

2 By Representatives Fisher and Mitchell

3 **E2SSB 6856** - H COMM AMD **ADOPTED 3-22-00**

4 By Committee on Transportation

5

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

8 "NEW SECTION. **Sec. 1.** Although current law directs revenues
9 collected in lieu of the motor vehicle excise tax to be deposited in
10 the manner provided under RCW 82.44.110, the legislature finds that
11 these fund sources are no longer appropriate in light of passage of
12 Initiative Measure No. 695. Taxes levied in lieu of the motor vehicle
13 excise tax will continue to be deposited into an account in the state
14 treasury to be used strictly for transportation purposes. To the
15 extent that ambiguity may exist under current law, the legislature
16 provides that taxes on retail car rentals collected under RCW 82.08.020
17 be deposited into the multimodal transportation account, created under
18 section 3 of this act. The legislature intends that deposits in this
19 account be made retroactive to December 31, 1999.

20 **Sec. 2.** RCW 82.08.020 and 1998 c 321 s 36 (Referendum Bill No. 49)
21 are each amended to read as follows:

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

25 (2) There is levied and there shall be collected an additional tax
26 on each retail car rental, regardless of whether the vehicle is
27 licensed in this state, equal to five and nine-tenths percent of the
28 selling price. The revenue collected under this subsection shall be
29 deposited (~~and distributed in the same manner as motor vehicle excise~~
30 ~~tax revenue collected under RCW 82.44.020(1))~~ in the multimodal
31 transportation account created in section 3 of this act.

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

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

1 NEW SECTION. **Sec. 3.** A new section is added to chapter 47.66 RCW
2 to read as follows:

3 The multimodal transportation account is created in the state
4 treasury. Moneys in the account may be spent only after appropriation.
5 Expenditures from the account may be used only for transportation
6 purposes.

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

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

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

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

36 (4) Monthly, the state treasurer shall distribute the earnings
37 credited to the treasury income account. The state treasurer shall

1 credit the general fund with all the earnings credited to the treasury
2 income account except:

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

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

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

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

4 **Sec. 5.** RCW 43.84.092 and 1999 c 380 s 8, 1999 c 309 s 928, 1999
5 c 268 s 4, 1999 c 94 s 3, and 1999 c 94 s 2 are each reenacted and
6 amended to read as follows:

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

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

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

33 (4) Monthly, the state treasurer shall distribute the earnings
34 credited to the treasury income account. The state treasurer shall
35 credit the general fund with all the earnings credited to the treasury
36 income account except:

37 (a) The following accounts and funds shall receive their
38 proportionate share of earnings based upon each account's and fund's

1 average daily balance for the period: The capitol building
2 construction account, the Cedar River channel construction and
3 operation account, the Central Washington University capital projects
4 account, the charitable, educational, penal and reformatory
5 institutions account, the common school construction fund, the county
6 criminal justice assistance account, the county sales and use tax
7 equalization account, the data processing building construction
8 account, the deferred compensation administrative account, the deferred
9 compensation principal account, the department of retirement systems
10 expense account, the drinking water assistance account, the Eastern
11 Washington University capital projects account, the education
12 construction fund, the emergency reserve fund, the federal forest
13 revolving account, the health services account, the public health
14 services account, the health system capacity account, the personal
15 health services account, the state higher education construction
16 account, the higher education construction account, the highway
17 infrastructure account, the industrial insurance premium refund
18 account, the judges' retirement account, the judicial retirement
19 administrative account, the judicial retirement principal account, the
20 King Street station facility account, the local leasehold excise tax
21 account, the local real estate excise tax account, the local sales and
22 use tax account, the medical aid account, the mobile home park
23 relocation fund, the multimodal transportation account, the municipal
24 criminal justice assistance account, the municipal sales and use tax
25 equalization account, the natural resources deposit account, the
26 perpetual surveillance and maintenance account, the public employees'
27 retirement system plan 1 account, the public employees' retirement
28 system plan 2 account, the Puyallup tribal settlement account, the
29 resource management cost account, the site closure account, the special
30 wildlife account, the state employees' insurance account, the state
31 employees' insurance reserve account, the state investment board
32 expense account, the state investment board commingled trust fund
33 accounts, the supplemental pension account, the teachers' retirement
34 system plan 1 account, the teachers' retirement system plan 2 account,
35 the tobacco prevention and control account, the tobacco settlement
36 account, the transportation infrastructure account, the tuition
37 recovery trust fund, the University of Washington bond retirement fund,
38 the University of Washington building account, the volunteer fire
39 fighters' and reserve officers' relief and pension principal

1 ((~~account~~)) fund, the volunteer fire fighters' ((~~relief~~)) and
2 ((~~pension~~)) reserve officers' administrative ((~~account~~)) fund, the
3 Washington judicial retirement system account, the Washington law
4 enforcement officers' and fire fighters' system plan 1 retirement
5 account, the Washington law enforcement officers' and fire fighters'
6 system plan 2 retirement account, the Washington state patrol
7 retirement account, the Washington State University building account,
8 the Washington State University bond retirement fund, the water
9 pollution control revolving fund, and the Western Washington University
10 capital projects account. Earnings derived from investing balances of
11 the agricultural permanent fund, the normal school permanent fund, the
12 permanent common school fund, the scientific permanent fund, and the
13 state university permanent fund shall be allocated to their respective
14 beneficiary accounts. All earnings to be distributed under this
15 subsection (4)(a) shall first be reduced by the allocation to the state
16 treasurer's service fund pursuant to RCW 43.08.190.

