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HOUSE BILL 1790

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State of Washington

60th Legislature

2007 Regular Session

By Representatives Ericks, Newhouse, Linville, Armstrong, Simpson, Haler, Takko, Hunt, McCoy, Hailey, Grant, Buri, Hinkle, Kessler, Alexander, P. Sullivan, Eddy, Curtis, VanDeWege, Conway, O'Brien, Green, Goodman, Morrell, Lantz and Moeller

Read first time 01/29/2007. Referred to Committee on Community & Economic Development & Trade.

1 AN ACT Relating to the distribution of funds from excise tax  
2 collections on the sale of real property for jobs, economic  
3 development, and local capital projects; amending RCW 82.45.060,  
4 43.160.080, and 82.46.010; reenacting and amending RCW 82.46.035 and  
5 43.155.050; adding a new section to chapter 43.160 RCW; repealing 2005  
6 c 425 s 6 (uncodified); and providing effective dates.

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

8 **Sec. 1.** RCW 82.45.060 and 2005 c 450 s 1 are each amended to read  
9 as follows:

10 There is imposed an excise tax upon each sale of real property at  
11 the rate of one and twenty-eight one-hundredths percent of the selling  
12 price.

13 (1) An amount equal to six and one-tenth percent of the proceeds of  
14 this tax to the state treasurer shall be deposited in the public works  
15 assistance account created in RCW 43.155.050.

16 (2) An amount equal to one and six-tenths percent of the proceeds  
17 of this tax to the state treasurer shall be deposited in the city-  
18 county assistance account created in RCW 43.08.290.

1       (3) An amount equal to three and three-tenths percent of the  
2 proceeds of this tax to the state treasurer shall be deposited into the  
3 public facilities construction loan revolving account created in RCW  
4 43.160.080.

5       **Sec. 2.** RCW 43.160.080 and 1998 c 321 s 30 are each amended to  
6 read as follows:

7       There shall be a fund in the state treasury known as the public  
8 facilities construction loan revolving account, which shall consist of  
9 all moneys collected under this chapter, except moneys of the board  
10 collected in connection with the issuance of industrial development  
11 revenue bonds and moneys deposited in the distressed county public  
12 facilities construction loan account under RCW 43.160.220, and any  
13 moneys appropriated to it by law: PROVIDED, That seventy-five percent  
14 of all principal and interest payments on loans made with the proceeds  
15 deposited in the account under section 901, chapter 57, Laws of 1983  
16 1st ex. sess. shall be deposited in the general fund as reimbursement  
17 for debt service payments on the bonds authorized in RCW 43.83.184.  
18 Disbursements from the revolving account shall be on authorization of  
19 the board. In order to maintain an effective expenditure and revenue  
20 control, the public facilities construction loan revolving account  
21 shall be subject in all respects to chapter 43.88 RCW.

22       Of the funds deposited into the public facilities construction loan  
23 revolving account from RCW 82.45.060(3), sixty percent will be placed  
24 in the job development fund under section 3 of this act and forty  
25 percent will be placed in the economic development account under RCW  
26 43.160.200.

27       NEW SECTION. **Sec. 3.** A new section is added to chapter 43.160 RCW  
28 to read as follows:

29       The job development fund is created as a subaccount within the  
30 public facilities construction loan revolving account under RCW  
31 43.160.080. Moneys in the account may be spent only after  
32 appropriation. Expenditures from the account may be used solely for  
33 job development fund program grants and administrative expenses related  
34 to the administration of the job development fund program created in  
35 RCW 43.160.230.

1       **Sec. 4.** RCW 82.46.010 and 1994 c 272 s 1 are each amended to read  
2 as follows:

3       (1) The legislative authority of any county or city shall identify  
4 in the adopted budget the capital projects funded in whole or in part  
5 from the proceeds of the tax authorized in this section, and shall  
6 indicate that such tax is intended to be in addition to other funds  
7 that may be reasonably available for such capital projects.

