
SENATE BILL 6144

State of Washington

56th Legislature

2000 Regular Session

By Senator Winsley

Read first time . Referred to Committee on .

1 AN ACT Relating to sales and use tax equalization; and amending RCW
2 82.14.200 and 82.14.210.

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

4 **Sec. 1.** RCW 82.14.200 and 1998 c 321 s 8 (Referendum Bill No. 49)
5 are each amended to read as follows:

6 There is created in the state treasury a special account to be
7 known as the "county sales and use tax equalization account." (~~Into~~
8 ~~this account shall be placed a portion of all motor vehicle excise tax~~
9 ~~receipts as provided in RCW 82.44.110.~~) In calendar year 2000, the
10 state treasurer shall transfer into the county sales and use tax
11 equalization account from the general fund the sum of five million
12 eight hundred thousand dollars divided into two equal deposits
13 occurring on the first day of the months of July and October. In
14 calendar year 2001, the state treasurer shall transfer into the county
15 sales and use tax equalization account from the general fund the sum of
16 eight million two hundred thousand dollars divided into four equal
17 deposits occurring on the first day of the months of January, April,
18 July, and October. For each calendar year thereafter, the state
19 treasurer shall increase the total transfer by the fiscal growth

1 factor, as defined in RCW 43.135.025, forecast for that fiscal year by
2 the office of financial management in November of the preceding year.
3 Funds in this account shall be allocated by the state treasurer
4 according to the following procedure:

5 (1) Prior to April 1st of each year the director of revenue shall
6 inform the state treasurer of the total and the per capita levels of
7 revenues for the unincorporated area of each county and the state-wide
8 weighted average per capita level of revenues for the unincorporated
9 areas of all counties imposing the sales and use tax authorized under
10 RCW 82.14.030(1) for the previous calendar year.

11 ~~((At such times as distributions are made under RCW 82.44.150))~~
12 On the first day of the months of January, April, July, and October of
13 each year, the state treasurer shall apportion to each county imposing
14 the sales and use tax under RCW 82.14.030(1) at the maximum rate and
15 receiving less than one hundred fifty thousand dollars from the tax for
16 the previous calendar year, an amount from the county sales and use tax
17 equalization account sufficient, when added to the amount of revenues
18 received the previous calendar year by the county, to equal one hundred
19 fifty thousand dollars.

20 The department of revenue shall establish a governmental price
21 index as provided in this subsection. The base year for the index
22 shall be the end of the third quarter of 1982. Prior to November 1,
23 1983, and prior to each November 1st thereafter, the department of
24 revenue shall establish another index figure for the third quarter of
25 that year. The department of revenue may use the implicit price
26 deflators for state and local government purchases of goods and
27 services calculated by the United States department of commerce to
28 establish the governmental price index. Beginning on January 1, 1984,
29 and each January 1st thereafter, the one hundred fifty thousand dollar
30 base figure in this subsection shall be adjusted in direct proportion
31 to the percentage change in the governmental price index from 1982
32 until the year before the adjustment. Distributions made under this
33 subsection for 1984 and thereafter shall use this adjusted base amount
34 figure.

35 (3) Subsequent to the distributions under subsection (2) of this
36 section and at such times as distributions are made under ~~((RCW~~
37 ~~82.44.150))~~ subsection (2) of this section, the state treasurer shall
38 apportion to each county imposing the sales and use tax under RCW
39 82.14.030(1) at the maximum rate and receiving less than seventy

1 percent of the state-wide weighted average per capita level of revenues
2 for the unincorporated areas of all counties as determined by the
3 department of revenue under subsection (1) of this section, an amount
4 from the county sales and use tax equalization account sufficient, when
5 added to the per capita level of revenues for the unincorporated area
6 received the previous calendar year by the county, to equal seventy
7 percent of the state-wide weighted average per capita level of revenues
8 for the unincorporated areas of all counties determined under
9 subsection (1) of this section, subject to reduction under subsections
10 (6) and (7) of this section. When computing distributions under this
11 section, any distribution under subsection (2) of this section shall be
12 considered revenues received from the tax imposed under RCW
13 82.14.030(1) for the previous calendar year.

14 (4) Subsequent to the distributions under subsection (3) of this
15 section and at such times as distributions are made under ((RCW
16 ~~82.44.150~~)) subsection (2) of this section, the state treasurer shall
17 apportion to each county imposing the sales and use tax under RCW
18 82.14.030(2) at the maximum rate and receiving a distribution under
19 subsection (2) of this section, a third distribution from the county
20 sales and use tax equalization account. The distribution to each
21 qualifying county shall be equal to the distribution to the county
22 under subsection (2) of this section, subject to the reduction under
23 subsections (6) and (7) of this section. To qualify for the total
24 distribution under this subsection, the county must impose the tax
25 under RCW 82.14.030(2) for the entire calendar year. Counties imposing
26 the tax for less than the full year shall qualify for prorated
27 allocations under this subsection proportionate to the number of months
28 of the year during which the tax is imposed.