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

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

1 **Sec. 6.** RCW 43.84.092 and 1999 c 380 s 9, 1999 c 309 s 929, 1999
2 c 268 s 5, and 1999 c 94 s 4 are each reenacted and amended to read as
3 follows:

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

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

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

30 (4) Monthly, the state treasurer shall distribute the earnings
31 credited to the treasury income account. The state treasurer shall
32 credit the general fund with all the earnings credited to the treasury
33 income account except:

34 (a) The following accounts and funds shall receive their
35 proportionate share of earnings based upon each account's and fund's
36 average daily balance for the period: The capitol building
37 construction account, the Cedar River channel construction and
38 operation account, the Central Washington University capital projects
39 account, the charitable, educational, penal and reformatory

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

1 account, the Washington law enforcement officers' and fire fighters'
2 system plan 2 retirement account, the Washington school employees'
3 retirement system combined plan 2 and 3 account, the Washington state
4 patrol retirement account, the Washington State University building
5 account, the Washington State University bond retirement fund, the
6 water pollution control revolving fund, and the Western Washington
7 University capital projects account. Earnings derived from investing
8 balances of the agricultural permanent fund, the normal school
9 permanent fund, the permanent common school fund, the scientific
10 permanent fund, and the state university permanent fund shall be
11 allocated to their respective beneficiary accounts. All earnings to be
12 distributed under this subsection (4)(a) shall first be reduced by the
13 allocation to the state treasurer's service fund pursuant to RCW
14 43.08.190.

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

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

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

37 The chief of the Washington state patrol is hereby authorized to
38 establish a ((teletypewriter)) communications network which will inter-

1 connect the law enforcement agencies of the state and its political
2 subdivisions into a unified written communications system. The chief
3 of the Washington state patrol is authorized to lease or purchase such
4 facilities and equipment as may be necessary to establish and maintain
5 (~~such teletypewriter~~) the communications network.

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

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

13 (3) The chief of the Washington state patrol shall fix the monthly
14 operational charge to be paid by any department or agency of state
15 government, or any city, county, city and county, or other public
16 agency participating in the communications network: PROVIDED, That in
17 computing charges to be made against a city, county, or city and county
18 the state shall bear at least fifty percent of the costs of such
19 service as its share in providing a modern unified communications
20 network to the law enforcement agencies of the state. Of the fees
21 collected pursuant to this section, one-half shall be deposited in the
22 motor vehicle fund and one-half shall be deposited in the
23 (~~transportation fund~~) state patrol highway account.

24 (4) The chief of the Washington state patrol is authorized to
25 arrange for the connection of the communications network with the law
26 enforcement communications system of any adjacent state, or the
27 Province of British Columbia, Canada.

28 **Sec. 8.** RCW 82.36.380 and 1995 c 287 s 2 are each amended to read
29 as follows:

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

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

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

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

3 **Sec. 9.** RCW 82.38.270 and 1995 c 287 s 4 are each amended to read
4 as follows:

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

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

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

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

16 **Sec. 10.** RCW 43.88.020 and 1996 c 288 s 23 are each amended to
17 read as follows:

18 (1) "Budget" means a proposed plan of expenditures for a given
19 period or purpose and the proposed means for financing these
20 expenditures.

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

24 (3) "Director of financial management" means the official appointed
25 by the governor to serve at the governor's pleasure and to whom the
26 governor may delegate necessary authority to carry out the governor's
27 duties as provided in this chapter. The director of financial
28 management shall be head of the office of financial management which
29 shall be in the office of the governor.

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

34 (5) "Public funds", for purposes of this chapter, means all moneys,
35 including cash, checks, bills, notes, drafts, stocks, and bonds,
36 whether held in trust, for operating purposes, or for capital purposes,
37 and collected or disbursed under law, whether or not such funds are

1 otherwise subject to legislative appropriation, including funds
2 maintained outside the state treasury.

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

7 (7) "Ensuing biennium" means the fiscal biennium beginning on July
8 1st of the same year in which a regular session of the legislature is
9 held during an odd-numbered year pursuant to Article II, section 12 of
10 the Constitution and which biennium next succeeds the current biennium.

11 (8) "Dedicated fund" means a fund in the state treasury, or a
12 separate account or fund in the general fund in the state treasury,
13 that by law is dedicated, appropriated, or set aside for a limited
14 object or purpose; but "dedicated fund" does not include a revolving
15 fund or a trust fund.

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

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

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

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

32 (13) "Lapse" means the termination of authority to expend an
33 appropriation.

34 (14) "Legislative fiscal committees" means the joint legislative
35 audit and review committee, the legislative evaluation and
36 accountability program committee, the ways and means and transportation
37 committees of the senate and house of representatives, and, where
38 appropriate, the legislative transportation committee.

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

3 (16) "Primary budget driver" means the primary determinant of a
4 budget level, other than a price variable, which causes or is
5 associated with the major expenditure of an agency or budget unit
6 within an agency, such as a caseload, enrollment, workload, or
7 population statistic.

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

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

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

16 (20) "Estimated revenues" means estimates of revenue in the most
17 recent official economic and revenue forecast prepared under RCW
18 82.33.020, and prepared by the office of financial management for those
19 funds, accounts, and sources for which the office of the economic and
20 revenue forecast council does not prepare an official forecast
21 including estimates of revenues to support financial plans under RCW
22 44.40.070, that are prepared by the office of financial management in
23 consultation with the ((~~interagency task force~~)) transportation revenue
24 forecast council.

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

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

35 (23) "Allotment of appropriation" means the agency's statement of
36 proposed expenditures, the director of financial management's review of
37 that statement, and the placement of the approved statement into the
38 state budgeting, accounting, and reporting system.

1 (24) "Statement of proposed expenditures" means a plan prepared by
2 each agency that breaks each appropriation out into monthly detail
3 representing the best estimate of how the appropriation will be
4 expended.

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

9 (26) "Internal audit" means an independent appraisal activity
10 within an agency for the review of operations as a service to
11 management, including a systematic examination of accounting and fiscal
12 controls to assure that human and material resources are guarded
13 against waste, loss, or misuse; and that reliable data are gathered,
14 maintained, and fairly disclosed in a written report of the audit
15 findings.