8       (2)(a) The legislative authority of any county or any city may  
9 impose an excise tax on each sale of real property in the  
10 unincorporated areas of the county for the county tax and in the  
11 corporate limits of the city for the city tax at a rate not exceeding  
12 one-quarter of one percent of the selling price. The revenues from  
13 this tax shall be used by any city or county with a population of five  
14 thousand or less and any city or county that does not plan under RCW  
15 36.70A.040 for any capital purpose identified in a capital improvements  
16 plan and local capital improvements, including those listed in RCW  
17 35.43.040.

18       (b)(i) After April 30, 1992, revenues generated from the tax  
19 imposed under this subsection in counties over five thousand population  
20 and cities over five thousand population that are required or choose to  
21 plan under RCW 36.70A.040 shall be used solely for financing: (A)  
22 Capital projects specified in a capital facilities plan element or a  
23 housing element of a comprehensive plan; and (B) housing relocation  
24 assistance under RCW 59.18.440 and 59.18.450.

25       (ii) However, revenues ((+a+)) (A) pledged by such counties and  
26 cities to debt retirement prior to April 30, 1992, may continue to be  
27 used for that purpose until the original debt for which the revenues  
28 were pledged is retired, or ((+b+)) (B) committed prior to April 30,  
29 1992, by such counties or cities to a project may continue to be used  
30 for that purpose until the project is completed.

31       (3) In lieu of imposing the tax authorized in RCW 82.14.030(2), the  
32 legislative authority of any county or any city may impose an  
33 additional excise tax on each sale of real property in the  
34 unincorporated areas of the county for the county tax and in the  
35 corporate limits of the city for the city tax at a rate not exceeding  
36 one-half of one percent of the selling price.

37       (4) Taxes imposed under this section shall be collected from

1 persons who are taxable by the state under chapter 82.45 RCW upon the  
2 occurrence of any taxable event within the unincorporated areas of the  
3 county or within the corporate limits of the city, as the case may be.

4 (5) Taxes imposed under this section shall comply with all  
5 applicable rules, regulations, laws, and court decisions regarding real  
6 estate excise taxes as imposed by the state under chapter 82.45 RCW.

7 (6) As used in this section, "city" means any city or town and  
8 "capital project" means those public works projects of a local  
9 government for planning, acquisition, construction, reconstruction,  
10 repair, replacement, rehabilitation, or improvement of streets; roads;  
11 highways; sidewalks; street and road lighting systems; traffic signals;  
12 bridges; domestic water systems; storm and sanitary sewer systems;  
13 parks; recreational facilities; law enforcement facilities; fire  
14 protection facilities; trails; libraries; administrative and/or  
15 judicial facilities; housing projects; and river and/or waterway flood  
16 control projects by those jurisdictions that, prior to June 11, 1992,  
17 have expended funds derived from the tax authorized by this section for  
18 such purposes(~~(; and, until December 31, 1995, housing projects for~~  
19 ~~those jurisdictions that, prior to June 11, 1992, have expended or~~  
20 ~~committed to expend funds derived from the tax authorized by this~~  
21 ~~section or the tax authorized by RCW 82.46.035 for such purposes)).~~

22 **Sec. 5.** RCW 82.46.035 and 1992 c 221 s 3 and 1991 sp.s. c 32 s 33  
23 are each reenacted and amended to read as follows:

24 (1) The legislative authority of any county or city shall identify  
25 in the adopted budget the capital projects funded in whole or in part  
26 from the proceeds of the tax authorized in this section, and shall  
27 indicate that such tax is intended to be in addition to other funds  
28 that may be reasonably available for such capital projects.

29 (2) The legislative authority of any county or any city that plans  
30 under RCW 36.70A.040(1) may impose an additional excise tax on each  
31 sale of real property in the unincorporated areas of the county for the  
32 county tax and in the corporate limits of the city for the city tax at  
33 a rate not exceeding one-quarter of one percent of the selling price.  
34 Any county choosing to plan under RCW 36.70A.040(2) and any city within  
35 such a county may only adopt an ordinance imposing the excise tax  
36 authorized by this section if the ordinance is first authorized by a  
37 proposition approved by a majority of the voters of the taxing district

1 voting on the proposition at a general election held within the  
2 district or at a special election within the taxing district called by  
3 the district for the purpose of submitting such proposition to the  
4 voters.

