
HOUSE BILL 2229

State of Washington 58th Legislature 2003 Regular Session

By Representatives Murray, Cooper, Wallace, Clibborn, Simpson,
Hudgins and Hankins

Read first time 03/26/2003. Referred to Committee on Transportation.

1 AN ACT Relating to sales and use tax equalization payments;
2 amending RCW 82.14.046; and providing a contingent effective date.

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

4 **Sec. 1.** RCW 82.14.046 and 1998 c 321 s 37 are each amended to read
5 as follows:

6 Beginning (~~with distributions made to municipalities under RCW~~
7 ~~82.44.150 on~~)) January 1, (~~(1996)~~) 2004, until December 31, 2013,
8 municipalities as defined in RCW 35.58.272 imposing local transit
9 taxes, which for purposes of this section include the sales and use tax
10 under RCW 82.14.045, the business and occupation tax under RCW
11 35.95.040, and excise taxes under RCW 35.95.040, shall be eligible for
12 quarterly sales and use tax equalization payments from (~~motor vehicle~~
13 ~~excise taxes distributed under RCW 82.44.150~~)) the multimodal
14 transportation account as follows:

15 (1) Prior to January 1st of each year the department of revenue
16 shall determine the total and the per capita levels of revenues for
17 each municipality imposing local transit taxes and the statewide
18 weighted average per capita level of sales and use tax revenues imposed
19 under chapters 82.08 and 82.12 RCW for the previous calendar year

1 calculated for a sales and use tax rate of one-tenth percent. For
2 purposes of this section, the department of revenue shall determine a
3 local transit tax rate for each municipality for the previous calendar
4 year. The tax rate shall be equivalent to the sales and use tax rate
5 for the municipality that would have generated an amount of revenue
6 equal to the amount of local transit taxes collected by the
7 municipality.

8 (2) For each tenth of one percent of the local transit tax rate,
9 the state treasurer shall apportion to each municipality receiving less
10 than eighty percent of the statewide weighted average per capita level
11 of sales and use tax revenues imposed under chapters 82.08 and 82.12
12 RCW as determined by the department of revenue under subsection (1) of
13 this section, an amount when added to the per capita level of revenues
14 received the previous calendar year by the municipality, to equal
15 eighty percent of the statewide weighted average per capita level of
16 revenues determined under subsection (1) of this section. In no event
17 may the sales and use tax equalization distribution to a municipality
18 in a single calendar year exceed: (a) Fifty percent of the amount of
19 local transit taxes collected during the prior calendar year; or (b)
20 the maximum amount of revenue that could have been collected at a local
21 transit tax rate of three-tenths percent in the prior calendar year.

22 (3) For a municipality established after January 1, 1995, sales and
23 use tax equalization distributions shall be made according to the
24 procedures in this subsection. Sales and use tax equalization
25 distributions to eligible new municipalities shall be made at the same
26 time as distributions are made under subsection (2) of this section.
27 The department of revenue shall follow the estimating procedures
28 outlined in this subsection until the new municipality has received a
29 full year's worth of local transit tax revenues as of the January sales
30 and use tax equalization distribution.

31 (a) Whether a newly established municipality determined to receive
32 funds under this subsection receives its first equalization payment at
33 the January, April, July, or October sales and use tax equalization
34 distribution shall depend on the date the system first imposes local
35 transit taxes.

36 (i) A newly established municipality imposing local transit taxes
37 taking effect during the first calendar quarter shall be eligible to

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

3 (ii) A newly established municipality imposing local transit taxes
4 taking effect during the second calendar quarter shall be eligible to
5 receive funds under this subsection beginning with the October sales
6 and use tax equalization distribution of that year.

7 (iii) A newly established municipality imposing local transit taxes
8 taking effect during the third calendar quarter shall be eligible to
9 receive funds under this subsection beginning with the January sales
10 and use tax equalization distribution of the next year.

11 (iv) A newly established municipality imposing local transit taxes
12 taking effect during the fourth calendar quarter shall be eligible to
13 receive funds under this subsection beginning with the April sales and
14 use tax equalization distribution of the next year.

15 (b) For purposes of calculating the amount of funds the new
16 municipality should receive under this subsection, the department of
17 revenue shall:

18 (i) Estimate the per capita amount of revenues from local transit
19 taxes that the new municipality would have received had the
20 municipality received revenues from the tax the entire calendar year;

21 (ii) Calculate the amount provided under subsection (2) of this
22 section based on the per capita revenues determined under (b)(i) of
23 this subsection;

24 (iii) Prorate the amount determined under (b)(ii) of this
25 subsection by the number of months the local transit taxes have been
26 imposed.

27 (c) The department of revenue shall advise the state treasurer of
28 the amounts calculated under (b) of this subsection and the state
29 treasurer shall distribute these amounts to the new municipality from
30 ~~((the motor vehicle excise tax deposited into the transportation fund~~
31 ~~under RCW 82.44.110))~~ funds deposited into the multimodal
32 transportation account.

33 (4) If the amount of distributions are projected to exceed the
34 amount provided by the legislature for this purpose, the amounts must
35 be distributed in the following manner: (a) First, that amount
36 necessary to equalize up to eighty percent of a local tax rate of 0.3
37 percent, or eighty percent of the amount necessary to equalize the
38 local tax rate imposed by the municipality, whichever is less; and (b)

1 second, that amount necessary to equalize up to eighty percent of the
2 local tax rate imposed above 0.3 percent. In no event may the total
3 amount of distribution exceed six million dollars in any calendar year.
4 In no event may the amount of distribution to a municipality for (a) or
5 (a) and (b) of this subsection exceed the amount determined under
6 subsection (2) of this section. If the amount of funds provided are
7 less than needed for (a) and (b) of this subsection, then the amount
8 available must be prorated based on the share of each municipality's
9 portion of the total amounts for which those municipalities would
10 otherwise be eligible, first for (a) and then for (b) of this
11 subsection;

12 (5) A municipality whose governing body implements a tax change
13 that reduces its local transit tax rate after January 1, 1994, may not
14 receive distributions under this section.

15 NEW SECTION. Sec. 2. This act takes effect January 1, 2004, but
16 only if legislation that provides additional revenues, excluding
17 transfers, for the multimodal transportation account is in effect on
18 that date.

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