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

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

22 **Sec. 11.** RCW 43.88.030 and 1998 c 346 s 910 are each amended to
23 read as follows:

24 (1) The director of financial management shall provide all agencies
25 with a complete set of instructions for submitting biennial budget
26 requests to the director at least three months before agency budget
27 documents are due into the office of financial management. The
28 director shall provide agencies and committees that are required under
29 RCW 44.40.070 to develop comprehensive six-year program and financial
30 plans with a complete set of instructions for submitting these program
31 and financial plans at the same time that instructions for submitting
32 other budget requests are provided. The budget document or documents
33 shall consist of the governor's budget message which shall be
34 explanatory of the budget and shall contain an outline of the proposed
35 financial policies of the state for the ensuing fiscal period, as well
36 as an outline of the proposed six-year financial policies where
37 applicable, and shall describe in connection therewith the important
38 features of the budget. The message shall set forth the reasons for

1 salient changes from the previous fiscal period in expenditure and
2 revenue items and shall explain any major changes in financial policy.
3 Attached to the budget message shall be such supporting schedules,
4 exhibits and other explanatory material in respect to both current
5 operations and capital improvements as the governor shall deem to be
6 useful to the legislature. The budget document or documents shall set
7 forth a proposal for expenditures in the ensuing fiscal period, or six-
8 year period where applicable, based upon the estimated revenues and
9 caseloads as approved by the economic and revenue forecast council and
10 caseload forecast council or upon the estimated revenues and caseloads
11 of the office of financial management for those funds, accounts,
12 sources, and programs for which the forecast councils do not prepare an
13 official forecast, including those revenues anticipated to support the
14 six-year programs and financial plans under RCW 44.40.070. In
15 estimating revenues to support financial plans under RCW 44.40.070, the
16 office of financial management shall rely on information and advice
17 from the ~~((interagency))~~ transportation revenue ~~((task force))~~ forecast
18 council. Revenues shall be estimated for such fiscal period from the
19 source and at the rates existing by law at the time of submission of
20 the budget document, including the supplemental budgets submitted in
21 the even-numbered years of a biennium. However, the estimated revenues
22 and caseloads for use in the governor's budget document may be adjusted
23 to reflect budgetary revenue transfers and revenue and caseload
24 estimates dependent upon budgetary assumptions of enrollments,
25 workloads, and caseloads. All adjustments to the approved estimated
26 revenues and caseloads must be set forth in the budget document. The
27 governor may additionally submit, as an appendix to each supplemental,
28 biennial, or six-year agency budget or to the budget document or
29 documents, a proposal for expenditures in the ensuing fiscal period
30 from revenue sources derived from proposed changes in existing
31 statutes.

32 Supplemental and biennial documents shall reflect a six-year
33 expenditure plan consistent with estimated revenues from existing
34 sources and at existing rates for those agencies required to submit
35 six-year program and financial plans under RCW 44.40.070. Any
36 additional revenue resulting from proposed changes to existing statutes
37 shall be separately identified within the document as well as related
38 expenditures for the six-year period.

39 The budget document or documents shall also contain:

1 (a) Revenues classified by fund and source for the immediately past
2 fiscal period, those received or anticipated for the current fiscal
3 period, those anticipated for the ensuing biennium, and those
4 anticipated for the ensuing six-year period to support the six-year
5 programs and financial plans required under RCW 44.40.070;

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

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

10 (d) Such additional information dealing with revenues and
11 expenditures as the governor shall deem pertinent and useful to the
12 legislature;

13 (e) Tabulations showing expenditures classified by fund, function,
14 activity, and agency;

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

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

21 (h) Tabulations showing each postretirement adjustment by
22 retirement system established after fiscal year 1991, to include, but
23 not be limited to, estimated total payments made to the end of the
24 previous biennial period, estimated payments for the present biennium,
25 and estimated payments for the ensuing biennium.

26 (2) The budget document or documents shall include detailed
27 estimates of all anticipated revenues applicable to proposed operating
28 or capital expenditures and shall also include all proposed operating
29 or capital expenditures. The total of beginning undesignated fund
30 balance and estimated revenues less working capital and other reserves
31 shall equal or exceed the total of proposed applicable expenditures.
32 The budget document or documents shall further include:

33 (a) Interest, amortization and redemption charges on the state
34 debt;

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

36 (c) Other statutory expenditures;

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

38 (e) Revenues derived from agency operations;

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

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

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

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

13 (j) A showing and explanation of anticipated amounts of general
14 fund and other funds required to amortize the unfunded actuarial
15 accrued liability of the retirement system specified under chapter
16 41.45 RCW, and the contributions to meet such amortization, stated in
17 total dollars and as a level percentage of total compensation.

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

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

23 (b) A capital program consisting of proposed capital projects for
24 the next biennium and the two biennia succeeding the next biennium
25 consistent with the long-range facilities plan. Inasmuch as is
26 practical, and recognizing emergent needs, the capital program shall
27 reflect the priorities, projects, and spending levels proposed in
28 previously submitted capital budget documents in order to provide a
29 reliable long-range planning tool for the legislature and state
30 agencies;

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

33 (d) A strategic plan for reducing backlogs of maintenance and
34 repair projects. The plan shall include a prioritized list of specific
35 facility deficiencies and capital projects to address the deficiencies
36 for each agency, cost estimates for each project, a schedule for
37 completing projects over a reasonable period of time, and
38 identification of normal maintenance activities to reduce future
39 backlogs;

- 1 (e) A statement of the reason or purpose for a project;
- 2 (f) Verification that a project is consistent with the provisions
3 set forth in chapter 36.70A RCW;
- 4 (g) A statement about the proposed site, size, and estimated life
5 of the project, if applicable;
- 6 (h) Estimated total project cost;
- 7 (i) For major projects valued over five million dollars, estimated
8 costs for the following project components: Acquisition, consultant
9 services, construction, equipment, project management, and other costs
10 included as part of the project. Project component costs shall be
11 displayed in a standard format defined by the office of financial
12 management to allow comparisons between projects;
- 13 (j) Estimated total project cost for each phase of the project as
14 defined by the office of financial management;
- 15 (k) Estimated ensuing biennium costs;
- 16 (l) Estimated costs beyond the ensuing biennium;
- 17 (m) Estimated construction start and completion dates;
- 18 (n) Source and type of funds proposed;
- 19 (o) Estimated ongoing operating budget costs or savings resulting
20 from the project, including staffing and maintenance costs;
- 21 (p) For any capital appropriation requested for a state agency for
22 the acquisition of land or the capital improvement of land in which the
23 primary purpose of the acquisition or improvement is recreation or
24 wildlife habitat conservation, the capital budget document, or an
25 omnibus list of recreation and habitat acquisitions provided with the
26 governor's budget document, shall identify the projected costs of
27 operation and maintenance for at least the two biennia succeeding the
28 next biennium. Omnibus lists of habitat and recreation land
29 acquisitions shall include individual project cost estimates for
30 operation and maintenance as well as a total for all state projects
31 included in the list. The document shall identify the source of funds
32 from which the operation and maintenance costs are proposed to be
33 funded;
- 34 (q) Such other information bearing upon capital projects as the
35 governor deems to be useful;
- 36 (r) Standard terms, including a standard and uniform definition of
37 normal maintenance, for all capital projects;
- 38 (s) Such other information as the legislature may direct by law or
39 concurrent resolution.