29 (5) Subsequent to the distributions under subsection (4) of this
30 section and at such times as distributions are made under ((RCW
31 ~~82.44.150~~)) subsection (2) of this section, the state treasurer shall
32 apportion to each county imposing the sales and use tax under RCW
33 82.14.030(2) at the maximum rate and receiving a distribution under
34 subsection (3) of this section, a fourth distribution from the county
35 sales and use tax equalization account. The distribution to each
36 qualifying county shall be equal to the distribution to the county
37 under subsection (3) of this section, subject to the reduction under
38 subsections (6) and (7) of this section. To qualify for the
39 distributions under this subsection, the county must impose the tax

1 under RCW 82.14.030(2) for the entire calendar year. Counties imposing
2 the tax for less than the full year shall qualify for prorated
3 allocations under this subsection proportionate to the number of months
4 of the year during which the tax is imposed.

5 (6) Revenues distributed under subsections (2) through (5) of this
6 section in any calendar year shall not exceed an amount equal to
7 seventy percent of the state-wide weighted average per capita level of
8 revenues for the unincorporated areas of all counties during the
9 previous calendar year. If distributions under subsections (3) through
10 (5) of this section cannot be made because of this limitation, then
11 distributions under subsections (3) through (5) of this section shall
12 be reduced ratably among the qualifying counties.

13 (7) If inadequate revenues exist in the county sales and use tax
14 equalization account to make the distributions under subsections (3)
15 through (5) of this section, then the distributions under subsections
16 (3) through (5) of this section shall be reduced ratably among the
17 qualifying counties. At such time during the year as additional funds
18 accrue to the county sales and use tax equalization account, additional
19 distributions shall be made under subsections (3) through (5) of this
20 section to the counties.

21 (8) If the level of revenues in the county sales and use tax
22 equalization account exceeds the amount necessary to make the
23 distributions under subsections (2) through (5) of this section, at
24 such times as distributions are made under (~~RCW 82.44.150~~) subsection
25 (2) of this section, the state treasurer shall apportion an amount to
26 the county public health account created in RCW 70.05.125 equal to the
27 adjustment under RCW 70.05.125(2)(b).

28 (9) If the level of revenues in the county sales and use tax
29 equalization account exceeds the amount necessary to make the
30 distributions under subsections (2) through (5) and (8) of this
31 section, then the additional revenues shall be credited and transferred
32 as follows:

33 (a) Fifty percent to the public facilities construction loan
34 revolving account under RCW 43.160.080; and

35 (b) Fifty percent to the distressed county public facilities
36 construction loan account under RCW 43.160.220, or so much thereof as
37 will not cause the balance in the account to exceed twenty-five million
38 dollars. Any remaining funds shall be deposited into the public
39 facilities construction loan revolving account.

1 **Sec. 2.** RCW 82.14.210 and 1996 c 64 s 1 are each amended to read
2 as follows:

3 There is created in the state treasury a special account to be
4 known as the "municipal sales and use tax equalization account."
5 ~~((Into this account shall be placed such revenues as are provided under~~
6 ~~RCW 82.44.110(1)(e).))~~ In calendar year 2000, the state treasurer shall
7 transfer into the municipal sales and use tax equalization account from
8 the general fund the sum of thirty-one million four hundred thousand
9 dollars divided into two equal deposits occurring on the first day of
10 the months of July and October. In calendar year 2001, the state
11 treasurer shall transfer into the municipal sales and use tax
12 equalization account from the general fund the sum of forty-four
13 million four hundred thousand dollars divided into four equal deposits
14 occurring on the first day of the months of January, April, July, and
15 October. For each calendar year thereafter, the state treasurer shall
16 increase the total transfer by the fiscal growth factor, as defined in
17 RCW 43.135.025, forecast for that fiscal year by the office of
18 financial management in November of the preceding year. Funds in this
19 account shall be allocated by the state treasurer according to the
20 following procedure:

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

26 (2) ~~((At such times as distributions are made under RCW 82.44.150))~~
27 On the first day of the months of January, April, July, and October of
28 each year, the state treasurer shall apportion to each city not
29 imposing the sales and use tax under RCW 82.14.030(2) an amount from
30 the municipal sales and use tax equalization account equal to the
31 amount distributed to the city under RCW 82.44.155, multiplied by
32 forty-five fifty-fifths.

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

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

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

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

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

37 (i) A newly incorporated city imposing the tax authorized under RCW
38 82.14.030(1) effective as of January 1st shall be eligible to receive

1 funds under this subsection beginning with the April municipal sales
2 and use tax equalization distribution of that year.

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

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

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

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

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

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

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

31 (iii) Prorate the amount determined under (b)(ii) of this
32 subsection by the number of months the tax authorized under RCW
33 82.14.030(1) is imposed.

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

1 number of months the city imposes the tax authorized under RCW
2 82.14.030(2) at the full rate.

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

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

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

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

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