
SENATE BILL 6856

State of Washington 56th Legislature 2000 Regular Session

By Senators Goings, Gardner, Haugen, Prentice and Jacobsen

Read first time 02/23/2000. Referred to Committee on Transportation.

1 AN ACT Relating to transportation funding; amending RCW 82.08.020,
2 43.89.010, 46.12.040, 46.68.035, 82.36.380, 82.38.270, 43.43.115,
3 43.84.092, 46.01.140, 46.16.010, 46.32.090, 46.32.100, 46.68.030,
4 47.68.255, 63.35.040, 63.35.050, 82.48.020, 82.49.010, 88.02.118,
5 46.61.440, 46.63.110, 46.68.041, 43.88.020, 43.88.030, 43.88.120,
6 43.88.122, 44.40.070, 82.14.045, 82.45.010, and 35.21.755; reenacting
7 and amending RCW 43.84.092, 43.84.092, 43.84.092, 46.61.5054,
8 43.59.150, 82.04.050, and 82.36.025; adding a new section to chapter
9 43.59 RCW; adding a new section to chapter 46.64 RCW; adding new
10 sections to chapter 81.112 RCW; adding a new section to chapter 82.08
11 RCW; adding a new section to chapter 82.12 RCW; adding a new section to
12 chapter 82.04 RCW; adding a new section to chapter 82.29A RCW; adding
13 a new section to chapter 84.36 RCW; adding a new section to chapter
14 35.21 RCW; adding a new section to chapter 82.36 RCW; adding a new
15 chapter to Title 82 RCW; creating new sections; repealing RCW 46.68.260
16 and 82.44.180; providing effective dates; providing retroactive
17 effective dates; providing an expiration date; and declaring an
18 emergency.

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

1 NEW SECTION. **Sec. 1.** The multimodal fund is created in the state
2 treasury. Revenues under RCW 82.08.020 must be deposited into the fund
3 as provided in that section.

4 Moneys in the fund may be spent only after appropriation.
5 Expenditures from the fund may be used only for transportation
6 purposes.

7 NEW SECTION. **Sec. 2.** Section 1 of this act constitutes a new
8 chapter in Title 82 RCW.

9 NEW SECTION. **Sec. 3.** The legislature has evidenced its intent to
10 place the revenue from car rental taxes into the transportation fund
11 for transportation purposes. Due to the recent repeal of the
12 transportation fund, the legislature creates the multimodal fund for
13 the deposit of car rental tax revenues.

14 **Sec. 4.** RCW 82.08.020 and 1998 c 321 s 36 (Referendum Bill No. 49)
15 are each amended to read as follows:

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

19 (2) There is levied and there shall be collected an additional tax
20 on each retail car rental, regardless of whether the vehicle is
21 licensed in this state, equal to five and nine-tenths percent of the
22 selling price. The revenue collected under this subsection shall be
23 deposited (~~(and distributed in the same manner as motor vehicle excise~~
24 ~~tax revenue collected under RCW 82.44.020(1))~~) into the multimodal fund
25 established by section 1 of this act.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 **Sec. 7.** RCW 43.84.092 and 1999 c 380 s 9, 1999 c 309 s 929, 1999
22 c 268 s 5, and 1999 c 94 s 4 are each reenacted and amended to read as
23 follows:

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

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

1 cash management improvement act, and this subsection. Refunds or
2 allocations shall occur prior to the distributions of earnings set
3 forth in subsection (4) of this section.

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

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

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

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

35 (b) The following accounts and funds shall receive eighty percent
36 of their proportionate share of earnings based upon each account's or
37 fund's average daily balance for the period: The aeronautics account,
38 the aircraft search and rescue account, the county arterial
39 preservation account, the department of licensing services account, the

1 essential rail assistance account, the ferry bond retirement fund, the
2 grade crossing protective fund, the high capacity transportation
3 account, the highway bond retirement fund, the highway safety account,
4 the motor vehicle fund, the motorcycle safety education account, the
5 multimodal fund, the pilotage account, (~~the public transportation~~
6 ~~systems account,~~) the Puget Sound capital construction account, the
7 Puget Sound ferry operations account, the recreational vehicle account,
8 the rural arterial trust account, the safety and education account, the
9 special category C account, the state patrol highway account, the
10 transportation equipment fund, (~~the transportation fund,~~) the
11 transportation improvement account, the transportation improvement
12 board bond retirement account, and the urban arterial trust account.

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

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

18 The chief of the Washington state patrol is hereby authorized to
19 establish a teletypewriter communications network which will inter-
20 connect the law enforcement agencies of the state and its political
21 subdivisions into a unified written communications system. The chief
22 of the Washington state patrol is authorized to lease or purchase such
23 facilities and equipment as may be necessary to establish and maintain
24 such teletypewriter communications network.

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

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

32 (3) The chief of the Washington state patrol shall fix the monthly
33 operational charge to be paid by any department or agency of state
34 government, or any city, county, city and county, or other public
35 agency participating in the communications network: PROVIDED, That in
36 computing charges to be made against a city, county, or city and county
37 the state shall bear at least fifty percent of the costs of such
38 service as its share in providing a modern unified communications

1 network to the law enforcement agencies of the state. Of the fees
2 collected pursuant to this section, one-half shall be deposited in the
3 motor vehicle fund and one-half shall be deposited in the
4 (~~transportation~~) multimodal fund.

5 (4) The chief of the Washington state patrol is authorized to
6 arrange for the connection of the communications network with the law
7 enforcement communications system of any adjacent state, or the
8 Province of British Columbia, Canada.

9 **Sec. 9.** RCW 46.12.040 and 1990 c 238 s 2 are each amended to read
10 as follows:

11 The application accompanied by a draft, money order, certified bank
12 check, or cash for one dollar and twenty-five cents, together with the
13 last preceding certificates or other satisfactory evidence of
14 ownership, shall be forwarded to the director.

15 The application fee shall be in addition to any other fee for the
16 license registration of the vehicle. The application fee must be
17 deposited into the multimodal fund. The certificate of ownership shall
18 not be required to be renewed annually, or at any other time, except as
19 by law provided.

20 In addition to the application fee and any other fee for the
21 license registration of a vehicle, there shall be collected from the
22 applicant an inspection fee whenever a physical examination of the
23 vehicle is required as a part of the vehicle licensing or titling
24 process.

25 For vehicles previously registered in any other state or country,
26 the inspection fee shall be fifteen dollars and shall be deposited in
27 the motor vehicle fund. For all other vehicles requiring a physical
28 examination, the inspection fee shall be twenty dollars and shall be
29 deposited in the motor vehicle fund.

30 **Sec. 10.** RCW 46.68.035 and 1993 c 102 s 7 are each amended to read
31 as follows:

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

36 (1) The sum of two dollars for each vehicle shall be deposited into
37 the (~~highway safety~~) multimodal fund, except that for each vehicle

1 registered by a county auditor or agent to a county auditor pursuant to
2 RCW 46.01.140, the sum of two dollars shall be credited to the current
3 county expense fund.

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

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

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

9 ~~((e))~~) (b) The remaining proceeds shall be deposited into the
10 motor vehicle fund.

11 **Sec. 11.** RCW 82.36.380 and 1995 c 287 s 2 are each amended to read
12 as follows:

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

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

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

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

24 **Sec. 12.** RCW 82.38.270 and 1995 c 287 s 4 are each amended to read
25 as follows:

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

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

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

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

1 NEW SECTION. **Sec. 13.** The state patrol highway account is
2 abolished and all funds in it are transferred to the motor vehicle
3 fund.

4 **Sec. 14.** RCW 43.43.115 and 1993 c 438 s 1 are each amended to read
5 as follows:

6 Whenever real property owned by the state of Washington and under
7 the jurisdiction of the Washington state patrol is no longer required,
8 it may be sold at fair market value. All proceeds received from the
9 sale of real property, less any real estate broker commissions, shall
10 be deposited into the (~~state patrol highway account~~) motor vehicle
11 fund: PROVIDED, That if accounts or funds other than the (~~state~~
12 ~~patrol highway account~~) motor vehicle fund have contributed to the
13 purchase or improvement of the real property, the office of financial
14 management shall determine the proportional equity of each account or
15 fund in the property and improvements, and shall direct the proceeds to
16 be deposited proportionally therein.

17 **Sec. 15.** RCW 43.84.092 and 2000 c . . . s 7 (section 7 of this
18 act) are each amended to read as follows:

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

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

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

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

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

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

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

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

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

11 **Sec. 16.** RCW 46.01.140 and 1996 c 315 s 1 are each amended to read
12 as follows:

13 (1) The county auditor, if appointed by the director of licensing
14 shall carry out the provisions of this title relating to the licensing
15 of vehicles and the issuance of vehicle license number plates under the
16 direction and supervision of the director and may with the approval of
17 the director appoint assistants as special deputies and recommend
18 subagents to accept applications and collect fees for vehicle licenses
19 and transfers and to deliver vehicle license number plates.

20 (2) A county auditor appointed by the director may request that the
21 director appoint subagencies within the county. Upon authorization of
22 the director, the auditor shall advertise a request for proposals and
23 use the process for soliciting vendors under RCW 39.04.190(2), except
24 that the provision requiring the contract to be awarded to the lowest
25 responsible bidder shall not apply. The auditor shall submit all
26 proposals to the director, and shall recommend the appointment of one
27 or more subagents who have applied through the request for proposal
28 process. The director has final appointment authority.

29 (3)(a) A county auditor who is appointed as an agent by the
30 department shall enter into a standard contract provided by the
31 director, developed with the advice of the title and registration
32 advisory committee.

33 (b) A subagent appointed under subsection (2) of this section shall
34 enter into a standard contract with the county auditor, developed with
35 the advice of the title and registration advisory committee. The
36 director shall provide the standard contract to county auditors.

37 (c) The contracts provided for in (a) and (b) of this subsection
38 must contain at a minimum provisions that:

1 (i) Describe the responsibilities, and where applicable, the
2 liability, of each party relating to the service expectations and
3 levels, equipment to be supplied by the department, and equipment
4 maintenance;

5 (ii) Require the specific type of insurance or bonds so that the
6 state is protected against any loss of collected motor vehicle tax
7 revenues or loss of equipment;

8 (iii) Specify the amount of training that will be provided by the
9 state, the county auditor, or subagents;

10 (iv) Describe allowable costs that may be charged to vehicle
11 licensing activities as provided for in (d) of this subsection;

12 (v) Describe the causes and procedures for termination of the
13 contract, which may include mediation and binding arbitration.

14 (d) The department shall develop procedures that will standardize
15 and prescribe allowable costs that may be assigned to vehicle licensing
16 and vessel registration and title activities performed by county
17 auditors.

18 (e) The contracts may include any provision that the director deems
19 necessary to ensure acceptable service and the full collection of
20 vehicle and vessel tax revenues.

21 (f) The director may waive any provisions of the contract deemed
22 necessary in order to ensure that readily accessible service is
23 provided to the citizens of the state.