1 For purposes of this subsection (3), the term "capital project"
2 shall be defined subsequent to the analysis, findings, and
3 recommendations of a joint committee comprised of representatives from
4 the house capital appropriations committee, senate ways and means
5 committee, legislative transportation committee, legislative evaluation
6 and accountability program committee, and office of financial
7 management.

8 (4) No change affecting the comparability of agency or program
9 information relating to expenditures, revenues, workload, performance
10 and personnel shall be made in the format of any budget document or
11 report presented to the legislature under this section or RCW
12 43.88.160(1) relative to the format of the budget document or report
13 which was presented to the previous regular session of the legislature
14 during an odd-numbered year without prior legislative concurrence.
15 Prior legislative concurrence shall consist of (a) a favorable majority
16 vote on the proposal by the standing committees on ways and means of
17 both houses if the legislature is in session or (b) a favorable
18 majority vote on the proposal by members of the legislative evaluation
19 and accountability program committee if the legislature is not in
20 session.

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

23 Each agency engaged in the collection of revenues shall prepare
24 estimated revenues and estimated receipts for the current and ensuing
25 biennium and shall submit the estimates to the director of financial
26 management and the director of revenue at times and in the form
27 specified by the directors, along with any other information which the
28 directors may request. For those agencies required to develop six-year
29 programs and financial plans under RCW 44.40.070, six-year revenue
30 estimates shall be submitted to the director of financial management
31 and the ~~((legislative))~~ transportation committees of the senate and the
32 house of representatives unless the responsibility for reporting these
33 revenue estimates is assumed elsewhere.

34 A copy of such revenue estimates shall be simultaneously submitted
35 to the economic and revenue forecast work group when required by the
36 office of the economic and revenue forecast council.

1 **Sec. 13.** RCW 43.88.122 and 1991 c 358 s 7 are each amended to read
2 as follows:

3 Where there are variances of revenue forecasts between the office
4 of financial management and the (~~interagency~~) transportation revenue
5 (~~task force~~) forecast council, for those transportation agencies that
6 are required to develop plans under RCW 44.40.070, the office of
7 financial management shall submit (1) a reconciliation of the
8 differences between the revenue forecasts and (2) the assumptions used
9 by the office of financial management to the (~~legislative~~)
10 transportation committees of the senate and the house of
11 representatives.

12 **Sec. 14.** RCW 44.40.070 and 1998 c 245 s 87 are each amended to
13 read as follows:

14 Prior to October 1st of each even-numbered year the transportation
15 revenue forecast council, consisting of all state agencies whose major
16 programs consist of transportation activities, including the department
17 of transportation, the transportation improvement board, the Washington
18 state patrol, the department of licensing, the traffic safety
19 commission, the county road administration board, and the board of
20 pilotage commissioners, shall adopt or revise(~~(, after consultation~~
21 ~~with the legislative transportation committee,)~~) a comprehensive six-
22 year program and financial plan for all transportation activities under
23 each agency's jurisdiction.

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

27 **Sec. 15.** RCW 82.14.045 and 1998 c 321 s 7 (Referendum Bill No. 49)
28 are each amended to read as follows:

29 (1) The legislative body of any city pursuant to RCW 35.92.060, of
30 any county which has created an unincorporated transportation benefit
31 area pursuant to RCW 36.57.100 and 36.57.110, of any public
32 transportation benefit area pursuant to RCW 36.57A.080 and 36.57A.090,
33 of any county transportation authority established pursuant to chapter
34 36.57 RCW, and of any metropolitan municipal corporation within a
35 county with a population of one million or more pursuant to chapter
36 35.58 RCW, may, by resolution or ordinance for the sole purpose of
37 providing funds for the operation, maintenance, or capital needs of

1 public transportation systems and in lieu of the excise taxes
2 authorized by RCW 35.95.040, submit an authorizing proposition to the
3 voters or include such authorization in a proposition to perform the
4 function of public transportation and if approved by a majority of
5 persons voting thereon, fix and impose a sales and use tax in
6 accordance with the terms of this chapter: PROVIDED, That no such
7 legislative body shall impose such a sales and use tax without
8 submitting such an authorizing proposition to the voters and obtaining
9 the approval of a majority of persons voting thereon: PROVIDED
10 FURTHER, That where such a proposition is submitted by a county on
11 behalf of an unincorporated transportation benefit area, it shall be
12 voted upon by the voters residing within the boundaries of such
13 unincorporated transportation benefit area and, if approved, the sales
14 and use tax shall be imposed only within such area. Notwithstanding
15 any provisions of this section to the contrary, any county in which a
16 county public transportation plan has been adopted pursuant to RCW
17 36.57.070 and the voters of such county have authorized the imposition
18 of a sales and use tax pursuant to the provisions of section 10,
19 chapter 167, Laws of 1974 ex. sess., prior to July 1, 1975, shall be
20 authorized to fix and impose a sales and use tax as provided in this
21 section at not to exceed the rate so authorized without additional
22 approval of the voters of such county as otherwise required by this
23 section.

24 The tax authorized pursuant to this section shall be in addition to
25 the tax authorized by RCW 82.14.030 and shall be collected from those
26 persons who are taxable by the state pursuant to chapters 82.08 and
27 82.12 RCW upon the occurrence of any taxable event within such city,
28 public transportation benefit area, county, or metropolitan municipal
29 corporation as the case may be. The rate of such tax shall be levied
30 in increments of not less than one-tenth(~~(, two-tenths, three-tenths,~~
31 ~~four-tenths, five-tenths, or six-tenths)~~) of one percent of the selling
32 price (in the case of a sales tax) or value of the article used (in the
33 case of a use tax). The rate of such tax shall not exceed the rate
34 authorized by the voters unless such increase shall be similarly
35 approved. The maximum tax rate must not exceed nine-tenths of one
36 percent.

