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HOUSE BILL 1879

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State of Washington                      58th Legislature                      2003 Regular Session

By Representatives Gombosky and Cairnes

Read first time 02/13/2003. Referred to Committee on Finance.

1            AN ACT Relating to simplifying the concurrent taxing jurisdictions  
2 of the tribal municipalities and the state; amending RCW 82.14.030,  
3 82.14.040, and 82.14.050; adding a new section to chapter 82.14 RCW;  
4 and creating a new section.

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

6            NEW SECTION.    **Sec. 1.** The legislature recognizes that state and  
7 tribal jurisdiction to tax the same transaction results in confusion  
8 regarding the imposition and collection of tax. It is the  
9 legislature's intent to allow tribal municipalities to contract with  
10 the department of revenue for the distribution of tax in the same  
11 manner as other cities and towns within the state of Washington.  
12 Additionally, it is the legislature's intent that the tribal municipal  
13 tax be treated the same as a tax imposed by a city or town tax insofar  
14 as calculating the percentage of tax to be shared between the county  
15 and the city or town.

16            NEW SECTION.    **Sec. 2.** A new section is added to chapter 82.14 RCW  
17 to read as follows:

18            (1) For the sole purposes of tax administration, in addition to the

1 meaning given it in RCW 82.14.020, the word "city" includes an  
2 incorporated political subdivision of the Tulalip Tribes of Washington  
3 when that incorporated political subdivision, with defined boundaries  
4 within the reservation of the tribe, has received approval from the  
5 United States department of the treasury pursuant to 26 U.S.C. Sec.  
6 7871(d) and the regulations and procedures of the United States under  
7 26 U.S.C. Sec. 7871(d) to be treated as a political subdivision of an  
8 Indian tribal government for purposes of 26 U.S.C. Sec. 7871(d).

9 (2) The department may enter into an interlocal cooperation  
10 agreement pursuant to chapter 39.34 RCW with any Indian tribe that has  
11 a city, as that term is used in subsection (1) of this section, to  
12 administer and collect tax under the provisions of RCW 82.14.050 to be  
13 levied on activities occurring on federal Indian trust or restricted  
14 fee lands within the boundaries of the city as the boundaries are  
15 defined by the charter of the city. Any such agreement is subject to  
16 the following provisions:

17 (a) The tribal sales and use tax definitions must be uniform with  
18 the state and local sales and use tax definitions under chapters 82.08  
19 and 82.12 RCW and this chapter.

20 (b) The tribal tax rate must be no greater than that allowed cities  
21 under RCW 82.14.030.

22 (c) The tribe must agree to provide the county with a percentage of  
23 its revenue, in accordance with the provisions of RCW 82.14.030; this  
24 percentage subject to distribution by the department.

25 (3) The agreement may also cover additional areas of tax  
26 administration, including audit and compliance, and other  
27 administrative provisions of chapters 82.03, 82.08, 82.12, and 82.32  
28 RCW, as may be required to simplify tax administration and tax  
29 reporting.

30 **Sec. 3.** RCW 82.14.030 and 1989 c 384 s 6 are each amended to read  
31 as follows:

32 (1) The governing body of any county or city while not required by  
33 legislative mandate to do so, may, by resolution or ordinance for the  
34 purposes authorized by this chapter, fix and impose a sales and use tax  
35 in accordance with the terms of this chapter. Such tax shall be  
36 collected from those persons who are taxable by the state pursuant to  
37 chapters 82.08 and 82.12 RCW, upon the occurrence of any taxable event

1 within the county or city as the case may be: PROVIDED, That except as  
2 provided in RCW 82.14.230, this sales and use tax shall not apply to  
3 natural or manufactured gas. The rate of such tax imposed by a county  
4 shall be five-tenths of one percent of the selling price (in the case  
5 of a sales tax) or value of the article used (in the case of a use  
6 tax). The rate of such tax imposed by a city shall not exceed five-  
7 tenths of one percent of the selling price (in the case of a sales tax)  
8 or value of the article used (in the case of a use tax): PROVIDED,  
9 HOWEVER, That in the event a county shall impose a sales and use tax  
10 under this subsection, the rate of such tax imposed under this  
11 subsection by any city therein shall not exceed four hundred and  
12 twenty-five one-thousandths of one percent.