24 (4)(a) At any time any application is made to the director, the
25 county auditor, or other agent pursuant to any law dealing with
26 licenses, registration, or the right to operate any vehicle or vessel
27 upon the public highways or waters of this state, excluding applicants
28 already paying such fee under RCW 46.16.070 or 46.16.085, the applicant
29 shall pay to the director, county auditor, or other agent a fee of
30 three dollars for each application in addition to any other fees
31 required by law.

32 (b) Counties that do not cover the expenses of vehicle licensing
33 and vessel registration and title activities may submit to the
34 department a request for cost-coverage moneys. The request must be
35 submitted on a form developed by the department. The department shall
36 develop procedures to verify whether a request is reasonable. Payment
37 shall be made on requests found to be allowable from the licensing
38 services account.

1 (c) Applicants for certificates of ownership, including applicants
2 paying fees under RCW 46.16.070 or 46.16.085, shall pay to the
3 director, county auditor, or other agent a fee of four dollars in
4 addition to any other fees required by law.

5 (d) The fees under (a) and (c) of this subsection, if paid to the
6 county auditor as agent of the director, or if paid to a subagent of
7 the county auditor, shall be paid to the county treasurer in the same
8 manner as other fees collected by the county auditor and credited to
9 the county current expense fund. If the fee is paid to another agent
10 of the director, the fee shall be used by the agent to defray his or
11 her expenses in handling the application.

12 (5) A subagent shall collect a service fee of (a) seven dollars and
13 fifty cents for changes in a certificate of ownership, with or without
14 registration renewal, or verification of record and preparation of an
15 affidavit of lost title other than at the time of the title application
16 or transfer and (b) three dollars for registration renewal only,
17 issuing a transit permit, or any other service under this section.

18 (6) If the fee is collected by the state patrol as agent for the
19 director, the fee so collected shall be certified to the state
20 treasurer and deposited to the credit of the (~~state patrol highway~~
21 ~~account~~) motor vehicle fund. If the fee is collected by the
22 department of transportation as agent for the director, the fee shall
23 be certified to the state treasurer and deposited to the credit of the
24 motor vehicle fund. All such fees collected by the director or
25 branches of his office shall be certified to the state treasurer and
26 deposited to the credit of the highway safety fund.

27 (7) Any county revenues that exceed the cost of providing vehicle
28 licensing and vessel registration and title activities in a county,
29 calculated in accordance with the procedures in subsection (3)(d) of
30 this section, shall be expended as determined by the county legislative
31 authority during the process established by law for adoption of county
32 budgets.

33 (8) The director may adopt rules to implement this section.

34 **Sec. 17.** RCW 46.16.010 and 1999 c 277 s 4 are each amended to read
35 as follows:

36 (1) It is a violation for a person to operate any vehicle over and
37 along a public highway of this state without first having obtained and
38 having in full force and effect a current and proper vehicle license

1 and display vehicle license number plates therefor as by this chapter
2 provided.

3 (a) Failure to make initial registration of a vehicle before
4 operating it on the highways of this state is a violation of this
5 section. Anyone who violates this section is liable for a penalty of
6 three hundred fifty dollars for each violation in addition to all other
7 penalties provided by law. Persons violating this subsection shall
8 make payment as prescribed in subsection (2)(b) of this section.

9 (b) Failure to renew an expired registration before operation on
10 the highways of this state is a traffic infraction, which shall not be
11 resolved through the civil process instituted under this section.

12 (2)(a) The licensing of a vehicle in another state by a resident of
13 this state, as defined in RCW 46.16.028, to avoid the payment of any
14 tax or license fee imposed in connection with registration, is a
15 violation of this section, and violators are liable for a monetary
16 penalty not less than one thousand dollars but not more than ten
17 thousand dollars for each violation.

18 (b) The penalty provided in subsection (1)(a) of this section and
19 this subsection is due and payable when the person incurring it
20 receives a notice in writing from the state patrol describing the
21 violation and advising the person that the penalty is due. The state
22 patrol may, upon written application for review, received within
23 fifteen days, remit or mitigate a penalty provided for in this section
24 or discontinue an action to recover the penalty upon such terms it
25 deems proper and may ascertain the facts in a manner and under rules it
26 deems proper. If the amount of the penalty is not paid to the state
27 patrol within fifteen days after receipt of the notice imposing the
28 penalty, or application for remission or mitigation has not been made
29 within fifteen days after the violator has received notice of the
30 disposition of the application, the attorney general shall bring an
31 action in the name of the state of Washington in the superior court of
32 Thurston county or of any other county in which the violator resides or
33 does business, to recover the penalty, administrative fees, and
34 attorneys' fees and costs incurred in recovering the penalties. All
35 penalties recovered under this section shall be paid into the state
36 treasury and credited to the ~~((state patrol highway account of the))~~
37 motor vehicle fund ~~((for the license fraud task force))~~.

1 (c) The avoided taxes and fees shall be deposited and distributed
2 in the same manner as if the taxes and fees were properly paid in a
3 timely fashion.

4 (3) These provisions shall not apply to the following vehicles:

5 (a) Electric-assisted bicycles;

6 (b) Farm vehicles if operated within a radius of fifteen miles of
7 the farm where principally used or garaged, farm tractors and farm
8 implements including trailers designed as cook or bunk houses used
9 exclusively for animal herding temporarily operating or drawn upon the
10 public highways, and trailers used exclusively to transport farm
11 implements from one farm to another during the daylight hours or at
12 night when such equipment has lights that comply with the law;

13 (c) Spray or fertilizer applicator rigs designed and used
14 exclusively for spraying or fertilization in the conduct of
15 agricultural operations and not primarily for the purpose of
16 transportation, and nurse rigs or equipment auxiliary to the use of and
17 designed or modified for the fueling, repairing, or loading of spray
18 and fertilizer applicator rigs and not used, designed, or modified
19 primarily for the purpose of transportation;

20 (d) Fork lifts operated during daylight hours on public highways
21 adjacent to and within five hundred feet of the warehouses which they
22 serve: PROVIDED FURTHER, That these provisions shall not apply to
23 vehicles used by the state parks and recreation commission exclusively
24 for park maintenance and operations upon public highways within state
25 parks;

26 (e) "Special highway construction equipment" defined as follows:
27 Any vehicle which is designed and used primarily for grading of
28 highways, paving of highways, earth moving, and other construction work
29 on highways and which is not designed or used primarily for the
30 transportation of persons or property on a public highway and which is
31 only incidentally operated or moved over the highway. It includes, but
32 is not limited to, road construction and maintenance machinery so
33 designed and used such as portable air compressors, air drills, asphalt
34 spreaders, bituminous mixers, bucket loaders, track laying tractors,
35 ditchers, leveling graders, finishing machines, motor graders, paving
36 mixers, road rollers, scarifiers, earth moving scrapers and carryalls,
37 lighting plants, welders, pumps, power shovels and draglines, self-
38 propelled and tractor-drawn earth moving equipment and machinery,
39 including dump trucks and tractor-dump trailer combinations which

1 either (i) are in excess of the legal width, or (ii) which, because of
2 their length, height, or unladen weight, may not be moved on a public
3 highway without the permit specified in RCW 46.44.090 and which are not
4 operated laden except within the boundaries of the project limits as
5 defined by the contract, and other similar types of construction
6 equipment, or (iii) which are driven or moved upon a public highway
7 only for the purpose of crossing such highway from one property to
8 another, provided such movement does not exceed five hundred feet and
9 the vehicle is equipped with wheels or pads which will not damage the
10 roadway surface.

11 Exclusions:

12 "Special highway construction equipment" does not include any of
13 the following:

14 Dump trucks originally designed to comply with the legal size and
15 weight provisions of this code notwithstanding any subsequent
16 modification which would require a permit, as specified in RCW
17 46.44.090, to operate such vehicles on a public highway, including
18 trailers, truck-mounted transit mixers, cranes and shovels, or other
19 vehicles designed for the transportation of persons or property to
20 which machinery has been attached.

21 (4) The following vehicles, whether operated solo or in
22 combination, are exempt from license registration and displaying
23 license plates as required by this chapter:

24 (a) A converter gear used to convert a semitrailer into a trailer
25 or a two-axle truck or tractor into a three or more axle truck or
26 tractor or used in any other manner to increase the number of axles of
27 a vehicle. Converter gear includes an auxiliary axle, booster axle,
28 dolly, and jeep axle.

29 (b) A tow dolly that is used for towing a motor vehicle behind
30 another motor vehicle. The front or rear wheels of the towed vehicle
31 are secured to and rest on the tow dolly that is attached to the towing
32 vehicle by a tow bar.

33 **Sec. 18.** RCW 46.32.090 and 1996 c 86 s 1 are each amended to read
34 as follows:

35 The department shall collect a fee of ten dollars, in addition to
36 all other fees and taxes, for each motor vehicle base plated in the
37 state of Washington that is subject to highway inspections and terminal
38 audits under RCW 46.32.080, at the time of registration and renewal of

1 registration under chapter 46.16 or 46.87 RCW, or the International
2 Registration Plan if (~~based~~[base])) base plated in a foreign
3 jurisdiction. The ten-dollar fee must be apportioned for those
4 vehicles operating interstate and registered under the International
5 Registration Plan. This fee does not apply to nonmotor-powered
6 vehicles, including trailers. Refunds will not be provided for fees
7 paid under this section when the vehicle is no longer subject to RCW
8 46.32.080. The department may deduct an amount equal to the cost of
9 administering the program. All remaining fees shall be deposited with
10 the state treasurer and credited to the (~~state patrol highway account~~
11 ~~of the~~) motor vehicle fund.

12 **Sec. 19.** RCW 46.32.100 and 1998 c 172 s 1 are each amended to read
13 as follows:

14 In addition to all other penalties provided by law, a commercial
15 motor vehicle that is subject to terminal safety audits under this
16 chapter and an officer, agent, or employee of a company operating a
17 commercial motor vehicle who violates or who procures, aids, or abets
18 in the violation of this title or any order or rule of the state patrol
19 is liable for a penalty of one hundred dollars for each violation,
20 except for each violation of 49 C.F.R. Pt. 382, controlled substances
21 and alcohol use and testing, 49 C.F.R. Sec. 391.15, disqualification of
22 drivers, and 49 C.F.R. Sec. 396.9(c)(2), moving a vehicle placed out of
23 service before the out of service defects have been satisfactorily
24 repaired, for which the person is liable for a penalty of five hundred
25 dollars. Each violation is a separate and distinct offense, and in
26 case of a continuing violation every day's continuance is a separate
27 and distinct violation.