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

1 transportation benefit area authority, or county transportation
2 authority wholly within such metropolitan municipal corporation shall
3 be empowered to levy and/or collect taxes pursuant to RCW 35.58.273,
4 35.95.040, and/or 82.14.045, but nothing herein shall prevent such city
5 or county from imposing sales and use taxes pursuant to any other
6 authorization.

7 (b) In the event a county transportation authority shall impose a
8 sales and use tax pursuant to this section, no city, county which has
9 created an unincorporated transportation benefit area, public
10 transportation benefit area, or metropolitan municipal corporation,
11 located within the territory of the authority, shall be empowered to
12 levy or collect taxes pursuant to RCW 35.58.273, 35.95.040, or
13 82.14.045.

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

20 (3) Any local sales and use tax revenue collected pursuant to this
21 section by any city or by any county for transportation purposes
22 pursuant to RCW 36.57.100 and 36.57.110 shall not be counted as locally
23 generated tax revenues for the purposes of apportionment and
24 distribution, in the manner prescribed by chapter 82.44 RCW, of the
25 proceeds of the motor vehicle excise tax authorized pursuant to RCW
26 35.58.273, except that the local sales and use tax revenue collected
27 under this section by a city with a population greater than sixty
28 thousand that as of January 1, 1998, owns and operates a municipal
29 public transportation system shall be counted as locally generated tax
30 revenues for the purposes of apportionment and distribution, in the
31 manner prescribed by chapter 82.44 RCW, of the proceeds of the motor
32 vehicle excise tax authorized under RCW 35.58.273 as follows:

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

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

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

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

7 **Sec. 16.** RCW 35.58.240 and 1981 c 25 s 1 are each amended to read
8 as follows:

9 If a metropolitan municipal corporation shall be authorized to
10 perform the function of metropolitan transportation, it shall have the
11 following powers in addition to the general powers granted by this
12 chapter:

13 (1) To prepare, adopt, and carry out a general comprehensive plan
14 for public transportation service which will best serve the residents
15 of the metropolitan area and to amend said plan from time to time to
16 meet changed conditions and requirements.

17 (2) To acquire by purchase, condemnation, gift, or grant and to
18 lease, construct, add to, improve, replace, repair, maintain, operate,
19 and regulate the use of metropolitan transportation facilities and
20 properties within or without the metropolitan area, including systems
21 of surface, underground, or overhead railways, tramways, buses, or any
22 other means of local transportation except taxis, and including
23 escalators, moving sidewalks, or other people-moving systems, passenger
24 terminal and parking facilities and properties, and such other
25 facilities and properties as may be necessary for passenger and
26 vehicular access to and from such people-moving systems, terminal and
27 parking facilities and properties, together with all lands, rights of
28 way, property, equipment, and accessories necessary for such systems
29 and facilities. Public transportation facilities and properties which
30 are owned by any city may be acquired or used by the metropolitan
31 municipal corporation only with the consent of the city council of the
32 city owning such facilities. Cities are hereby authorized to convey or
33 lease such facilities to metropolitan corporations or to contract for
34 their joint use on such terms as may be fixed by agreement between the
35 city council of such city and the metropolitan council, without
36 submitting the matter to the voters of such city.

37 The facilities and properties of a metropolitan public
38 transportation system whose vehicles will operate primarily within the

1 rights of way of public streets, roads, or highways, may be acquired,
2 developed and operated without the corridor and design hearings which
3 are required by RCW 35.58.273 for mass transit facilities operating on
4 a separate right of way.

5 (3) To fix rates, tolls, fares, and charges for the use of such
6 facilities and to establish various routes and classes of service.
7 Fares or charges may be adjusted or eliminated for any distinguishable
8 class of users including, but not limited to, senior citizens,
9 handicapped persons, and students. Classes of service and fares will
10 be maintained in the several parts of the metropolitan area at such
11 levels as will provide, insofar as reasonably practicable, that the
12 portion of any annual transit operating deficit of the metropolitan
13 municipal corporation attributable to the operation of all routes,
14 taken as a whole, which are located within the central city is
15 approximately in proportion to the portion of total taxes collected by
16 or on behalf of the metropolitan municipal corporation for transit
17 purposes within the central city, and that the portion of such annual
18 transit operating deficit attributable to the operation of all routes,
19 taken as a whole, which are located outside the central city, is
20 approximately in proportion to the portion of such taxes collected
21 outside the central city.

22 (4) To contract with cities or counties when roads, streets, and
23 related properties are used and affected by a metropolitan municipal
24 corporation authority for road, street, and sidewalk engineering,
25 construction, maintenance, and repair costs.

26 In the event any metropolitan municipal corporation shall extend
27 its metropolitan transportation function to any area or service already
28 offered by any company holding a certificate of public convenience and
29 necessity from the Washington utilities and transportation commission
30 under RCW 81.68.040, it shall by purchase or condemnation acquire at
31 the fair market value, from the person holding the existing certificate
32 for providing the services, that portion of the operating authority and
33 equipment representing the services within the area of public
34 operation.

35 NEW SECTION. Sec. 17. A new section is added to chapter 82.14 RCW
36 to read as follows:

37 (1) A metropolitan municipal corporation under chapter 35.58 RCW,
38 located in a county with a population of one million or more, may

1 submit an authorizing proposition to voters within the boundaries of
2 the metropolitan municipal corporation, and, if the proposition is
3 approved by a majority of the persons voting, impose a sales and use
4 tax in accordance with the terms of this section for the purposes
5 designated in subsection (3) of this section.

