged in any business which is taxable under RCW 82.04.280 (~~((2) and~~  
33 ~~(7))~~) (6) and 82.04.290.

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

37 (a) The installing, repairing, cleaning, altering, imprinting, or  
38 improving of tangible personal property of or for consumers, including  
39 charges made for the mere use of facilities in respect thereto, but

1 excluding sales of laundry service to members by nonprofit associations  
2 composed exclusively of nonprofit hospitals, and excluding services  
3 rendered in respect to live animals, birds and insects;

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

12 (c) The charge for labor and services rendered in respect to  
13 constructing, repairing, or improving any structure upon, above, or  
14 under any real property owned by an owner who conveys the property by  
15 title, possession, or any other means to the person performing such  
16 construction, repair, or improvement for the purpose of performing such  
17 construction, repair, or improvement and the property is then  
18 reconveyed by title, possession, or any other means to the original  
19 owner;

20 (d) The sale of or charge made for labor and services rendered in  
21 respect to the cleaning, fumigating, razing or moving of existing  
22 buildings or structures, but shall not include the charge made for  
23 janitorial services; and for purposes of this section the term  
24 "janitorial services" shall mean those cleaning and caretaking services  
25 ordinarily performed by commercial janitor service businesses  
26 including, but not limited to, wall and window washing, floor cleaning  
27 and waxing, and the cleaning in place of rugs, drapes and upholstery.  
28 The term "janitorial services" does not include painting, papering,  
29 repairing, furnace or septic tank cleaning, snow removal or  
30 sandblasting;

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

35 (f) The sale of and charge made for the furnishing of lodging and  
36 all other services by a hotel, rooming house, tourist court, motel,  
37 trailer camp, and the granting of any similar license to use real  
38 property, as distinguished from the renting or leasing of real  
39 property, and it shall be presumed that the occupancy of real property

1 for a continuous period of one month or more constitutes a rental or  
2 lease of real property and not a mere license to use or enjoy the same;

3 (g) The sale of or charge made for tangible personal property,  
4 labor and services to persons taxable under (a), (b), (c), (d), (e),  
5 and (f) of this subsection when such sales or charges are for property,  
6 labor and services which are used or consumed in whole or in part by  
7 such persons in the performance of any activity defined as a "sale at  
8 retail" or "retail sale" even though such property, labor and services  
9 may be resold after such use or consumption. Nothing contained in this  
10 subsection shall be construed to modify subsection (1) of this section  
11 and nothing contained in subsection (1) of this section shall be  
12 construed to modify this subsection.

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

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

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

22 (c) Credit bureau services;

23 (d) Automobile parking and storage garage services;

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

29 (f) Service charges associated with tickets to professional  
30 sporting events; and

31 (g) The following personal services: Physical fitness services,  
32 tanning salon services, tattoo parlor services, steam bath services,  
33 turkish bath services, escort services, and dating services.

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

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

1       ~~(6) ((The term shall not include the sale of or charge made for~~  
2 ~~labor and services rendered in respect to the building, repairing, or~~  
3 ~~improving of any street, place, road, highway, easement, right of way,~~  
4 ~~mass public transportation terminal or parking facility, bridge,~~  
5 ~~tunnel, or trestle which is owned by a municipal corporation or~~  
6 ~~political subdivision of the state or by the United States and which is~~  
7 ~~used or to be used primarily for foot or vehicular traffic including~~  
8 ~~mass transportation vehicles of any kind.~~

9       ~~(7))~~) The term shall also not include sales of chemical sprays or  
10 washes to persons for the purpose of postharvest treatment of fruit for  
11 the prevention of scald, fungus, mold, or decay, nor shall it include  
12 sales of feed, seed, seedlings, fertilizer, agents for enhanced  
13 pollination including insects such as bees, and spray materials to:  
14 (a) Persons who participate in the federal conservation reserve  
15 program, the environmental quality incentives program, the wetlands  
16 reserve program, and the wildlife habitat incentives program, or their  
17 successors administered by the United States department of agriculture;  
18 (b) farmers for the purpose of producing for sale any agricultural  
19 product; and (c) farmers acting under cooperative habitat development  
20 or access contracts with an organization exempt from federal income tax  
21 under 26 U.S.C. Sec. 501(c)(3) or the Washington state department of  
22 fish and wildlife to produce or improve wildlife habitat on land that  
23 the farmer owns or leases.

