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SENATE BILL 6686

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State of Washington

59th Legislature

2006 Regular Session

By Senators Prentice, Esser, Kastama, Johnson, Kline, Finkbeiner, Weinstein, Keiser, Berkey and McAuliffe

Read first time 01/18/2006. Referred to Committee on Ways & Means.

1 AN ACT Relating to authorizing a local sales and use tax that is  
2 credited against the state sales and use tax; and adding a new section  
3 to chapter 82.14 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.14 RCW  
6 to read as follows:

7 (1) The legislative authority of any city with a population less  
8 than four hundred thousand and which is located in a county with a  
9 population greater than six hundred thousand that annexes an area  
10 consistent with its comprehensive plan required by chapter 36.70A RCW,  
11 may impose a sales and use tax in accordance with the terms of this  
12 chapter. The tax is in addition to other taxes authorized by law and  
13 shall be collected from those persons who are taxable by the state  
14 under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable  
15 event within the city. The tax may only be imposed by a city if:

16 (a) The city has annexed an area under chapter 35.13 or 35A.14 RCW  
17 having a population of at least ten thousand people prior to January 1,  
18 2012; and

1 (b) The city legislative authority determines by resolution or  
2 ordinance that the projected cost to provide municipal services to the  
3 annexation area exceeds the projected general revenue that the city  
4 would otherwise receive from the annexation area on an annual basis.

5 (2) The tax authorized under this section is a credit against the  
6 state tax under chapter 82.08 or 82.12 RCW. The department of revenue  
7 shall perform the collection of such taxes on behalf of the city at no  
8 cost to the city and shall remit the tax to the county as provided in  
9 RCW 82.14.060.

10 (3) The maximum rate of tax any city may impose under this section  
11 shall be 0.2 percent for the total number of annexed areas the city may  
12 annex. The rate of the tax imposed under this section is 0.1 percent  
13 for each annexed area population that is greater than ten thousand and  
14 less than twenty thousand. The rate of the tax imposed under this  
15 section shall be 0.2 percent for an annexed area which the population  
16 is greater than twenty thousand.

17 (4) The tax imposed by this section shall only be available to a  
18 city for a period of ten years from the date an annexation area has  
19 been annexed to the city.

20 (5) All revenue collected under this section shall be used solely  
21 to provide, maintain, and operate municipal services for the annexation  
22 area.

23 (6) The revenues from the tax authorized in this section may not  
24 exceed that which the city deems necessary to generate revenue equal to  
25 the difference between the city's cost to provide, maintain, and  
26 operate municipal services for the annexation area and the general  
27 revenues that the cities would otherwise expect to receive from the  
28 annexation during a year. If the revenues from the tax authorized in  
29 this section and the revenues from the annexation area exceed the costs  
30 to the city to provide, maintain, and operate municipal services for  
31 the annexation area during a given year, the city shall notify the  
32 department and the tax authorized in this section shall be suspended  
33 for the remainder of the year.

34 (7) The following definitions apply throughout this section unless  
35 the context clearly requires otherwise:

36 (a) "Annexation area" means an area that has been annexed to a city  
37 under chapter 35.13 or 35A.14 RCW. "Annexation area" includes all  
38 territory described in the city resolution.

1 (b) "Department" means the department of revenue.

2 (c) "Municipal services" means those services customarily provided  
3 to the public by city government.

4 NEW SECTION. **Sec. 2.** If any provision of this act or its  
5 application to any person or circumstance is held invalid, the  
6 remainder of the act or the application of the provision to other  
7 persons or circumstances is not affected.

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