6 (2) Subject to subsection (5) of this section, the tax authorized
7 in this section is in addition to any other taxes authorized by law and
8 will be collected from those persons who are taxable by the state under
9 chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event
10 within the boundaries of the metropolitan municipal corporation. The
11 rate of tax will be one-tenth, two-tenths, or three-tenths of one
12 percent of the selling price, in the case of a sales tax, or value of
13 the article used, in the case of a use tax. The rate of tax approved
14 by the voters under subsection (1) of this section may not be increased
15 unless a subsequent authorizing proposition is submitted and approved
16 by the voters. The rate of tax, when combined with the tax authorized
17 and imposed under RCW 82.14.045, may not exceed nine-tenths of one
18 percent.

19 (3) Moneys received from the tax imposed under subsection (1) of
20 this section may be used for the operation, maintenance, and capital
21 needs of public transportation systems, and up to twenty percent of the
22 moneys received may be used for the engineering, construction,
23 maintenance, and repair costs of county roads, city streets, and
24 sidewalks.

25 (4) If a metropolitan municipal corporation imposes the tax
26 authorized under subsection (1) of this section, it shall not impose
27 the excise tax authorized by RCW 35.95.040.

28 (5) If a city has imposed the tax authorized under this section
29 pursuant to section 18 of this act, a metropolitan municipal
30 corporation may not collect the tax within the incorporated boundaries
31 of such city.

32 (6) Revenues derived from the taxes imposed under this section may
33 not be used to supplant existing public transportation funding or road
34 funding provided by the metropolitan municipal corporation within the
35 county boundaries.

36 NEW SECTION. **Sec. 18.** A new section is added to chapter 82.14 RCW
37 to read as follows:

1 (1) A city residing in a county with a population of one million or
2 more where a metropolitan municipal corporation provides public
3 transportation services within the county may impose the tax authorized
4 under section 17 of this act, subject to the following conditions and
5 limitations:

6 (a) The metropolitan municipal corporation has not submitted a
7 proposition to voters for approval of the tax authorized under section
8 17 of this act by December 31, 2000, or the metropolitan municipal
9 corporation submitted a proposition under section 17 of this act, but
10 failed to obtain approval from the voters within the county boundaries;

11 (b) The tax imposed by the city under this section, when combined
12 with taxes authorized under RCW 82.14.045, does not exceed nine-tenths
13 of one percent; and

14 (c) Voter approval is required to the same extent as required under
15 RCW 82.14.045.

16 (2) Revenues derived from the imposition of the tax authorized in
17 subsection (1) of this section must be placed in a separate fund or
18 account and used solely for the purposes authorized under this section.

19 (3) Cities imposing the tax authorized under subsection (1) of this
20 section may enter into agreements with the metropolitan municipal
21 corporation for the provision of public transportation services.

22 (4) Revenues derived from the imposition of the tax authorized
23 under subsection (1) of this section may be used for the operation,
24 maintenance, or capital needs of public transportation systems, and up
25 to twenty percent of the revenues may be used for county road, city
26 street, and sidewalk engineering, construction, maintenance, and repair
27 costs.

28 (5) The tax authorized under subsection (1) of this section is
29 intended to enhance funding levels for transportation purposes.
30 Revenues derived from the imposition of the tax must not supplant
31 existing city transportation funding levels.

32 (6) Revenues derived from the taxes imposed under this section may
33 not be used to supplant existing public transportation funding or
34 services that are provided by the metropolitan municipal corporation
35 within the municipal boundaries of the city imposing the tax.

36 NEW SECTION. **Sec. 19.** The legislature finds that additional funds
37 or other benefits can be made available to Washington regional transit
38 authorities by facilitating their entry into sale and leaseback,

1 leaseout and leaseback, and similar transactions that provide to
2 private parties, in consideration for the funds or other benefits
3 obtained by the regional transit authorities, tax benefits that are not
4 otherwise available to regional transit authorities. The legislature
5 further finds that such transactions have been encouraged by agencies
6 of the federal government as ways to provide additional funds for
7 public facilities. To facilitate such transactions for regional
8 transit authorities, the legislature has determined that while regional
9 transit authorities may currently have the necessary statutory
10 authority and may currently enjoy exemptions from Washington state
11 taxes for such transactions, an explicit statement of statutory
12 authority and exemption from Washington state taxes is necessary and
13 helpful for the parties to such transactions. In recognition of the
14 complexity of such transactions, the legislature desires that the
15 authority and exemptions provided by sections 20 through 32 of this act
16 be subject to certain limitations and be granted for a period as
17 specified in section 32 of this act.

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

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

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

1 institution, insurance company or other entity that agrees to meet or
2 fulfill, in consideration for the funds, some or all of the obligations
3 of the regional transit authority, or any public corporation or other
4 entity created under section 22 of this act, to make future rent, debt
5 service, or purchase price installment payments in connection with the
6 transaction.

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

9 Transactions undertaken under section 20 of this act are subject to
10 the following conditions:

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

26 (2) The amount to be paid by the counterparties under payment
27 undertaking agreements for a transaction under the terms of the
28 agreements, when combined with the amount of securities, deposits, and
29 investments set aside by the regional transit authority for payment in
30 respect of the transactions, together with interest or other earnings
31 on the securities, deposits, or investments, must be sufficient to pay
32 when due all amounts required to be paid by the regional transit
33 authority, or public corporation or entity created under section 22 of
34 this act, as rent, debt service, or installments of purchase price, as
35 the case may be, over the full term of the transaction plus any
36 optional purchase price due under the transaction. A certification by
37 an independent financial expert, banker, or certified public
38 accountant, who is not an employee of the regional transit authority or

1 public corporation or entity created under section 22 of this act,
2 certifying compliance with this requirement is conclusive evidence that
3 the arrangements, by their terms, comply with the requirement under
4 this subsection on the sufficiency of the amount.

5 (3) The payment undertaking agreements, and all other basic and
6 material agreements entered into in connection with the transactions,
7 must specify that the parties to the agreements consent to the
8 jurisdiction of state courts of Washington for disputes arising out of
9 the agreements and agree not to contest venue before such courts.
10 Regardless of the choice of law specified in the foregoing agreements,
11 the agreements must acknowledge that the regional transit authority or
12 public development corporation or entity created under section 22 of
13 this act that is a party to the agreements is an entity created under
14 the laws of the state of Washington whose power and authority and
15 limitations and restrictions on the power and authority are governed by
16 the laws of the state of Washington.