5 (3) Revenues generated from the tax imposed under subsection (2) of  
6 this section shall be used by such counties and cities solely for  
7 financing capital projects specified in a capital facilities plan  
8 element and a housing element of a comprehensive plan. However,  
9 revenues (a) pledged by such counties and cities to debt retirement  
10 prior to March 1, 1992, may continue to be used for that purpose until  
11 the original debt for which the revenues were pledged is retired, or  
12 (b) committed prior to March 1, 1992, by such counties or cities to a  
13 project may continue to be used for that purpose until the project is  
14 completed.

15 (4) Revenues generated by the tax imposed by this section shall be  
16 deposited in a separate account.

17 (5) As used in this section, "city" means any city or town and  
18 "capital project" means those public works projects of a local  
19 government for planning, acquisition, construction, reconstruction,  
20 repair, replacement, rehabilitation, or improvement of streets, roads,  
21 highways, sidewalks, street and road lighting systems, traffic signals,  
22 bridges, domestic water systems, storm and sanitary sewer systems,  
23 ~~((and planning, construction, reconstruction, repair, rehabilitation,~~  
24 ~~or improvement of))~~ parks, recreational facilities, law enforcement  
25 facilities, fire protection facilities, trails, libraries,  
26 administrative and either judicial facilities and housing projects or  
27 both.

28 (6) When the governor files a notice of noncompliance under RCW  
29 36.70A.340 with the secretary of state and the appropriate county or  
30 city, the county or city's authority to impose the additional excise  
31 tax under this section shall be temporarily rescinded until the  
32 governor files a subsequent notice rescinding the notice of  
33 noncompliance.

34 **Sec. 6.** RCW 43.155.050 and 2005 c 488 s 925 and 2005 c 425 s 4 are  
35 each reenacted and amended to read as follows:

36 ~~((1))~~ The public works assistance account is hereby established  
37 in the state treasury. Money may be placed in the public works

1 assistance account from the proceeds of bonds when authorized by the  
2 legislature or from any other lawful source. Money in the public works  
3 assistance account shall be used to make loans and to give financial  
4 guarantees to local governments for public works projects. Moneys in  
5 the account may also be appropriated to provide for state match  
6 requirements under federal law for projects and activities conducted  
7 and financed by the board under the drinking water assistance account.  
8 Not more than fifteen percent of the biennial capital budget  
9 appropriation to the public works board from this account may be  
10 expended or obligated for preconstruction loans, emergency loans, or  
11 loans for capital facility planning under this chapter; of this amount,  
12 not more than ten percent of the biennial capital budget appropriation  
13 may be expended for emergency loans and not more than one percent of  
14 the biennial capital budget appropriation may be expended for capital  
15 facility planning loans. For the 2005-2007 biennium, moneys in the  
16 account may be used for grants for projects identified in section 138,  
17 chapter 488, Laws of 2005.

18 ~~((2) The job development fund is hereby established in the state  
19 treasury. Up to fifty million dollars each biennium from the public  
20 works assistance account may be transferred into the job development  
21 fund. Money in the job development fund may be used solely for job  
22 development fund program grants, administrative expenses related to the  
23 administration of the job development fund program created in RCW  
24 43.160.230, and for the report prepared by the joint legislative audit  
25 and review committee pursuant to RCW 44.28.801(2). Moneys in the job  
26 development fund may be spent only after appropriation. The board  
27 shall prepare a prioritized list of proposed projects of up to fifty  
28 million dollars as part of the department's 2007-09 biennial budget  
29 request. The board may provide an additional alternate job development  
30 fund project list of up to ten million dollars. The legislature may  
31 remove projects from the list recommended by the board. The  
32 legislature may not change the prioritization of projects recommended  
33 for funding by the board, but may add projects from the alternate list  
34 in order of priority, as long as the total funding does not exceed  
35 fifty million dollars.))~~

36 NEW SECTION. **Sec. 7.** 2005 c 425 s 6 (uncodified) is repealed.

1        NEW SECTION.   **Sec. 8.**   Sections 1 through 3 and 6 of this act take  
2 effect July 1, 2009.

3        NEW SECTION.   **Sec. 9.**   Section 7 of this act takes effect June 30,  
4 2009.

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