13 (2) Subject to the enactment into law of the 1982 amendment to RCW  
14 82.02.020 by section 5, chapter 49, Laws of 1982 1st ex. sess., in  
15 addition to the tax authorized in subsection (1) of this section, the  
16 governing body of any county or city may by resolution or ordinance  
17 impose an additional sales and use tax in accordance with the terms of  
18 this chapter. Such additional tax shall be collected upon the same  
19 taxable events upon which the tax imposed under subsection (1) of this  
20 section is levied. The rate of such additional tax imposed by a county  
21 shall be up to five-tenths of one percent of the selling price (in the  
22 case of a sales tax) or value of the article used (in the case of a use  
23 tax). The rate of such additional tax imposed by a city shall be up to  
24 five-tenths of one percent of the selling price (in the case of a sales  
25 tax) or value of the article used (in the case of a use tax): PROVIDED  
26 HOWEVER, That in the event a county shall impose a sales and use tax  
27 under this subsection at a rate equal to or greater than the rate  
28 imposed under this subsection by a city within the county, the county  
29 shall receive fifteen percent of the city tax: PROVIDED FURTHER, That  
30 in the event that the county shall impose a sales and use tax under  
31 this subsection at a rate which is less than the rate imposed under  
32 this subsection by a city within the county, the county shall receive  
33 that amount of revenues from the city tax equal to fifteen percent of  
34 the rate of tax imposed by the county under this subsection. The  
35 authority to impose a tax under this subsection is intended in part to  
36 compensate local government for any losses from the phase-out of the  
37 property tax on business inventories.

1       (3) As used in this section, in addition to the meaning given in  
2 RCW 82.14.020, "city" has the meaning given in section 2 of this act.

3       **Sec. 4.** RCW 82.14.040 and 1982 1st ex.s. c 49 s 18 are each  
4 amended to read as follows:

5       (1) Any county ordinance adopted under RCW 82.14.030(1) shall  
6 contain, in addition to all other provisions required to conform to  
7 this chapter, a provision allowing a credit against the county tax  
8 imposed under RCW 82.14.030(1) for the full amount of any city sales or  
9 use tax imposed under RCW 82.14.030(1) or in conformance with an  
10 agreement subject to section 2 of this act upon the same taxable event.

11       (2) Any county ordinance adopted under RCW 82.14.030(2) shall  
12 contain, in addition to all other provisions required to conform to  
13 this chapter, a provision allowing a credit against the county tax  
14 imposed under RCW 82.14.030(2) for the full amount of any city sales or  
15 use tax imposed under RCW 82.14.030(2) or in conformance with an  
16 agreement subject to section 2 of this act upon the same taxable event  
17 up to the additional tax imposed by the county under RCW 82.14.030(2).

18       (3) As used in this section, in addition to the meaning given in  
19 RCW 82.14.020, "city" has the meaning given in section 2 of this act.

20       **Sec. 5.** RCW 82.14.050 and 2002 c 56 s 406 are each amended to read  
21 as follows:

22       (1) The counties, cities, and transportation authorities under RCW  
23 82.14.045, public facilities districts under chapters 36.100 and 35.57  
24 RCW, and regional transportation investment districts shall contract,  
25 prior to the effective date of a resolution or ordinance imposing a  
26 sales and use tax, the administration and collection to the state  
27 department of revenue, which shall deduct a percentage amount, as  
28 provided by contract, not to exceed two percent of the taxes collected  
29 for administration and collection expenses incurred by the department.

30       (2) The remainder of any portion of any tax authorized by this  
31 chapter that is collected by the department of revenue shall be  
32 deposited by the state department of revenue in the local sales and use  
33 tax account hereby created in the state treasury. Moneys in the local  
34 sales and use tax account may be spent only for distribution to  
35 counties, cities, transportation authorities, public facilities

1 districts, and regional transportation investment districts imposing a  
2 sales and use tax.

3 (3) All administrative provisions in chapters 82.03, 82.08, 82.12,  
4 and 82.32 RCW, as they now exist or may hereafter be amended, shall,  
5 insofar as they are applicable to state sales and use taxes, be  
6 applicable to taxes imposed pursuant to this chapter.

7 (4) Except as provided in RCW 43.08.190, all earnings of  
8 investments of balances in the local sales and use tax account shall be  
9 credited to the local sales and use tax account and distributed to the  
10 counties, cities, transportation authorities, public facilities  
11 districts, and regional transportation investment districts monthly.

12 (5) As used in this section, in addition to the meaning given in  
13 RCW 82.14.020, "city" has the meaning given in section 2 of this act.

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