28 The penalty provided in this section is due and payable when the
29 person incurring it receives a notice in writing from the patrol
30 describing the violation and advising the person that the penalty is
31 due. The patrol may, upon written application for review, received
32 within fifteen days, remit or mitigate a penalty provided for in this
33 section or discontinue a prosecution to recover the penalty upon such
34 terms it deems proper and may ascertain the facts upon all such
35 applications in such manner and under such rules as it deems proper.
36 If the amount of the penalty is not paid to the patrol within fifteen
37 days after receipt of the notice imposing the penalty, or application
38 for remission or mitigation has not been made within fifteen days after

1 the violator has received notice of the disposition of the application,
2 the attorney general shall bring an action in the name of the state of
3 Washington in the superior court of Thurston county or of some other
4 county in which the violator does business, to recover the penalty. In
5 all such actions the procedure and rules of evidence are the same as an
6 ordinary civil action except as otherwise provided in this chapter.
7 All penalties recovered under this section shall be paid into the state
8 treasury and credited to the ((state patrol highway account of the))
9 motor vehicle fund.

10 **Sec. 20.** RCW 46.61.5054 and 1995 c 398 s 15 and 1995 c 332 s 13
11 are each reenacted and amended to read as follows:

12 (1)(a) In addition to penalties set forth in ((RCW 46.61.5051
13 through 46.61.5053 until September 1, 1995, and)) RCW 46.61.5055
14 ((thereafter)), a one hundred twenty-five dollar fee shall be assessed
15 to a person who is either convicted, sentenced to a lesser charge, or
16 given deferred prosecution, as a result of an arrest for violating RCW
17 46.61.502, 46.61.504, 46.61.520, or 46.61.522. This fee is for the
18 purpose of funding the Washington state toxicology laboratory and the
19 Washington state patrol for grants and activities to increase the
20 conviction rate and decrease the incidence of persons driving under the
21 influence of alcohol or drugs.

22 (b) Upon a verified petition by the person assessed the fee, the
23 court may suspend payment of all or part of the fee if it finds that
24 the person does not have the ability to pay.

25 (c) When a minor has been adjudicated a juvenile offender for an
26 offense which, if committed by an adult, would constitute a violation
27 of RCW 46.61.502, 46.61.504, 46.61.520, or 46.61.522, the court shall
28 assess the one hundred twenty-five dollar fee under (a) of this
29 subsection. Upon a verified petition by a minor assessed the fee, the
30 court may suspend payment of all or part of the fee if it finds that
31 the minor does not have the ability to pay the fee.

32 (2) The fee assessed under subsection (1) of this section shall be
33 collected by the clerk of the court and distributed as follows:

34 (a) Forty percent shall be subject to distribution under RCW
35 3.46.120, 3.50.100, 35.20.220, 3.62.020, 3.62.040, or 10.82.070.

36 (b) The remainder of the fee shall be forwarded to the state
37 treasurer who shall, through June 30, 1997, deposit: Fifty percent in
38 the death investigations' account to be used solely for funding the

1 state toxicology laboratory blood or breath testing programs; and fifty
2 percent in the (~~state patrol highway account~~) motor vehicle fund to
3 be used solely for funding activities to increase the conviction rate
4 and decrease the incidence of persons driving under the influence of
5 alcohol or drugs. Effective July 1, 1997, the remainder of the fee
6 shall be forwarded to the state treasurer who shall deposit: Fifteen
7 percent in the death investigations' account to be used solely for
8 funding the state toxicology laboratory blood or breath testing
9 programs; and eighty-five percent in the (~~state patrol highway~~
10 ~~account~~) motor vehicle fund to be used solely for funding activities
11 to increase the conviction rate and decrease the incidence of persons
12 driving under the influence of alcohol or drugs.

13 (3) This section applies to any offense committed on or after July
14 1, 1993.

15 **Sec. 21.** RCW 46.68.030 and 1990 c 42 s 109 are each amended to
16 read as follows:

17 Except for proceeds from fees for vehicle licensing for vehicles
18 paying such fees under RCW 46.16.070 and 46.16.085, and as otherwise
19 provided for in chapter 46.16 RCW, all fees received by the director
20 for vehicle licenses under the provisions of chapter 46.16 RCW shall be
21 forwarded to the state treasurer, accompanied by a proper identifying
22 detailed report, and be deposited to the credit of the motor vehicle
23 fund, except that the proceeds from the vehicle license fee and renewal
24 license fee shall be deposited by the state treasurer as hereinafter
25 provided. After (~~July 1, 1981, that portion~~) January 1, 2000, \$20.35
26 of each vehicle license fee (~~in excess of \$7.40 and that portion~~) and
27 \$20.35 of each renewal license fee (~~in excess of \$3.40~~) shall be
28 deposited in the state patrol highway account in the motor vehicle
29 fund, hereby created. Vehicle license fees, renewal license fees, and
30 all other funds in the state patrol highway account shall be for the
31 sole use of the Washington state patrol for highway activities of the
32 Washington state patrol, subject to proper appropriations and
33 reappropriations therefor, for any fiscal biennium after June 30, 1981,
34 and twenty-seven and three-tenths percent of the proceeds from \$7.40 of
35 each vehicle license fee and \$3.40 of each renewal license fee shall be
36 deposited each biennium in the Puget Sound ferry operations account.
37 Any remaining amounts of vehicle license fees and renewal license fees

1 that are not deposited in the Puget Sound ferry operations account
2 shall be deposited in the motor vehicle fund.

3 **Sec. 22.** RCW 47.68.255 and 1999 c 277 s 6 are each amended to read
4 as follows:

5 (1) A person who is required to register an aircraft under this
6 chapter and who registers an aircraft in another state or foreign
7 country avoiding the Washington aircraft taxes, commits a violation of
8 this section and is liable for those unpaid taxes and for a monetary
9 penalty not less than one thousand dollars but not more than ten
10 thousand dollars for each violation.

11 (2) The penalty provided in this section is due and payable when
12 the person incurring it receives a notice in writing from the state
13 patrol describing the violation and advising the person that the
14 penalty is due. The state patrol may, upon written application for
15 review, received within fifteen days, remit or mitigate a penalty
16 provided for in this section or discontinue an action to recover the
17 penalty upon such terms it deems proper and may ascertain the facts in
18 a manner and under rules it deems proper. If the amount of the penalty
19 is not paid to the state patrol within fifteen days after receipt of
20 the notice imposing the penalty, or application for remission or
21 mitigation has not been made within fifteen days after the violator has
22 received notice of the disposition of the application, the attorney
23 general shall bring an action in the name of the state of Washington in
24 the superior court of Thurston county or of any other county in which
25 the violator does business, to recover the penalty, administrative
26 fees, and attorneys' fees. All penalties recovered under this section
27 shall be paid into the state treasury and credited to the ((state
28 patrol highway account of the)) motor vehicle fund ((for the license
29 fraud task force)). The department of revenue may assess and collect
30 the unpaid excise tax under chapter 82.32 RCW, including the penalties
31 and interest provided in chapter 82.32 RCW.

32 **Sec. 23.** RCW 63.35.040 and 1989 c 222 s 4 are each amended to read
33 as follows:

34 The moneys arising from sales under the provisions of this chapter
35 shall be first applied to the payment of the costs and expenses of the
36 sale and then to the payment of lawful charges and expenses for the
37 keep of said personal property and the balance, if any, shall be

1 forwarded to the state treasurer to be deposited into the ((state
2 patrol highway account)) motor vehicle fund.

3 **Sec. 24.** RCW 63.35.050 and 1989 c 222 s 5 are each amended to read
4 as follows:

5 If the owner of said personal property so sold, or the owner's
6 legal representative, shall, at any time within three years after such
7 money shall have been deposited in the ((state patrol highway account))
8 motor vehicle fund, furnish satisfactory evidence to the state
9 treasurer of the ownership of said personal property, the owner or the
10 owner's legal representative shall be entitled to receive from ((said
11 state patrol highway account)) the motor vehicle fund the amount so
12 deposited therein with interest.

13 **Sec. 25.** RCW 82.48.020 and 1999 c 277 s 7 are each amended to read
14 as follows:

15 (1) An annual excise tax is hereby imposed for the privilege of
16 using any aircraft in the state. A current certificate of air
17 worthiness with a current inspection date from the appropriate federal
18 agency and/or the purchase of aviation fuel shall constitute the
19 necessary evidence of aircraft use or intended use. The tax shall be
20 collected annually or under a staggered collection schedule as required
21 by the secretary by rule. No additional tax shall be imposed under
22 this chapter upon any aircraft upon the transfer of ownership thereof,
23 if the tax imposed by this chapter with respect to such aircraft has
24 already been paid for the year in which transfer of ownership occurs.
25 A violation of this subsection is a misdemeanor punishable as provided
26 under chapter 9A.20 RCW.

27 (2)(a) Persons who are required to register aircraft under chapter
28 47.68 RCW and who register aircraft in another state or foreign country
29 and avoid the Washington aircraft taxes, violate this section and are
30 liable for a monetary penalty of not less than one thousand dollars but
31 not more than ten thousand dollars for each violation.

32 (b) The penalty provided in this section is due and payable when
33 the person incurring it receives a notice in writing from the state
34 patrol describing the violation and advising the person that the
35 penalty is due. The state patrol may, upon written application for
36 review, received within fifteen days, remit or mitigate a penalty
37 provided for in this section or discontinue an action to recover the

1 penalty upon such terms it deems proper and may ascertain the facts in
2 a manner and under rules it deems proper. If the amount of the penalty
3 is not paid to the state patrol within fifteen days after receipt of
4 the notice imposing the penalty, or application for remission or
5 mitigation has not been made within fifteen days after the violator has
6 received notice of the disposition of the application, the attorney
7 general shall bring an action in the name of the state of Washington in
8 the superior court of Thurston county or of any other county in which
9 the violator resides or does business, to recover the penalty,
10 administrative fees, and attorneys' fees. In all such actions, the
11 procedure and rules of evidence are the same as an ordinary civil
12 action except as otherwise provided in this chapter. All penalties
13 recovered under this section shall be paid into the state treasury and
14 credited to the ((state patrol highway account of the)) motor vehicle
15 fund ((for the license fraud task force)).

16 (3) The department of revenue may assess and collect the unpaid
17 excise tax under chapter 82.32 RCW, including the penalties and
18 interest provided in chapter 82.32 RCW.

19 (4) Except as provided under subsections (1) and (2) of this
20 section, a violation of this chapter is a misdemeanor punishable as
21 provided in chapter 9A.20 RCW.

22 **Sec. 26.** RCW 82.49.010 and 1999 c 277 s 8 are each amended to read
23 as follows:

24 (1) An excise tax is imposed for the privilege of using a vessel
25 upon the waters of this state, except vessels exempt under RCW
26 82.49.020. The annual amount of the excise tax is one-half of one
27 percent of fair market value, as determined under this chapter, or five
28 dollars, whichever is greater. Violation of this subsection is a
29 misdemeanor.

30 (2)(a) A person who is required under chapter 88.02 RCW to register
31 a vessel in this state and who registers the vessel in another state or
32 foreign country and avoids the Washington watercraft taxes, violates
33 this section and is liable for those taxes and a monetary penalty not
34 less than one thousand dollars but not more than ten thousand dollars
35 for each violation.