24       ~~((+8))~~) (7) The term shall not include the sale of or charge made  
25 for labor and services rendered in respect to the constructing,  
26 repairing, decorating, or improving of new or existing buildings or  
27 other structures under, upon, or above real property of or for the  
28 United States, any instrumentality thereof, or a county or city housing  
29 authority created pursuant to chapter 35.82 RCW, including the  
30 installing, or attaching of any article of tangible personal property  
31 therein or thereto, whether or not such personal property becomes a  
32 part of the realty by virtue of installation. Nor shall the term  
33 include the sale of services or charges made for the clearing of land  
34 and the moving of earth of or for the United States, any  
35 instrumentality thereof, or a county or city housing authority. Nor  
36 shall the term include the sale of services or charges made for  
37 cleaning up for the United States, or its instrumentalities,  
38 radioactive waste and other byproducts of weapons production and  
39 nuclear research and development.



1       **Sec. 402.** RCW 82.04.190 and 1996 c 173 s 2, 1996 c 148 s 4, and  
2 1996 c 112 s 2 are each reenacted and amended to read as follows:

3       "Consumer" means the following:

4       (1) Any person who purchases, acquires, owns, holds, or uses any  
5 article of tangible personal property irrespective of the nature of the  
6 person's business and including, among others, without limiting the  
7 scope hereof, persons who install, repair, clean, alter, improve,  
8 construct, or decorate real or personal property of or for consumers  
9 other than for the purpose (a) of resale as tangible personal property  
10 in the regular course of business or (b) of incorporating such property  
11 as an ingredient or component of real or personal property when  
12 installing, repairing, cleaning, altering, imprinting, improving,  
13 constructing, or decorating such real or personal property of or for  
14 consumers or (c) of consuming such property in producing for sale a new  
15 article of tangible personal property or a new substance, of which such  
16 property becomes an ingredient or component or as a chemical used in  
17 processing, when the primary purpose of such chemical is to create a  
18 chemical reaction directly through contact with an ingredient of a new  
19 article being produced for sale or (d) purchases for the purpose of  
20 consuming the property purchased in producing ferrosilicon which is  
21 subsequently used in producing magnesium for sale, if the primary  
22 purpose of such property is to create a chemical reaction directly  
23 through contact with an ingredient of ferrosilicon;

24       (2)(a) Any person engaged in any business activity taxable under  
25 RCW 82.04.290; (b) any person who purchases, acquires, or uses any  
26 telephone service as defined in RCW 82.04.065, other than for resale in  
27 the regular course of business; and (c) any person who purchases,  
28 acquires, or uses any amusement and recreation service defined in RCW  
29 82.04.050(3)(a), other than for resale in the regular course of  
30 business;

31       ~~(3) ((Any person engaged in the business of contracting for the  
32 building, repairing or improving of any street, place, road, highway,  
33 easement, right of way, mass public transportation terminal or parking  
34 facility, bridge, tunnel, or trestle which is owned by a municipal  
35 corporation or political subdivision of the state of Washington or by  
36 the United States and which is used or to be used primarily for foot or  
37 vehicular traffic including mass transportation vehicles of any kind as  
38 defined in RCW 82.04.280, in respect to tangible personal property when  
39 such person incorporates such property as an ingredient or component of~~

1 such publicly owned street, place, road, highway, easement, right of  
2 way, mass public transportation terminal or parking facility, bridge,  
3 tunnel, or trestle by installing, placing or spreading the property in  
4 or upon the right of way of such street, place, road, highway,  
5 easement, bridge, tunnel, or trestle or in or upon the site of such  
6 mass public transportation terminal or parking facility;

7       ~~((4))~~) Any person who is an owner, lessee or has the right of  
8 possession to or an easement in real property which is being  
9 constructed, repaired, decorated, improved, or otherwise altered by a  
10 person engaged in business, excluding only (a) municipal corporations  
11 or political subdivisions of the state in respect to labor and services  
12 rendered to their real property which is used or held for public road  
13 purposes, and (b) the United States, instrumentalities thereof, and  
14 county and city housing authorities created pursuant to chapter 35.82  
15 RCW in respect to labor and services rendered to their real property(~~(-~~  
16 ~~Nothing contained in this or any other subsection of this definition~~  
17 ~~shall be construed to modify any other definition of "consumer" )~~);

18       ~~((+5))~~) (4) Any person who is an owner, lessee, or has the right of  
19 possession to personal property which is being constructed, repaired,  
20 improved, cleaned, imprinted, or otherwise altered by a person engaged  
21 in business;

22       ~~((+6))~~) (5) Any person engaged in the business of constructing,  
23 repairing, decorating, or improving new or existing buildings or other  
24 structures under, upon, or above real property of or for the United  
25 States, any instrumentality thereof, or a county or city housing  
26 authority created pursuant to chapter 35.82 RCW, including the  
27 installing or attaching of any article of tangible personal property  
28 therein or thereto, whether or not such personal property becomes a  
29 part of the realty by virtue of installation; also, any person engaged  
30 in the business of clearing land and moving earth of or for the United  
31 States, any instrumentality thereof, or a county or city housing  
32 authority created pursuant to chapter 35.82 RCW. Any such person shall  
33 be a consumer within the meaning of this subsection in respect to  
34 tangible personal property incorporated into, installed in, or attached  
35 to such building or other structure by such person;