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

21 NEW SECTION. **Sec. 22.** A new section is added to chapter 81.112
22 RCW to read as follows:

23 To accomplish any of the activities under section 20 of this act,
24 a regional transit authority may create a public corporation,
25 commission, or authority under RCW 35.21.730 through 35.21.755, and
26 authorize the corporation, commission, or authority to provide any of
27 the facilities and services that a regional transit authority may
28 provide including any activities under section 20 of this act. A
29 regional transit authority has all the powers, authorities, and rights
30 granted to any city, town, or county or their agents under RCW
31 35.21.730 through 35.21.755 for the purposes of entering into and
32 implementing transactions under section 20 of this act.

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

35 The tax levied by RCW 82.08.020 does not apply to lease amounts
36 paid by a seller/lessee to a lessor under a sale/leaseback agreement
37 under section 20 of this act in respect to tangible personal property,

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

6 NEW SECTION. **Sec. 24.** A new section is added to chapter 82.12 RCW
7 to read as follows:

8 This chapter does not apply to the use of tangible personal
9 property by a seller/lessee to a lessor under a sale/leaseback
10 agreement under section 20 of this act in respect to tangible personal
11 property used by the seller/lessee, or to the purchase amount paid by
12 the lessee under an option to purchase at the end of the lease term,
13 but only if the seller/lessee previously paid any tax otherwise due
14 under this chapter or chapter 82.08 RCW at the time of acquisition of
15 the tangible personal property.

16 **Sec. 25.** RCW 82.04.050 and 1998 c 332 s 2, 1998 c 315 s 1, 1998 c
17 308 s 1, and 1998 c 275 s 1 are each reenacted and amended to read as
18 follows:

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

26 (a) Purchases for the purpose of resale as tangible personal
27 property in the regular course of business without intervening use by
28 such person, but a purchase for the purpose of resale by a regional
29 transit authority under section 20 of this act is not a sale for
30 resale; or

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

36 (c) Purchases for the purpose of consuming the property purchased
37 in producing for sale a new article of tangible personal property or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 (c) Credit bureau services;

13 (d) Automobile parking and storage garage services;

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

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

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

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

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

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

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

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

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

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

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

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

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

37 NEW SECTION. **Sec. 26.** A new section is added to chapter 82.04 RCW
38 to read as follows:

1 This chapter does not apply to amounts received as lease payments
2 paid by a seller/lessee to a lessor under a sale/leaseback agreement
3 under section 20 of this act in respect to tangible personal property
4 used by the seller/lessee, or to the purchase amount paid by the lessee
5 under an option to purchase at the end of the lease term.

6 NEW SECTION. **Sec. 27.** A new section is added to chapter 82.29A
7 RCW to read as follows:

8 All leasehold interests in property of a regional transit authority
9 or public corporation created under section 22 of this act under an
10 agreement under section 20 of this act are exempt from tax under this
11 chapter.

12 **Sec. 28.** RCW 82.45.010 and 1999 c 209 s 2 are each amended to read
13 as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (n) A sale to a regional transit authority or public corporation
11 under section 22 of this act under a sale/leaseback agreement under
12 section 20 of this act.

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

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

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

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

16 NEW SECTION. Sec. 29. A new section is added to chapter 84.36 RCW
17 to read as follows:

18 All real and personal property subject to a sale/leaseback
19 agreement under section 20 of this act is exempt from taxation.

20 NEW SECTION. Sec. 30. A new section is added to chapter 35.21 RCW
21 to read as follows:

22 A city or town may not impose taxes on amounts received as lease
23 payments paid by a seller/lessee to a lessor under a sale/leaseback
24 agreement under section 20 of this act in respect to tangible personal
25 property used by the seller/lessee, or to the purchase amount paid by
26 the lessee under an option to purchase at the end of the lease term.

27 Sec. 31. RCW 35.21.755 and 1999 c 266 s 1 are each amended to read
28 as follows:

29 (1) A public corporation, commission, or authority created pursuant
30 to RCW 35.21.730 ~~((o+))~~, 35.21.660, or section 22 of this act shall
31 receive the same immunity or exemption from taxation as that of the
32 city, town, or county creating the same: PROVIDED, That, except for
33 (a) any property within a special review district established by
34 ordinance prior to January 1, 1976, or listed on or which is within a
35 district listed on any federal or state register of historical sites or
36 (b) any property owned, operated, or controlled by a public corporation

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

37 (2) As used in this section:

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

1 (b) "Area median income" means:

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

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

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

11 NEW SECTION. **Sec. 32.** A new section is added to chapter 81.112
12 RCW to read as follows:

13 (1) Except as provided in subsection (3) of this section, no
14 regional transit authority may initiate a transaction authorized under
15 section 20 of this act after June 30, 2007.

16 (2) The termination of authority to enter into transactions after
17 June 30, 2007, does not affect the validity of any transactions entered
18 into under section 20 of this act.

19 (3) A regional transit authority may enter into a transaction in
20 accordance with section 20 of this act after June 30, 2007, to replace
21 or refinance a transaction that relates to specific obligations entered
22 into on or before that date and that has terminated, or is, under the
23 terms of the replacement or refinance, to terminate, before the final
24 stated term of that transaction. The exemptions from taxes provided by
25 sections 23, 24, 26, 27, 29, and 30 of this act and RCW 82.04.050,
26 82.45.010, and 35.21.755 apply to the replacement or refinance
27 transactions.