36 (b) The penalty provided in this section is due and payable when
37 the person incurring it receives a notice in writing from the state
38 patrol describing the violation and advising the person that the

1 penalty is due. The state patrol may, upon written application for
2 review, received within fifteen days, remit or mitigate a penalty
3 provided for in this section or discontinue an action to recover the
4 penalty upon such terms it deems proper and may ascertain the facts in
5 a manner and under rules it deems proper. If the amount of the penalty
6 is not paid to the state patrol within fifteen days after receipt of
7 the notice imposing the penalty, or application for remission or
8 mitigation has not been made within fifteen days after the violator has
9 received notice of the disposition of the application, the attorney
10 general shall bring an action in the name of the state of Washington in
11 the superior court of Thurston county or of any other county in which
12 the violator resides or does business, to recover the penalty,
13 administrative fees, and attorneys' fees. All penalties recovered
14 under this section shall be paid into the state treasury and credited
15 to the ((state patrol highway account of the)) motor vehicle fund ((for
16 the license fraud task force)).

17 (3) The excise tax upon a vessel registered for the first time in
18 this state shall be imposed for a twelve-month period, including the
19 month in which the vessel is registered, unless the director of
20 licensing extends or diminishes vessel registration periods for the
21 purpose of staggered renewal periods under RCW 88.02.050. A vessel is
22 registered for the first time in this state when the vessel was not
23 registered in this state for the immediately preceding registration
24 year, or when the vessel was registered in another jurisdiction for the
25 immediately preceding year. The excise tax on vessels required to be
26 registered in this state on June 30, 1983, shall be paid by June 30,
27 1983.

28 **Sec. 27.** RCW 88.02.118 and 1999 c 277 s 10 are each amended to
29 read as follows:

30 (1)(a) It is a violation for any person owning a vessel subject to
31 taxation under chapter 82.49 RCW to register a vessel in another state
32 to avoid Washington state vessel taxes required under chapter 82.49 RCW
33 or to obtain a vessel dealer's registration for the purpose of avoiding
34 taxes on vessels under chapter 82.49 RCW.

35 (b) The monetary penalty is not less than one thousand dollars but
36 not more than ten thousand dollars for each violation.

37 (2) The penalty provided in this section is due and payable when
38 the person incurring it receives a notice in writing from the state

1 patrol describing the violation and advising the person that the
2 penalty is due. The state patrol may, upon written application for
3 review, received within fifteen days, remit or mitigate a penalty
4 provided for in this section or discontinue an action to recover the
5 penalty upon such terms it deems proper and may ascertain the facts in
6 a manner and under rules it deems proper. If the amount of the penalty
7 is not paid to the state patrol within fifteen days after receipt of
8 the notice imposing the penalty, or application for remission or
9 mitigation has not been made within fifteen days after the violator has
10 received notice of the disposition of the application, the attorney
11 general shall bring an action in the name of the state of Washington in
12 the superior court of Thurston county or of any other county in which
13 the violator resides or does business, to recover the penalty,
14 administrative fees, and attorneys' fees. In all such actions, the
15 procedure and rules of evidence are the same as an ordinary civil
16 action except as otherwise provided in this chapter. All penalties
17 recovered under this section shall be paid into the state treasury and
18 credited to the ((state patrol highway account of the)) motor vehicle
19 fund ((for the license fraud task force)).

20 NEW SECTION. **Sec. 28.** The legislature finds that the number of
21 traffic crashes resulting in serious or fatal injuries on Washington
22 roadways is unacceptably high. The vast majority of these crashes
23 result from dangerous driving behavior, often occurring when traffic
24 infractions and traffic crimes are committed. Given that over half of
25 Washington cities receive less than one hundred twenty-five dollars per
26 quarter from the impaired driver safety account, it is the intent of
27 the legislature to consolidate accounts that target traffic safety in
28 order to distribute funds on a project basis, thus enabling small
29 cities and counties to receive sufficient funding for important traffic
30 safety projects. It is the intent of the legislature to increase fines
31 in order to deter the behavior leading to traffic infractions and
32 crimes, thus reducing the injuries and deaths that result from traffic
33 crashes. It is further intended that the increased portion of fines
34 identified in RCW 46.63.110(7) and section 33 of this act will be used
35 solely to fund programs to reduce traffic crashes and reduce the
36 severity of injuries from those crashes and for other traffic safety
37 purposes as outlined in section 29 of this act.

1 NEW SECTION. **Sec. 29.** A new section is added to chapter 43.59 RCW
2 to read as follows:

3 The traffic safety improvement account is created in the state
4 treasury. The purpose of this account is to improve traffic safety by
5 funding programs through the Washington traffic safety commission,
6 particularly those directed by this chapter. The school zone safety
7 account, the bicycle and pedestrian safety account, and the impaired
8 driving safety account are abolished as separate accounts and are
9 merged into the traffic safety improvement account. All receipts from
10 additional penalties collected under RCW 46.63.110(7) or section 33 of
11 this act, fifty percent of the penalties collected under RCW
12 46.61.527(3) or 46.61.440, and all receipts as directed by RCW
13 46.68.041(2) must be deposited into this account. Expenditures from
14 the account may be used only by the Washington traffic safety
15 commission to fund traffic safety improvement projects. Funded
16 projects should include, but not be limited to support for community
17 traffic safety task forces, state match required by the Washington
18 traffic safety commission to qualify for federal highway safety grants,
19 the drug recognition expert program, traffic safety public information
20 and education efforts, support for local communities implementing
21 traffic safety laws passed by the legislature, school zone safety
22 programs, bicycle and pedestrian safety efforts, and other programs
23 consistent with this chapter. Only the director of the traffic safety
24 commission or the director's designee may authorize expenditures from
25 the account. The account is subject to allotment procedures under
26 chapter 43.88 RCW, but no appropriation is required for expenditures
27 until July 1, 2001, after which date moneys in the account may be spent
28 only after appropriation. Any expenditures before July 1, 2001, are
29 subject to review by the transportation committees of the legislature.

30 **Sec. 30.** RCW 43.59.150 and 1999 c 372 s 9 and 1999 c 351 s 1 are
31 each reenacted and amended to read as follows:

32 ((~~1~~)) The Washington state traffic safety commission shall
33 establish a program for improving bicycle and pedestrian safety, and
34 shall cooperate with the stakeholders and independent representatives
35 to form an advisory committee to develop programs and create public
36 private partnerships which promote bicycle and pedestrian safety. The
37 traffic safety commission shall periodically report and make
38 recommendations to the ((~~legislative~~)) transportation committees of the

1 legislature on the progress of the bicycle and pedestrian safety
2 committee.

3 ~~((2) The bicycle and pedestrian safety account is created in the
4 state treasury to support bicycle and pedestrian education or safety
5 programs.))~~

6 **Sec. 31.** RCW 46.61.440 and 1997 c 80 s 2 are each amended to read
7 as follows:

8 (1) Subject to RCW 46.61.400(1), and except in those instances
9 where a lower maximum lawful speed is provided by this chapter or
10 otherwise, it shall be unlawful for the operator of any vehicle to
11 operate the same at a speed in excess of twenty miles per hour when
12 operating any vehicle upon a highway either inside or outside an
13 incorporated city or town when passing any marked school or playground
14 crosswalk when such marked crosswalk is fully posted with standard
15 school speed limit signs or standard playground speed limit signs. The
16 speed zone at the crosswalk shall extend three hundred feet in either
17 direction from the marked crosswalk.

18 (2) A person found to have committed any infraction relating to
19 speed restrictions within a school or playground speed zone shall be
20 assessed a monetary penalty equal to twice the penalty assessed under
21 RCW 46.63.110. This penalty may not be waived, reduced, or suspended.

22 ~~((3) The school zone safety account is created in the custody of
23 the state treasurer. Fifty percent of the moneys collected under
24 subsection (2) of this section shall be deposited into the account.
25 Expenditures from the account may be used only by the Washington
26 traffic safety commission solely to fund projects in local communities
27 to improve school zone safety, pupil transportation safety, and student
28 safety in school bus loading and unloading areas. Only the director of
29 the traffic safety commission or the director's designee may authorize
30 expenditures from the account. The account is subject to allotment
31 procedures under chapter 43.88 RCW, but no appropriation is required
32 for expenditures until July 1, 1999, after which date moneys in the
33 account may be spent only after appropriation.))~~

34 **Sec. 32.** RCW 46.63.110 and 1997 c 331 s 3 are each amended to read
35 as follows:

36 (1) A person found to have committed a traffic infraction shall be
37 assessed a monetary penalty. No penalty may exceed two hundred and

1 fifty dollars for each offense unless authorized by this chapter or
2 title.

3 (2) The supreme court shall prescribe by rule a schedule of
4 monetary penalties for designated traffic infractions. This rule shall
5 also specify the conditions under which local courts may exercise
6 discretion in assessing fines and penalties for traffic infractions.
7 The legislature respectfully requests the supreme court to adjust this
8 schedule every two years for inflation.

9 (3) There shall be a penalty of twenty-five dollars for failure to
10 respond to a notice of traffic infraction except where the infraction
11 relates to parking as defined by local law, ordinance, regulation, or
12 resolution or failure to pay a monetary penalty imposed pursuant to
13 this chapter. A local legislative body may set a monetary penalty not
14 to exceed twenty-five dollars for failure to respond to a notice of
15 traffic infraction relating to parking as defined by local law,
16 ordinance, regulation, or resolution. The local court, whether a
17 municipal, police, or district court, shall impose the monetary penalty
18 set by the local legislative body.

19 (4) Monetary penalties provided for in chapter 46.70 RCW which are
20 civil in nature and penalties which may be assessed for violations of
21 chapter 46.44 RCW relating to size, weight, and load of motor vehicles
22 are not subject to the limitation on the amount of monetary penalties
23 which may be imposed pursuant to this chapter.

24 (5) Whenever a monetary penalty is imposed by a court under this
25 chapter it is immediately payable. If the person is unable to pay at
26 that time the court may, in its discretion, grant an extension of the
27 period in which the penalty may be paid. If the penalty is not paid on
28 or before the time established for payment the court shall notify the
29 department of the failure to pay the penalty, and the department shall
30 suspend the person's driver's license or driving privilege until the
31 penalty has been paid and the penalty provided in subsection (3) of
32 this section has been paid.

33 (6) In addition to any other penalties imposed under this section
34 and not subject to the limitation of subsection (1) of this section, a
35 person found to have committed a traffic infraction shall be assessed
36 a fee of five dollars per infraction. Under no circumstances shall
37 this fee be reduced or waived. Revenue from this fee shall be
38 forwarded to the state treasurer for deposit in the emergency medical
39 services and trauma care system trust account under RCW 70.168.040.

1 (7) In addition to any other penalties imposed under this section
2 and not subject to the limitation of subsection (1) of this section, a
3 person found to have committed a traffic infraction other than of RCW
4 46.61.440 or 46.61.527 will be assessed an additional penalty of ten
5 dollars. The court may not reduce, waive, or suspend the additional
6 penalty unless the court finds the offender to be indigent. Revenue
7 from the additional penalty must be forwarded to the state treasurer
8 for deposit in the traffic safety improvement account under section 29
9 of this act.