36       ~~((+7))~~) (6) Any person who is a lessor of machinery and equipment,  
37 the rental of which is exempt from the tax imposed by RCW 82.08.020  
38 under RCW 82.08.02565, with respect to the sale of or charge made for  
39 tangible personal property consumed in respect to repairing the

1 machinery and equipment, if the tangible personal property has a useful  
2 life of less than one year; and

3 ~~((+8))~~ (7) Any person engaged in the business of cleaning up for  
4 the United States, or its instrumentalities, radioactive waste and  
5 other byproducts of weapons production and nuclear research and  
6 development.

7 Nothing contained in ~~((this or))~~ any ~~((other))~~ subsection of this  
8 definition shall be construed to modify anything contained in any other  
9 subsection of this definition or any other definition of "consumer."

10 **Sec. 403.** RCW 82.04.280 and 1994 c 112 s 1 are each amended to  
11 read as follows:

12 Upon every person engaging within this state in the business of:  
13 (1) Printing, and of publishing newspapers, periodicals, or magazines;  
14 ~~((building, repairing or improving any street, place, road,~~  
15 ~~highway, easement, right of way, mass public transportation terminal or~~  
16 ~~parking facility, bridge, tunnel, or trestle which is owned by a~~  
17 ~~municipal corporation or political subdivision of the state or by the~~  
18 ~~United States and which is used or to be used, primarily for foot or~~  
19 ~~vehicular traffic including mass transportation vehicles of any kind~~  
20 ~~and including any readjustment, reconstruction or relocation of the~~  
21 ~~facilities of any public, private or cooperatively owned utility or~~  
22 ~~railroad in the course of such building, repairing or improving, the~~  
23 ~~cost of which readjustment, reconstruction, or relocation, is the~~  
24 ~~responsibility of the public authority whose street, place, road,~~  
25 ~~highway, easement, right of way, mass public transportation terminal or~~  
26 ~~parking facility, bridge, tunnel, or trestle is being built, repaired~~  
27 ~~or improved;~~ ~~((3))~~ extracting for hire or processing for hire; ~~((4))~~  
28 (3) operating a cold storage warehouse or storage warehouse, but not  
29 including the rental of cold storage lockers; ~~((5))~~ (4) representing  
30 and performing services for fire or casualty insurance companies as an  
31 independent resident managing general agent licensed under the  
32 provisions of RCW 48.05.310; ~~((6))~~ (5) radio and television  
33 broadcasting, excluding network, national and regional advertising  
34 computed as a standard deduction based on the national average thereof  
35 as annually reported by the Federal Communications Commission, or in  
36 lieu thereof by itemization by the individual broadcasting station, and  
37 excluding that portion of revenue represented by the out-of-state  
38 audience computed as a ratio to the station's total audience as

1 measured by the 100 micro-volt signal strength and delivery by wire, if  
2 any; ((+7)) (6) engaging in activities which bring a person within the  
3 definition of consumer contained in RCW 82.04.190((+6)) (5); as to  
4 such persons, the amount of tax on such business shall be equal to the  
5 gross income of the business multiplied by the rate of 0.484 percent.

6 As used in this section, "cold storage warehouse" means a storage  
7 warehouse used to store fresh and/or frozen perishable fruits or  
8 vegetables, meat, seafood, dairy products, or fowl, or any combination  
9 thereof, at a desired temperature to maintain the quality of the  
10 product for orderly marketing.

11 As used in this section, "storage warehouse" means a building or  
12 structure, or any part thereof, in which goods, wares, or merchandise  
13 are received for storage for compensation, except field warehouses,  
14 fruit warehouses, fruit packing plants, warehouses licensed under  
15 chapter 22.09 RCW, public garages storing automobiles, railroad freight  
16 sheds, docks and wharves, and "self-storage" or "mini storage"  
17 facilities whereby customers have direct access to individual storage  
18 areas by separate entrance.

19 As used in this section, "periodical or magazine" means a printed  
20 publication, other than a newspaper, issued regularly at stated  
21 intervals at least once every three months, including any supplement or  
22 special edition of the publication.