28 (4) A regional transit authority, or public corporation or entity
29 created under section 22 of this act, that undertakes a transaction
30 authorized by section 20 of this act, shall provide to the state
31 finance committee, or its financial advisor, at the state finance
32 committee's discretion, a copy of all material agreements executed in
33 connection with the transaction within three months of the closing of
34 the transaction and shall make a report to the state finance committee,
35 the president of the senate, and the speaker of the house of
36 representatives on transactions authorized by section 20 of this act.
37 The report must include the amount of the transactions, the expected
38 savings or losses resulting from the transactions, the transaction

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

5 NEW SECTION. **Sec. 33.** The authority granted by sections 20
6 through 32 of this act is in addition and supplemental to any authority
7 previously granted and does not limit nor is limited by any other
8 powers or authority previously granted to regional transit authorities
9 or any public corporation, or restrictions on such powers or authority.
10 Nothing in sections 20 through 32 of this act limits other statutory
11 authority previously granted to regional transit authorities or public
12 corporations or other tax exemptions granted to regional transit
13 authorities or public corporations. Nothing in sections 20 through 32
14 of this act limits the authority of the state, any political
15 subdivision thereof, or any other public or municipal corporation to
16 undertake the activities described in sections 20 through 32 of this
17 act as expressly or impliedly authorized by other provisions of law.
18 Nothing in sections 20 through 32 of this act is an authorization to
19 provide indemnification to the extent the indemnification is prohibited
20 or restricted by other provisions of law or the Constitution of the
21 state of Washington.

22 **Sec. 34.** RCW 81.112.060 and 1992 c 101 s 6 are each amended to
23 read as follows:

24 An authority shall have the following powers:

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

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

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

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

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

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

11 **Sec. 35.** RCW 48.30.270 and 1983 2nd ex.s. c 1 s 6 are each amended
12 to read as follows:

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

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

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

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

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

6 (6) This section shall not apply to:

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

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

10 NEW SECTION. Sec. 36. The department of transportation may
11 acquire by purchase, lease, option to lease or purchase, condemnation,
12 gift, devise, bequest, grant, or exchange, title to or any interests or
13 rights in real property adjacent to, including, or used in association
14 with the King Street station building located in Seattle. The property
15 may include, but not be limited to, depots, platforms, parking areas,
16 pedestrian and vehicle access areas, and maintenance facilities. The
17 department may contract with a public or private entity for the
18 operation, maintenance, renovation, restoration, or management of these
19 properties.

20 NEW SECTION. Sec. 37. The department may exercise all the powers
21 and perform all the duties necessary, convenient, or incidental for the
22 planning, designing, constructing, improving, repairing, renovating,
23 restoring, operating, and maintaining the King Street station and
24 associated real property, which may include, but not be limited to,
25 depots, platforms, parking areas, pedestrian and vehicle access areas,
26 concessions for public benefit, and maintenance facilities. These
27 powers also include authority to sublease portions of the King Street
28 station for transportation or other public or private purposes; to
29 sell, assign, lease, or otherwise transfer the department's interest;
30 and to contract with other public or private entities for the
31 operation, administration, or maintenance as the secretary of
32 transportation deems appropriate. If the department sells, assigns, or
33 otherwise transfers its entire interest in the King Street station,
34 proceeds from the transaction must be placed in an account that
35 supports multimodal programs. Proceeds from this transaction may not
36 be placed in an account restricted by Article II, section 40 of the
37 state Constitution.

1 NEW SECTION. **Sec. 38.** The department may contract with a public
2 or private entity for the acquisition, operation, maintenance,
3 financing, renovation, restoration, or management of the King Street
4 station as a multimodal terminal that supports the state intercity
5 passenger rail service. The contract is not subject to chapters 39.94
6 and 43.82 RCW. The contract must define the specific financing,
7 leasing, and property transfer elements. The contract will expire no
8 later than thirty years from the time the contract is executed, at
9 which time ownership of the King Street station and associated
10 properties will revert to the department.

11 NEW SECTION. **Sec. 39.** (1) The King Street station facility
12 account is created on behalf of the department of transportation in the
13 custody of the state treasurer. The purpose of the account is to
14 provide the funding needed for the historical renovation, restoration,
15 maintenance, operation, and acquisition of the King Street station as
16 a principle multimodal terminal for intercity passenger rail service.
17 All receipts from those sources listed in subsections (2) through (4)
18 of this section must be deposited into the account. Expenditures from
19 the account may be used only as provided in section 40 of this act.
20 Only the secretary or the secretary's designee may authorize
21 expenditures from the account. The account is subject to allotment
22 procedures under chapter 43.88 RCW, but an appropriation is not
23 required for expenditures.

24 (2) The department must transfer to the account all federal moneys
25 made available; all state funds appropriated by the legislature; and
26 all grants, gifts, and donations received from other public or private
27 entities for the purpose of purchase, acquisition, exchange, sale,
28 construction, repair, replacement, maintenance, or operation of real
29 property, buildings, parking and pedestrian and vehicle areas, depots,
30 platforms, maintenance facilities, and structures necessary or
31 convenient for the planning, design, construction, renovation,
32 operation, maintenance, and administration of the King Street station.

33 (3) All receipts from transactions by the department involving
34 capital facility sales, transfers, property leases and rents, incomes,
35 and parking fees associated with the King Street station must be
36 deposited into the account.

37 (4) Interest revenue earned from investments of excess funds must
38 be retained in the account subject to RCW 43.84.092.

1 NEW SECTION. **Sec. 40.** All moneys deposited into the King Street
2 station facility account must be expended by the department solely as
3 provided by this section, listed in priority order:

4 (1) Lease payments required by the financing contract described in
5 section 38 of this act;

6 (2) Maintenance and operating costs;

7 (3) Construction and renovation of the King Street station to
8 include associated platforms, parking areas, temporary buildings,
9 pedestrian access, and other structures essential to the operation of
10 the station as a multimodal terminal; and

11 (4) Acquisition of property for vehicle access and parking, and
12 pedestrian access for the King Street station.

13 NEW SECTION. **Sec. 41.** Section 2 of this act applies to taxes
14 collected on and after December 31, 1999.

15 NEW SECTION. **Sec. 42.** Sections 36 through 40 of this act are each
16 added to chapter 47.79 RCW.

17 NEW SECTION. **Sec. 43.** Sections 1 through 4, 22, and 36 through 40
18 of this act are necessary for the immediate preservation of the public
19 peace, health, or safety, or support of the state government and its
20 existing public institutions, and take effect immediately.

21 NEW SECTION. **Sec. 44.** (1) Sections 5 and 7 through 9 of this act
22 take effect July 1, 2000.

23 (2) Section 6 of this act takes effect September 1, 2000.

24 NEW SECTION. **Sec. 45.** Sections 4 and 5 of this act expire
25 September 1, 2000."

26 Correct the title.

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