10 NEW SECTION. Sec. 33. A new section is added to chapter 46.64 RCW
11 to read as follows:

12 In addition to any other penalties imposed for conviction of a
13 violation of this title that is a misdemeanor, gross misdemeanor, or
14 felony, the court must impose an additional penalty of fifty dollars.
15 The court may not reduce, waive, or suspend the additional penalty
16 unless the court finds the offender to be indigent. Revenue from the
17 additional penalty must be forwarded to the state treasurer for deposit
18 in the traffic safety improvement account under section 29 of this act.

19 **Sec. 34.** RCW 46.68.041 and 1998 c 212 s 3 are each amended to read
20 as follows:

21 (1) Except as provided in subsection (2) of this section, the
22 department shall forward all funds accruing under the provisions of
23 chapter 46.20 RCW together with a proper identifying, detailed report
24 to the state treasurer who shall deposit such moneys to the credit of
25 the highway safety fund.

26 (2) Sixty-three percent of each fee collected by the department
27 under RCW 46.20.311 (1)(b)(ii), (2)(b)(ii), and (3)(b) shall be
28 deposited in the (~~impaired-driving~~) traffic safety improvement
29 account.

30 **Sec. 35.** RCW 43.88.020 and 1996 c 288 s 23 are each amended to
31 read as follows:

32 (1) "Budget" means a proposed plan of expenditures for a given
33 period or purpose and the proposed means for financing these
34 expenditures.

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

4 (3) "Director of financial management" means the official appointed
5 by the governor to serve at the governor's pleasure and to whom the
6 governor may delegate necessary authority to carry out the governor's
7 duties as provided in this chapter. The director of financial
8 management shall be head of the office of financial management which
9 shall be in the office of the governor.

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

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

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

24 (7) "Ensuing biennium" means the fiscal biennium beginning on July
25 1st of the same year in which a regular session of the legislature is
26 held during an odd-numbered year pursuant to Article II, section 12 of
27 the Constitution and which biennium next succeeds the current biennium.

28 (8) "Dedicated fund" means a fund in the state treasury, or a
29 separate account or fund in the general fund in the state treasury,
30 that by law is dedicated, appropriated, or set aside for a limited
31 object or purpose; but "dedicated fund" does not include a revolving
32 fund or a trust fund.

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

38 (10) "Trust fund" means a fund in the state treasury in which
39 designated persons or classes of persons have a vested beneficial

1 interest or equitable ownership, or which was created or established by
2 a gift, grant, contribution, devise, or bequest that limits the use of
3 the fund to designated objects or purposes.

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

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

10 (13) "Lapse" means the termination of authority to expend an
11 appropriation.

12 (14) "Legislative fiscal committees" means the joint legislative
13 audit and review committee, the legislative evaluation and
14 accountability program committee, the ways and means and transportation
15 committees of the senate and house of representatives, and, where
16 appropriate, the legislative transportation committee.

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

19 (16) "Primary budget driver" means the primary determinant of a
20 budget level, other than a price variable, which causes or is
21 associated with the major expenditure of an agency or budget unit
22 within an agency, such as a caseload, enrollment, workload, or
23 population statistic.

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

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

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

32 (20) "Estimated revenues" means estimates of revenue in the most
33 recent official economic and revenue forecast prepared under RCW
34 82.33.020, and prepared by the office of financial management for those
35 funds, accounts, and sources for which the office of the economic and
36 revenue forecast council does not prepare an official forecast
37 including estimates of revenues to support financial plans under RCW
38 44.40.070, that are prepared by the office of financial management in

1 consultation with the (~~interagency task force~~) transportation revenue
2 forecast council.

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

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

13 (23) "Allotment of appropriation" means the agency's statement of
14 proposed expenditures, the director of financial management's review of
15 that statement, and the placement of the approved statement into the
16 state budgeting, accounting, and reporting system.

17 (24) "Statement of proposed expenditures" means a plan prepared by
18 each agency that breaks each appropriation out into monthly detail
19 representing the best estimate of how the appropriation will be
20 expended.

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

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

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

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

1 **Sec. 36.** RCW 43.88.030 and 1998 c 346 s 910 are each amended to
2 read as follows:

3 (1) The director of financial management shall provide all agencies
4 with a complete set of instructions for submitting biennial budget
5 requests to the director at least three months before agency budget
6 documents are due into the office of financial management. The
7 director shall provide agencies and committees that are required under
8 RCW 44.40.070 to develop comprehensive six-year program and financial
9 plans with a complete set of instructions for submitting these program
10 and financial plans at the same time that instructions for submitting
11 other budget requests are provided. The budget document or documents
12 shall consist of the governor's budget message which shall be
13 explanatory of the budget and shall contain an outline of the proposed
14 financial policies of the state for the ensuing fiscal period, as well
15 as an outline of the proposed six-year financial policies where
16 applicable, and shall describe in connection therewith the important
17 features of the budget. The message shall set forth the reasons for
18 salient changes from the previous fiscal period in expenditure and
19 revenue items and shall explain any major changes in financial policy.
20 Attached to the budget message shall be such supporting schedules,
21 exhibits and other explanatory material in respect to both current
22 operations and capital improvements as the governor shall deem to be
23 useful to the legislature. The budget document or documents shall set
24 forth a proposal for expenditures in the ensuing fiscal period, or six-
25 year period where applicable, based upon the estimated revenues and
26 caseloads as approved by the economic and revenue forecast council and
27 caseload forecast council or upon the estimated revenues and caseloads
28 of the office of financial management for those funds, accounts,
29 sources, and programs for which the forecast councils do not prepare an
30 official forecast, including those revenues anticipated to support the
31 six-year programs and financial plans under RCW 44.40.070. In
32 estimating revenues to support financial plans under RCW 44.40.070, the
33 office of financial management shall rely on information and advice
34 from the ((interagency)) transportation revenue ((task force)) forecast
35 council. Revenues shall be estimated for such fiscal period from the
36 source and at the rates existing by law at the time of submission of
37 the budget document, including the supplemental budgets submitted in
38 the even-numbered years of a biennium. However, the estimated revenues
39 and caseloads for use in the governor's budget document may be adjusted

1 to reflect budgetary revenue transfers and revenue and caseload
2 estimates dependent upon budgetary assumptions of enrollments,
3 workloads, and caseloads. All adjustments to the approved estimated
4 revenues and caseloads must be set forth in the budget document. The
5 governor may additionally submit, as an appendix to each supplemental,
6 biennial, or six-year agency budget or to the budget document or
7 documents, a proposal for expenditures in the ensuing fiscal period
8 from revenue sources derived from proposed changes in existing
9 statutes.

10 Supplemental and biennial documents shall reflect a six-year
11 expenditure plan consistent with estimated revenues from existing
12 sources and at existing rates for those agencies required to submit
13 six-year program and financial plans under RCW 44.40.070. Any
14 additional revenue resulting from proposed changes to existing statutes
15 shall be separately identified within the document as well as related
16 expenditures for the six-year period.

17 The budget document or documents shall also contain:

18 (a) Revenues classified by fund and source for the immediately past
19 fiscal period, those received or anticipated for the current fiscal
20 period, those anticipated for the ensuing biennium, and those
21 anticipated for the ensuing six-year period to support the six-year
22 programs and financial plans required under RCW 44.40.070;

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

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

27 (d) Such additional information dealing with revenues and
28 expenditures as the governor shall deem pertinent and useful to the
29 legislature;

30 (e) Tabulations showing expenditures classified by fund, function,
31 activity, and agency;

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

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

38 (h) Tabulations showing each postretirement adjustment by
39 retirement system established after fiscal year 1991, to include, but

1 not be limited to, estimated total payments made to the end of the
2 previous biennial period, estimated payments for the present biennium,
3 and estimated payments for the ensuing biennium.

4 (2) The budget document or documents shall include detailed
5 estimates of all anticipated revenues applicable to proposed operating
6 or capital expenditures and shall also include all proposed operating
7 or capital expenditures. The total of beginning undesignated fund
8 balance and estimated revenues less working capital and other reserves
9 shall equal or exceed the total of proposed applicable expenditures.
10 The budget document or documents shall further include:

11 (a) Interest, amortization and redemption charges on the state
12 debt;

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

14 (c) Other statutory expenditures;

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

16 (e) Revenues derived from agency operations;

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

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

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

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

29 (j) A showing and explanation of anticipated amounts of general
30 fund and other funds required to amortize the unfunded actuarial
31 accrued liability of the retirement system specified under chapter
32 41.45 RCW, and the contributions to meet such amortization, stated in
33 total dollars and as a level percentage of total compensation.

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

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

1 (b) A capital program consisting of proposed capital projects for
2 the next biennium and the two biennia succeeding the next biennium
3 consistent with the long-range facilities plan. Inasmuch as is
4 practical, and recognizing emergent needs, the capital program shall
5 reflect the priorities, projects, and spending levels proposed in
6 previously submitted capital budget documents in order to provide a
7 reliable long-range planning tool for the legislature and state
8 agencies;

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

11 (d) A strategic plan for reducing backlogs of maintenance and
12 repair projects. The plan shall include a prioritized list of specific
13 facility deficiencies and capital projects to address the deficiencies
14 for each agency, cost estimates for each project, a schedule for
15 completing projects over a reasonable period of time, and
16 identification of normal maintenance activities to reduce future
17 backlogs;

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

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

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

23 (h) Estimated total project cost;

24 (i) For major projects valued over five million dollars, estimated
25 costs for the following project components: Acquisition, consultant
26 services, construction, equipment, project management, and other costs
27 included as part of the project. Project component costs shall be
28 displayed in a standard format defined by the office of financial
29 management to allow comparisons between projects;

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

32 (k) Estimated ensuing biennium costs;

33 (l) Estimated costs beyond the ensuing biennium;

34 (m) Estimated construction start and completion dates;

35 (n) Source and type of funds proposed;

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

38 (p) For any capital appropriation requested for a state agency for
39 the acquisition of land or the capital improvement of land in which the

1 primary purpose of the acquisition or improvement is recreation or
2 wildlife habitat conservation, the capital budget document, or an
3 omnibus list of recreation and habitat acquisitions provided with the
4 governor's budget document, shall identify the projected costs of
5 operation and maintenance for at least the two biennia succeeding the
6 next biennium. Omnibus lists of habitat and recreation land
7 acquisitions shall include individual project cost estimates for
8 operation and maintenance as well as a total for all state projects
9 included in the list. The document shall identify the source of funds
10 from which the operation and maintenance costs are proposed to be
11 funded;

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

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

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

18 For purposes of this subsection (3), the term "capital project"
19 shall be defined subsequent to the analysis, findings, and
20 recommendations of a joint committee comprised of representatives from
21 the house capital appropriations committee, senate ways and means
22 committee, legislative transportation committee, legislative evaluation
23 and accountability program committee, and office of financial
24 management.