23 NEW SECTION. **Sec. 404.** A new section is added to chapter 82.08  
24 RCW to read as follows:

25 The tax levied by RCW 82.08.020 does not apply to charges made for  
26 labor and services rendered by any person in respect to the building,  
27 repairing, or improving of any street, place, road, highway, easement,  
28 right of way, mass public transportation terminal or parking facility,  
29 bridge, tunnel, or trestle, which is owned by the state, by a municipal  
30 corporation or political subdivision of the state, or by the United  
31 States, and which is used or to be used primarily for foot or vehicular  
32 traffic including mass transportation vehicles of any kind, or to sales  
33 of tangible personal property that becomes an ingredient or component  
34 of the street, place, road, highway, easement, right of way, mass  
35 public transportation terminal or parking facility, bridge, tunnel, or  
36 trestle, during the course of the building, repairing, or improving of  
37 the street, place, road, highway, easement, right of way, mass public  
38 transportation terminal or parking facility, bridge, tunnel, or

1 trestle, but only if the buyer provides the seller with an exemption  
2 certificate in a form and manner prescribed by the department by rule.

3 NEW SECTION. **Sec. 405.** A new section is added to chapter 82.12  
4 RCW to read as follows:

5 The provisions of this chapter do not apply in respect to the use  
6 of tangible personal property that becomes an ingredient or component  
7 of any street, place, road, highway, easement, right of way, mass  
8 public transportation terminal or parking facility, bridge, tunnel,  
9 trestle, or regional transit authority high capacity transportation  
10 system which is owned by the state, by a municipal corporation or  
11 political subdivision of the state, or by the United States, and which  
12 is used or to be used primarily for foot or vehicular traffic including  
13 mass transportation vehicles of any kind, during the course of the  
14 building, repairing, or improving of the street, place, road, highway,  
15 easement, right of way, mass public transportation terminal or parking  
16 facility, bridge, tunnel, trestle, or regional transit authority high  
17 capacity transportation system by any person.

18 **Sec. 406.** RCW 82.08.02569 and 1996 c 113 s 1 are each amended to  
19 read as follows:

20 The tax levied by RCW 82.08.020 shall not apply to sales of  
21 tangible personal property to a consumer as defined in RCW  
22 82.04.190(~~(+6)~~) (5) if the tangible personal property is incorporated  
23 into, installed in, or attached to a building or other structure that  
24 is an integral part of a laser interferometer gravitational wave  
25 observatory on which construction is commenced before December 1, 1996.

26 **Sec. 407.** RCW 82.12.02569 and 1996 c 113 s 2 are each amended to  
27 read as follows:

28 The provisions of this chapter shall not apply in respect to the  
29 use of tangible personal property by a consumer as defined in RCW  
30 82.04.190(~~(+6)~~) (5) if the tangible personal property is incorporated  
31 into, installed in, or attached to a building or other structure that  
32 is an integral part of a laser interferometer gravitational wave  
33 observatory on which construction is commenced before December 1, 1996.

34 NEW SECTION. **Sec. 408.** The department of revenue shall adopt  
35 rules to administer sections 401 through 407 of this act.

PART V

NEW SECTION. **Sec. 501.** The following acts or parts of acts are each repealed:

(1) RCW 46.68.095 and 1994 c 179 s 4 & 1990 c 42 s 103;

(2) RCW 46.68.100 and 1994 c 179 s 5, 1991 c 310 s 2, 1986 c 66 s 1, 1984 c 7 s 73, 1977 ex.s. c 317 s 9, 1977 c 51 s 1, 1975-'76 2nd ex.s. c 57 s 1, 1973 1st ex.s. c 124 s 1, 1972 ex.s. c 24 s 2, 1970 ex.s. c 85 s 4, 1967 ex.s. c 145 s 79, 1967 ex.s. c 83 s 8, 1961 ex.s. c 7 s 6, & 1961 c 12 s 46.68.100;

(3) RCW 46.68.115 and 1987 c 234 s 1, 1983 c 43 s 1, & 1977 ex.s. c 317 s 10;

(4) RCW 46.68.150 and 1984 c 7 s 74, 1977 ex.s. c 317 s 11, & 1967 ex.s. c 83 s 9;

(5) RCW 47.26.060 and 1981 c 315 s 1 & 1967 ex.s. c 83 s 12;

(6) RCW 47.26.070 and 1984 c 7 s 154 & 1967 ex.s. c 83 s 13; and

(7) RCW 47.26.410 and 1984 c 7 s 162 & 1967 ex.s. c 83 s 44.

NEW SECTION. **Sec. 502.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec. 503.** Part headings used in this act are not any part of the law.

NEW SECTION. **Sec. 504.** (1) Section 301 of this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

(2) Sections 101, 102, and 302 through 501 of this act take effect July 1, 1998.

(3) Sections 201, 202, and 204 through 220 of this act take effect January 1, 1999.

(4) Section 203 of this act takes effect July 1, 1999, and applies to registrations that are due or become due in July 1999, and thereafter.

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