25 (4) No change affecting the comparability of agency or program
26 information relating to expenditures, revenues, workload, performance
27 and personnel shall be made in the format of any budget document or
28 report presented to the legislature under this section or RCW
29 43.88.160(1) relative to the format of the budget document or report
30 which was presented to the previous regular session of the legislature
31 during an odd-numbered year without prior legislative concurrence.
32 Prior legislative concurrence shall consist of (a) a favorable majority
33 vote on the proposal by the standing committees on ways and means of
34 both houses if the legislature is in session or (b) a favorable
35 majority vote on the proposal by members of the legislative evaluation
36 and accountability program committee if the legislature is not in
37 session.

1 **Sec. 37.** RCW 43.88.120 and 1991 c 358 s 3 are each amended to read
2 as follows:

3 Each agency engaged in the collection of revenues shall prepare
4 estimated revenues and estimated receipts for the current and ensuing
5 biennium and shall submit the estimates to the director of financial
6 management and the director of revenue at times and in the form
7 specified by the directors, along with any other information which the
8 directors may request. For those agencies required to develop six-year
9 programs and financial plans under RCW 44.40.070, six-year revenue
10 estimates shall be submitted to the director of financial management
11 and the ~~((legislative))~~ transportation committees of the senate and the
12 house of representatives unless the responsibility for reporting these
13 revenue estimates is assumed elsewhere.

14 A copy of such revenue estimates shall be simultaneously submitted
15 to the economic and revenue forecast work group when required by the
16 office of the economic and revenue forecast council.

17 **Sec. 38.** RCW 43.88.122 and 1991 c 358 s 7 are each amended to read
18 as follows:

19 Where there are variances of revenue forecasts between the office
20 of financial management and the ~~((interagency))~~ transportation revenue
21 ~~((task force))~~ forecast council, for those transportation agencies that
22 are required to develop plans under RCW 44.40.070, the office of
23 financial management shall submit (1) a reconciliation of the
24 differences between the revenue forecasts and (2) the assumptions used
25 by the office of financial management to the ~~((legislative))~~
26 transportation committees of the senate and the house of
27 representatives.

28 **Sec. 39.** RCW 44.40.070 and 1998 c 245 s 87 are each amended to
29 read as follows:

30 Prior to October 1st of each even-numbered year the transportation
31 revenue forecast council, consisting of all state agencies whose major
32 programs consist of transportation activities, including the department
33 of transportation, the transportation improvement board, the Washington
34 state patrol, the department of licensing, the traffic safety
35 commission, the county road administration board, ~~((and))~~ the board of
36 pilotage commissioners, and the transportation committees of the senate
37 and house of representatives, shall adopt or revise~~((, after~~

1 ~~consultation with the legislative transportation committee,~~) a
2 comprehensive six-year program and financial plan for all
3 transportation activities under each agency's jurisdiction.

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

7 **Sec. 40.** RCW 82.14.045 and 1998 c 321 s 7 (Referendum Bill No. 49)
8 are each amended to read as follows:

9 (1) The legislative body of any city pursuant to RCW 35.92.060, of
10 any county which has created an unincorporated transportation benefit
11 area pursuant to RCW 36.57.100 and 36.57.110, of any public
12 transportation benefit area pursuant to RCW 36.57A.080 and 36.57A.090,
13 of any county transportation authority established pursuant to chapter
14 36.57 RCW, and of any metropolitan municipal corporation within a
15 county with a population of one million or more pursuant to chapter
16 35.58 RCW, may, by resolution or ordinance for the sole purpose of
17 providing funds for the operation, maintenance, or capital needs of
18 public transportation systems and in lieu of the excise taxes
19 authorized by RCW 35.95.040, submit an authorizing proposition to the
20 voters or include such authorization in a proposition to perform the
21 function of public transportation and if approved by a majority of
22 persons voting thereon, fix and impose a sales and use tax in
23 accordance with the terms of this chapter: PROVIDED, That no such
24 legislative body shall impose such a sales and use tax without
25 submitting such an authorizing proposition to the voters and obtaining
26 the approval of a majority of persons voting thereon: PROVIDED
27 FURTHER, That where such a proposition is submitted by a county on
28 behalf of an unincorporated transportation benefit area, it shall be
29 voted upon by the voters residing within the boundaries of such
30 unincorporated transportation benefit area and, if approved, the sales
31 and use tax shall be imposed only within such area. Notwithstanding
32 any provisions of this section to the contrary, any county in which a
33 county public transportation plan has been adopted pursuant to RCW
34 36.57.070 and the voters of such county have authorized the imposition
35 of a sales and use tax pursuant to the provisions of section 10,
36 chapter 167, Laws of 1974 ex. sess., prior to July 1, 1975, shall be
37 authorized to fix and impose a sales and use tax as provided in this
38 section at not to exceed the rate so authorized without additional

1 approval of the voters of such county as otherwise required by this
2 section.

3 The tax authorized pursuant to this section shall be in addition to
4 the tax authorized by RCW 82.14.030 and shall be collected from those
5 persons who are taxable by the state pursuant to chapters 82.08 and
6 82.12 RCW upon the occurrence of any taxable event within such city,
7 public transportation benefit area, county, or metropolitan municipal
8 corporation as the case may be. The rate of such tax shall be from
9 one-tenth, two-tenths, three-tenths, four-tenths, five-tenths, ((or))
10 six-tenths, seven-tenths, eight-tenths, or nine-tenths of one percent
11 of the selling price (in the case of a sales tax) or value of the
12 article used (in the case of a use tax). The rate of such tax shall
13 not exceed the rate authorized by the voters unless such increase shall
14 be similarly approved.

15 (2)(a) In the event a metropolitan municipal corporation shall
16 impose a sales and use tax pursuant to this chapter no city, county
17 which has created an unincorporated transportation benefit area, public
18 transportation benefit area authority, or county transportation
19 authority wholly within such metropolitan municipal corporation shall
20 be empowered to levy and/or collect taxes pursuant to RCW 35.58.273,
21 35.95.040, and/or 82.14.045, but nothing herein shall prevent such city
22 or county from imposing sales and use taxes pursuant to any other
23 authorization.

24 (b) In the event a county transportation authority shall impose a
25 sales and use tax pursuant to this section, no city, county which has
26 created an unincorporated transportation benefit area, public
27 transportation benefit area, or metropolitan municipal corporation,
28 located within the territory of the authority, shall be empowered to
29 levy or collect taxes pursuant to RCW 35.58.273, 35.95.040, or
30 82.14.045.

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

37 (3) Any local sales and use tax revenue collected pursuant to this
38 section by any city or by any county for transportation purposes
39 pursuant to RCW 36.57.100 and 36.57.110 shall not be counted as locally

1 generated tax revenues for the purposes of apportionment and
2 distribution, in the manner prescribed by chapter 82.44 RCW, of the
3 proceeds of the motor vehicle excise tax authorized pursuant to RCW
4 35.58.273, except that the local sales and use tax revenue collected
5 under this section by a city with a population greater than sixty
6 thousand that as of January 1, 1998, owns and operates a municipal
7 public transportation system shall be counted as locally generated tax
8 revenues for the purposes of apportionment and distribution, in the
9 manner prescribed by chapter 82.44 RCW, of the proceeds of the motor
10 vehicle excise tax authorized under RCW 35.58.273 as follows:

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

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

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

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

23 NEW SECTION. **Sec. 41.** The legislature finds that additional funds
24 or other benefits can be made available to Washington regional transit
25 authorities by facilitating their entry into sale and leaseback,
26 leaseout and leaseback, and similar transactions that provide to
27 private parties, in consideration for the funds or other benefits
28 obtained by the regional transit authorities, tax benefits that are not
29 otherwise available to regional transit authorities. The legislature
30 further finds that such transactions have been encouraged by agencies
31 of the federal government as ways to provide additional funds for
32 public facilities. To facilitate such transactions for regional
33 transit authorities, the legislature has determined that while regional
34 transit authorities may currently have the necessary statutory
35 authority and may currently enjoy exemptions from Washington state
36 taxes for such transactions, an explicit statement of statutory
37 authority and exemption from Washington state taxes is necessary and
38 helpful for the parties to such transactions. In recognition of the

1 complexity of such transactions, the legislature desires that the
2 authority and exemptions provided by sections 42 through 53 of this act
3 be subject to certain limitations and be granted for a period as
4 specified in section 54 of this act.

5 NEW SECTION. **Sec. 42.** A new section is added to chapter 81.112
6 RCW to read as follows:

7 (1) In order to enable regional transit authorities to acquire or
8 finance equipment or facilities, or reduce the cost of equipment or
9 facilities or to provide additional funding to regional transit
10 authorities for any other lawful public purpose, regional transit
11 authorities may enter into sale and leaseback, leaseout and leaseback,
12 and other similar transactions with respect to equipment, facilities,
13 and other real and personal property. In connection with any such
14 transaction, a regional transit authority may execute, as it considers
15 appropriate, contracts, agreements, notes, security agreements,
16 conveyances, bills of sale, deeds, leases as lessee or lessor, and
17 currency hedges, defeasance arrangements, interest rate, currency or
18 other swap transactions, one or more payment undertaking agreements,
19 and agreements relating to foreign and domestic currency. These
20 agreements or instruments must have terms, maturities, durations,
21 provisions as to governing laws, grants of security interests, and
22 other provisions that are approved by the board of the regional transit
23 authority.

24 (2) "Payment undertaking agreement" means one or more agreements,
25 undertakings or arrangements under which all or a portion of the funds
26 generated by a sale and leaseback, leaseout and leaseback, or other
27 similar transaction are directed or paid over to a financial
28 institution, insurance company or other entity that agrees to meet or
29 fulfill, in consideration for the funds, some or all of the obligations
30 of the regional transit authority, or any public corporation or other
31 entity created under section 44 of this act, to make future rent, debt
32 service, or purchase price installment payments in connection with the
33 transaction.

34 NEW SECTION. **Sec. 43.** A new section is added to chapter 81.112
35 RCW to read as follows:

36 Transactions undertaken under section 42 of this act are subject to
37 the following conditions:

1 (1) The financial institution, insurance company, or other entity
2 that enters into a payment undertaking agreement with the regional
3 transit authority or public development corporation or entity created
4 under section 44 of this act as a counterparty must have a rating from
5 at least two nationally recognized credit rating agencies, as of the
6 date of execution of the payment undertaking agreement, that is within
7 the two highest long-term investment grade rating categories, without
8 regard to subcategories, or the obligations of the counterparty must be
9 guaranteed by a financial institution, insurance company, or other
10 entity with that credit rating. The payment undertaking agreement must
11 require that the obligations of the counterparty or the guarantor, as
12 the case may be, must be collateralized by collateral of a type and in
13 an amount specified by the governing body of the regional transit
14 authority if the credit ratings of the counterparty or its guarantor
15 fall below the level required by this subsection.

16 (2) The amount to be paid by the counterparties under payment
17 undertaking agreements for a transaction pursuant to the terms of the
18 agreements, when combined with the amount of securities, deposits, and
19 investments set aside by the regional transit authority for payment in
20 respect of the transactions, together with interest or other earnings
21 on the securities, deposits, or investments, must be sufficient to pay
22 when due all amounts required to be paid by the regional transit
23 authority, or public corporation or entity created under section 44 of
24 this act, as rent, debt service, or installments of purchase price, as
25 the case may be, over the full term of the transaction plus any
26 optional purchase price due under the transaction. A certification by
27 an independent financial expert, banker, or certified public
28 accountant, who is not an employee of the regional transit authority or
29 public corporation or entity created under section 44 of this act,
30 certifying compliance with this requirement is conclusive evidence that
31 the arrangements, by their terms, comply with the requirement under
32 this subsection on the sufficiency of the amount.

33 (3) The payment undertaking agreements, and all other basic and
34 material agreements entered into in connection with the transactions,
35 must specify that the parties to the agreements consent to the
36 jurisdiction of state courts of Washington for disputes arising out of
37 the agreements and agree not to contest venue before such courts.
38 Regardless of the choice of law specified in the foregoing agreements,
39 the agreements must acknowledge that the regional transit authority or

1 public development corporation or entity created under section 44 of
2 this act that is a party to the agreements is an entity created under
3 the laws of the state of Washington whose power and authority and
4 limitations and restrictions on the power and authority are governed by
5 the laws of the state of Washington.

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

10 NEW SECTION. **Sec. 44.** A new section is added to chapter 81.112
11 RCW to read as follows:

12 To accomplish any of the activities under section 42 of this act,
13 a regional transit authority may create a public corporation,
14 commission, or authority under RCW 35.21.730 through 35.21.755, and
15 authorize the corporation, commission, or authority to provide any of
16 the facilities and services that a regional transit authority may
17 provide including any activities under section 42 of this act. A
18 regional transit authority has all the powers, authorities, and rights
19 granted to any city, town, or county or their agents under RCW
20 35.21.730 through 35.21.755 for the purposes of entering into and
21 implementing transactions under section 42 of this act.

22 NEW SECTION. **Sec. 45.** A new section is added to chapter 82.08 RCW
23 to read as follows:

24 The tax levied by RCW 82.08.020 does not apply to lease amounts
25 paid by a seller/lessee to a lessor under a sale/leaseback agreement
26 under section 42 of this act in respect to tangible personal property,
27 used by the seller/lessee, or to the purchase amount paid by the lessee
28 pursuant to an option to purchase at the end of the lease term, but
29 only if the seller/lessee previously paid any tax otherwise due under
30 this chapter or chapter 82.12 RCW at the time of acquisition of the
31 tangible personal property.

32 NEW SECTION. **Sec. 46.** A new section is added to chapter 82.12 RCW
33 to read as follows:

34 This chapter does not apply to the use of tangible personal
35 property by a seller/lessee to a lessor under a sale/leaseback
36 agreement under section 42 of this act in respect to tangible personal

1 property used by the seller/lessee, or to the purchase amount paid by
2 the lessee under an option to purchase at the end of the lease term,
3 but only if the seller/lessee previously paid any tax otherwise due
4 under this chapter or chapter 82.08 RCW at the time of acquisition of
5 the tangible personal property.

6 **Sec. 47.** RCW 82.04.050 and 1998 c 332 s 2, 1998 c 315 s 1, 1998 c
7 308 s 1, and 1998 c 275 s 1 are each reenacted and amended to read as
8 follows:

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

16 (a) Purchases for the purpose of resale as tangible personal
17 property in the regular course of business without intervening use by
18 such person, but a purchase for the purpose of resale by a regional
19 transit authority under section 42 of this act is not a sale for
20 resale; or

21 (b) Installs, repairs, cleans, alters, imprints, improves,
22 constructs, or decorates real or personal property of or for consumers,
23 if such tangible personal property becomes an ingredient or component
24 of such real or personal property without intervening use by such
25 person; or

26 (c) Purchases for the purpose of consuming the property purchased
27 in producing for sale a new article of tangible personal property or
28 substance, of which such property becomes an ingredient or component or
29 is a chemical used in processing, when the primary purpose of such
30 chemical is to create a chemical reaction directly through contact with
31 an ingredient of a new article being produced for sale; or

32 (d) Purchases for the purpose of consuming the property purchased
33 in producing ferrosilicon which is subsequently used in producing
34 magnesium for sale, if the primary purpose of such property is to
35 create a chemical reaction directly through contact with an ingredient
36 of ferrosilicon; or

37 (e) Purchases for the purpose of providing the property to
38 consumers as part of competitive telephone service, as defined in RCW

1 82.04.065. The term shall include every sale of tangible personal
2 property which is used or consumed or to be used or consumed in the
3 performance of any activity classified as a "sale at retail" or "retail
4 sale" even though such property is resold or utilized as provided in
5 (a), (b), (c), (d), or (e) of this subsection following such use. The
6 term also means every sale of tangible personal property to persons
7 engaged in any business which is taxable under RCW 82.04.280 (2) and
8 (7) and 82.04.290.

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

12 (a) The installing, repairing, cleaning, altering, imprinting, or
13 improving of tangible personal property of or for consumers, including
14 charges made for the mere use of facilities in respect thereto, but
15 excluding charges made for the use of coin-operated laundry facilities
16 when such facilities are situated in an apartment house, rooming house,
17 or mobile home park for the exclusive use of the tenants thereof, and
18 also excluding sales of laundry service to nonprofit health care
19 facilities, and excluding services rendered in respect to live animals,
20 birds and insects;

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

29 (c) The charge for labor and services rendered in respect to
30 constructing, repairing, or improving any structure upon, above, or
31 under any real property owned by an owner who conveys the property by
32 title, possession, or any other means to the person performing such
33 construction, repair, or improvement for the purpose of performing such
34 construction, repair, or improvement and the property is then
35 reconveyed by title, possession, or any other means to the original
36 owner;

37 (d) The sale of or charge made for labor and services rendered in
38 respect to the cleaning, fumigating, razing or moving of existing
39 buildings or structures, but shall not include the charge made for

1 janitorial services; and for purposes of this section the term
2 "janitorial services" shall mean those cleaning and caretaking services
3 ordinarily performed by commercial janitor service businesses
4 including, but not limited to, wall and window washing, floor cleaning
5 and waxing, and the cleaning in place of rugs, drapes and upholstery.
6 The term "janitorial services" does not include painting, papering,
7 repairing, furnace or septic tank cleaning, snow removal or
8 sandblasting;

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

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

20 (g) The sale of or charge made for tangible personal property,
21 labor and services to persons taxable under (a), (b), (c), (d), (e),
22 and (f) of this subsection when such sales or charges are for property,
23 labor and services which are used or consumed in whole or in part by
24 such persons in the performance of any activity defined as a "sale at
25 retail" or "retail sale" even though such property, labor and services
26 may be resold after such use or consumption. Nothing contained in this
27 subsection shall be construed to modify subsection (1) of this section
28 and nothing contained in subsection (1) of this section shall be
29 construed to modify this subsection.

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

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

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

39 (c) Credit bureau services;

1 (d) Automobile parking and storage garage services;

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

7 (f) Service charges associated with tickets to professional
8 sporting events; and

9 (g) The following personal services: Physical fitness services,
10 tanning salon services, tattoo parlor services, steam bath services,
11 turkish bath services, escort services, and dating services.

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

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

17 (6) The term shall also include the sale of canned software other
18 than a sale to a person who presents a resale certificate under RCW
19 82.04.470, regardless of the method of delivery to the end user, but
20 shall not include custom software or the customization of canned
21 software.

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

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

35 (a) Persons who participate in the federal conservation reserve
36 program, the environmental quality incentives program, the wetlands
37 reserve program, and the wildlife habitat incentives program, or their
38 successors administered by the United States department of agriculture;

39 (b) farmers for the purpose of producing for sale any agricultural

1 product; and (c) farmers acting under cooperative habitat development
2 or access contracts with an organization exempt from federal income tax
3 under 26 U.S.C. Sec. 501(c)(3) or the Washington state department of
4 fish and wildlife to produce or improve wildlife habitat on land that
5 the farmer owns or leases.

6 (9) The term shall not include the sale of or charge made for labor
7 and services rendered in respect to the constructing, repairing,
8 decorating, or improving of new or existing buildings or other
9 structures under, upon, or above real property of or for the United
10 States, any instrumentality thereof, or a county or city housing
11 authority created pursuant to chapter 35.82 RCW, including the
12 installing, or attaching of any article of tangible personal property
13 therein or thereto, whether or not such personal property becomes a
14 part of the realty by virtue of installation. Nor shall the term
15 include the sale of services or charges made for the clearing of land
16 and the moving of earth of or for the United States, any
17 instrumentality thereof, or a county or city housing authority. Nor
18 shall the term include the sale of services or charges made for
19 cleaning up for the United States, or its instrumentalities,
20 radioactive waste and other byproducts of weapons production and
21 nuclear research and development.

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

25 NEW SECTION. **Sec. 48.** A new section is added to chapter 82.04 RCW
26 to read as follows:

27 This chapter does not apply to amounts received as lease payments
28 paid by a seller/lessee to a lessor under a sale/leaseback agreement
29 under section 42 of this act in respect to tangible personal property
30 used by the seller/lessee, or to the purchase amount paid by the lessee
31 under an option to purchase at the end of the lease term.

32 NEW SECTION. **Sec. 49.** A new section is added to chapter 82.29A
33 RCW to read as follows:

34 All leasehold interests in property of a regional transit authority
35 or public corporation under section 44 of this act under an agreement
36 under section 42 of this act are exempt from tax under this chapter.

1 **Sec. 50.** RCW 82.45.010 and 1999 c 209 s 2 are each amended to read
2 as follows:

3 (1) As used in this chapter, the term "sale" shall have its
4 ordinary meaning and shall include any conveyance, grant, assignment,
5 quitclaim, or transfer of the ownership of or title to real property,
6 including standing timber, or any estate or interest therein for a
7 valuable consideration, and any contract for such conveyance, grant,
8 assignment, quitclaim, or transfer, and any lease with an option to
9 purchase real property, including standing timber, or any estate or
10 interest therein or other contract under which possession of the
11 property is given to the purchaser, or any other person at the
12 purchaser's direction, and title to the property is retained by the
13 vendor as security for the payment of the purchase price. The term
14 also includes the grant, assignment, quitclaim, sale, or transfer of
15 improvements constructed upon leased land.

16 (2) The term "sale" also includes the transfer or acquisition
17 within any twelve-month period of a controlling interest in any entity
18 with an interest in real property located in this state for a valuable
19 consideration. For purposes of this subsection, all acquisitions of
20 persons acting in concert shall be aggregated for purposes of
21 determining whether a transfer or acquisition of a controlling interest
22 has taken place. The department of revenue shall adopt standards by
23 rule to determine when persons are acting in concert. In adopting a
24 rule for this purpose, the department shall consider the following:

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

28 (b) When persons are not commonly owned or controlled, they shall
29 be treated as acting in concert only when the unity with which the
30 purchasers have negotiated and will consummate the transfer of
31 ownership interests supports a finding that they are acting as a single
32 entity. If the acquisitions are completely independent, with each
33 purchaser buying without regard to the identity of the other
34 purchasers, then the acquisitions shall be considered separate
35 acquisitions.

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

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

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

1 (c) A cancellation or forfeiture of a vendee's interest in a
2 contract for the sale of real property, whether or not such contract
3 contains a forfeiture clause, or deed in lieu of foreclosure of a
4 mortgage.

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

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

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

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

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

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

22 (j) A conveyance to the federal housing administration or veterans
23 administration by an authorized mortgagee made pursuant to a contract
24 of insurance or guaranty with the federal housing administration or
25 veterans administration.

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

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

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

33 (n) A sale to a regional transit authority or public corporation
34 under section 44 of this act under a sale/leaseback agreement under
35 section 42 of this act.

36 (o) A transfer of real property, however effected, if it consists
37 of a mere change in identity or form of ownership of an entity where
38 there is no change in the beneficial ownership. These include
39 transfers to a corporation or partnership which is wholly owned by the

1 transferor and/or the transferor's spouse or children: PROVIDED, That
2 if thereafter such transferee corporation or partnership voluntarily
3 transfers such real property, or such transferor, spouse, or children
4 voluntarily transfer stock in the transferee corporation or interest in
5 the transferee partnership capital, as the case may be, to other than
6 (1) the transferor and/or the transferor's spouse or children, (2) a
7 trust having the transferor and/or the transferor's spouse or children
8 as the only beneficiaries at the time of the transfer to the trust, or
9 (3) a corporation or partnership wholly owned by the original
10 transferor and/or the transferor's spouse or children, within three
11 years of the original transfer to which this exemption applies, and the
12 tax on the subsequent transfer has not been paid within sixty days of
13 becoming due, excise taxes shall become due and payable on the original
14 transfer as otherwise provided by law.

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

21 (ii) However, the transfer described in ~~((+o+))~~ (p)(i) of this
22 subsection cannot be preceded or followed within a twelve-month period
23 by another transfer or series of transfers, that, when combined with
24 the otherwise exempt transfer or transfers described in ~~((+o+))~~ (p)(i)
25 of this subsection, results in the transfer of a controlling interest
26 in the entity for valuable consideration, and in which one or more
27 persons previously holding a controlling interest in the entity receive
28 cash or property in exchange for any interest the person or persons
29 acting in concert hold in the entity. This subsection (3)~~((+o+))~~
30 (p)(ii) does not apply to that part of the transfer involving property
31 received that is the real property interest that the person or persons
32 originally contributed to the entity or when one or more persons who
33 did not contribute real property or belong to the entity at a time when
34 real property was purchased receive cash or personal property in
35 exchange for that person or persons' interest in the entity. The real
36 estate excise tax under this subsection (3)~~((+o+))~~ (p)(ii) is imposed
37 upon the person or persons who previously held a controlling interest
38 in the entity.

1 NEW SECTION. **Sec. 51.** A new section is added to chapter 84.36 RCW
2 to read as follows:

3 All real and personal property subject to a sale/leaseback
4 agreement under section 42 of this act is exempt from taxation.

5 NEW SECTION. **Sec. 52.** A new section is added to chapter 35.21 RCW
6 to read as follows:

7 A city or town may not impose taxes on amounts received as lease
8 payments paid by a seller/lessee to a lessor under a sale/leaseback
9 agreement under section 42 of this act in respect to tangible personal
10 property used by the seller/lessee, or to the purchase amount paid by
11 the lessee under an option to purchase at the end of the lease term.

12 **Sec. 53.** RCW 35.21.755 and 1999 c 266 s 1 are each amended to read
13 as follows:

14 (1) A public corporation, commission, or authority created pursuant
15 to RCW 35.21.730 (~~((or))~~), 35.21.660, or section 44 of this act shall
16 receive the same immunity or exemption from taxation as that of the
17 city, town, or county creating the same: PROVIDED, That, except for
18 (a) any property within a special review district established by
19 ordinance prior to January 1, 1976, or listed on or which is within a
20 district listed on any federal or state register of historical sites or
21 (b) any property owned, operated, or controlled by a public corporation
22 that is used primarily for low-income housing, or that is used as a
23 convention center, performing arts center, public assembly hall, public
24 meeting place, public esplanade, street, public way, public open space,
25 park, public utility corridor, or view corridor for the general public
26 or (c) any blighted property owned, operated, or controlled by a public
27 corporation that was acquired for the purpose of remediation and
28 redevelopment of the property in accordance with an agreement or plan
29 approved by the city, town, or county in which the property is located,
30 or (d) any property owned, operated, or controlled by a public
31 corporation created under section 44 of this act, any such public
32 corporation, commission, or authority shall pay to the county treasurer
33 an annual excise tax equal to the amounts which would be paid upon real
34 property and personal property devoted to the purposes of such public
35 corporation, commission, or authority were it in private ownership, and
36 such real property and personal property is acquired and/or operated
37 under RCW 35.21.730 through 35.21.755, and the proceeds of such excise

1 tax shall be allocated by the county treasurer to the various taxing
2 authorities in which such property is situated, in the same manner as
3 though the property were in private ownership: PROVIDED FURTHER, That
4 the provisions of chapter 82.29A RCW shall not apply to property within
5 a special review district established by ordinance prior to January 1,
6 1976, or listed on or which is within a district listed on any federal
7 or state register of historical sites and which is controlled by a
8 public corporation, commission, or authority created pursuant to RCW
9 35.21.730 or 35.21.660, which was in existence prior to January 1,
10 1987: AND PROVIDED FURTHER, That property within a special review
11 district established by ordinance prior to January 1, 1976, or property
12 which is listed on any federal or state register of historical sites
13 and controlled by a public corporation, commission, or authority
14 created pursuant to RCW 35.21.730 or 35.21.660, which was in existence
15 prior to January 1, 1976, shall receive the same immunity or exemption
16 from taxation as if such property had been within a district listed on
17 any such federal or state register of historical sites as of January 1,
18 1976, and controlled by a public corporation, commission, or authority
19 created pursuant to RCW 35.21.730 or 35.21.660 which was in existence
20 prior to January 1, 1976.

21 (2) As used in this section:

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

24 (b) "Area median income" means:

25 (i) For an area within a standard metropolitan statistical area,
26 the area median income reported by the United States department of
27 housing and urban development for that standard metropolitan
28 statistical area; or

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

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

34 NEW SECTION. **Sec. 54.** A new section is added to chapter 81.112
35 RCW to read as follows:

36 (1) Except as provided in subsection (3) of this section, no
37 regional transit authority may initiate a transaction authorized under
38 section 42 of this act after June 30, 2007.

1 (2) The termination of authority to enter into transactions after
2 June 30, 2007, does not affect the validity of any transactions entered
3 into under section 42 of this act.

4 (3) A regional transit authority may enter into a transaction in
5 accordance with section 42 of this act after June 30, 2007, to replace
6 or refinance a transaction that relates to specific obligations entered
7 into on or before that date and that has terminated, or is, under the
8 terms of the replacement or refinance, to terminate, before the final
9 stated term of that transaction. The exemptions from taxes provided by
10 sections 45, 46, 48, 49, 51, and 52 of this act and RCW 82.04.050,
11 82.45.010, and 35.21.755 apply to the replacement or refinance
12 transactions.

13 (4) A regional transit authority, or public corporation or entity
14 created under section 44 of this act, that undertakes a transaction
15 authorized by section 42 of this act, shall provide to the state
16 finance committee, or its financial advisor, at the state finance
17 committee's discretion, a copy of all material agreements executed in
18 connection with the transaction within three months of the closing of
19 the transaction and shall make a report to the state finance committee,
20 the president of the senate, and the speaker of the house of
21 representatives on transactions authorized by section 42 of this act.
22 The report must include the amount of the transactions, the expected
23 savings or losses resulting from the transactions, the transaction
24 costs, including fees and detailed pricing information, the risks
25 associated with the transaction, and any other information the regional
26 transit authority determines relevant. The report must be submitted
27 within six months of the closing of each transaction.

28 NEW SECTION. **Sec. 55.** The authority granted by sections 42
29 through 53 of this act is in addition and supplemental to any authority
30 previously granted and does not limit nor is limited by any other
31 powers or authority previously granted to regional transit authorities
32 or any public corporation, or restrictions on such powers or authority.
33 Nothing in sections 42 through 53 of this act limits other statutory
34 authority previously granted to regional transit authorities or public
35 corporations or other tax exemptions granted to regional transit
36 authorities or public corporations. Nothing in sections 42 through 53
37 of this act limits the authority of the state, any political
38 subdivision thereof, or any other public or municipal corporation to

1 undertake the activities described in sections 42 through 53 of this
2 act as expressly or impliedly authorized by other provisions of law.
3 Nothing in sections 42 through 53 of this act is an authorization to
4 provide indemnification to the extent the indemnification is prohibited
5 or restricted by other provisions of law or the Constitution of the
6 state of Washington.

7 **Sec. 56.** RCW 82.36.025 and 1999 c 269 s 16 and 1999 c 94 s 29 are
8 each reenacted and amended to read as follows:

9 A state and local motor vehicle fuel tax rate of twenty-three cents
10 per gallon shall apply to the sale, distribution, or use of motor
11 vehicle fuel.

12 NEW SECTION. **Sec. 57.** A new section is added to chapter 82.36 RCW
13 to read as follows:

14 The department of agriculture shall place a sticker on all retail
15 motor vehicle fuel pumps that indicates where the state portion of the
16 motor vehicle fuel tax is being appropriated.

17 NEW SECTION. **Sec. 58.** The following acts or parts of acts are
18 each repealed:

19 (1) RCW 46.68.260 (Impaired driving safety account) and 1998 c 212
20 s 2; and

21 (2) RCW 82.44.180 (Transportation fund--Deposits and distributions)
22 and 1999 c 402 s 5, 1999 c 94 s 31, 1998 c 321 s 41 (Referendum Bill
23 No. 49), & 1995 c 269 s 2601.

24 NEW SECTION. **Sec. 59.** (1) Sections 1, 3, and 4 of this act are
25 necessary for the immediate preservation of the public peace, health,
26 or safety, or support of the state government and its existing public
27 institutions. Sections 1 and 3 of this act take effect immediately.
28 Section 4 of this act is also remedial in nature and takes effect
29 retroactively as of December 31, 1999. Section 7 of this act takes
30 effect September 1, 2000. Sections 2, 5, 6, 8 through 12, and 58 of
31 this act take effect July 1, 2000.

32 (2) Section 21 of this act is necessary for the immediate
33 preservation of the public peace, health, or safety, or support of the
34 state government and its existing public institutions, is remedial in

1 nature, and takes effect retroactively as of January 1, 2000. Sections
2 13 through 20 and 22 through 27 of this act take effect July 1, 2001.
3 (3) Sections 28 through 34 of this act take effect July 1, 2000.

4 NEW SECTION. **Sec. 60.** Sections 5 and 6 of this act expire
5 September 1, 2000.

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