

SHB 1147 - H AMD 381

By Representative Hunter

NOT CONSIDERED 4/26/2009

1 Strike everything after the enacting clause and insert the
2 following:

3
4 "Sec. 1. RCW 82.14.450 and 2007 c 380 s 1 are each amended to
5 read as follows:

6 (1) A county legislative authority may submit an authorizing
7 proposition to the county voters at a primary or general election and,
8 if the proposition is approved by a majority of persons voting, impose
9 a sales and use tax in accordance with the terms of this chapter. The
10 title of each ballot measure must clearly state the purposes for which
11 the proposed sales and use tax will be used. (~~Funds raised under
12 this tax shall not supplant existing funds used for these purposes.
13 For purposes of this subsection, existing funds means the actual
14 operating expenditures for the calendar year in which the ballot
15 measure is approved by voters. Actual operating expenditures excludes
16 lost federal funds, lost or expired state grants or loans,
17 extraordinary events not likely to reoccur, changes in contract
18 provisions beyond the control of the county or city receiving the
19 services, and major nonrecurring capital expenditures.~~) The rate of
20 tax under this section (~~shall~~) may not exceed three-tenths of one
21 percent of the selling price in the case of a sales tax, or value of
22 the article used, in the case of a use tax.

23 (2) The tax authorized in this section is in addition to any other
24 taxes authorized by law and (~~shall~~) must be collected from those
25 persons who are taxable by the state under chapters 82.08 and 82.12
26 RCW upon the occurrence of any taxable event within the county.

27

1 (3) The retail sale or use of motor vehicles, and the lease of
2 motor vehicles for up to the first thirty-six months of the lease, are
3 exempt from tax imposed under this section.

4 (4) One-third of all money received under this section (~~shall~~)
5 must be used solely for criminal justice purposes. For the purposes
6 of this subsection, "criminal justice purposes" means additional
7 police protection, mitigation of congested court systems, or relief of
8 overcrowded jails or other local correctional facilities.

9 (5) Money received under this section (~~shall~~) must be shared
10 between the county and the cities as follows: Sixty percent (~~shall~~)
11 must be retained by the county and forty percent (~~shall~~) must be
12 distributed on a per capita basis to cities in the county.

13
14 **Sec. 2.** RCW 82.14.460 and 2008 c 157 s 2 are each amended to read
15 as follows:

16 (1) A county legislative authority may authorize, fix, and impose
17 a sales and use tax in accordance with the terms of this chapter.

18 (2) The tax authorized in this section shall be in addition to any
19 other taxes authorized by law and shall be collected from those
20 persons who are taxable by the state under chapters 82.08 and 82.12
21 RCW upon the occurrence of any taxable event within the county. The
22 rate of tax shall equal one-tenth of one percent of the selling price
23 in the case of a sales tax, or value of the article used, in the case
24 of a use tax.

25 (3) Moneys collected under this section shall be used solely for
26 the purpose of providing for the operation or delivery of (~~new or~~
27 ~~expanded~~) chemical dependency or mental health treatment programs and
28 services and for the operation or delivery of (~~new or expanded~~)
29 therapeutic court programs and services. For the purposes of this
30 section, "programs and services" includes, but is not limited to,
31 treatment services, case management, and housing that are a component
32 of a coordinated chemical dependency or mental health treatment
33 program or service.

1 (4) All moneys collected under this section must be used solely
2 for the purpose of providing new or expanded programs and services as
3 provided in this section, except a portion of moneys collected under
4 this section ((shall not)) may be used to supplant existing funding
5 for these purposes((, provided that)) in any county as follows: Up to
6 fifty percent may be used to supplant existing funding in the fiscal
7 year ending in 2010; up to forty percent may be used to supplant
8 existing funding in the fiscal year ending in 2011; up to thirty
9 percent may be used to supplant existing funding in the fiscal year
10 ending in 2012; up to twenty percent may be used to supplant existing
11 funding in the fiscal year ending in 2013; and up to ten percent may
12 be used to supplant existing funding in the fiscal year ending in
13 2014.

14 (5) Nothing in this section shall be interpreted to prohibit the
15 use of moneys collected under this section for the replacement of
16 lapsed federal funding previously provided for the operation or
17 delivery of services and programs as provided in this section.

18
19 **Sec. 3.** RCW 82.14.415 and 2006 c 361 s 1 are each amended to read
20 as follows:

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

31 (a) The city has commenced annexation of an area under chapter
32 35.13 or 35A.14 RCW having a population of at least ten thousand
33 people prior to January 1, ((2010)) 2015; and
34

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 shall be remitted to
9 the city as provided in RCW 82.14.060.

10 (3)(a) Except as provided in (b) of this subsection, the maximum
11 rate of tax any city may impose under this section shall be (~~0.2~~
12 ~~percent for the total number of annexed areas the city may annex. The~~
13 ~~rate of the tax imposed under this section is~~)):

14 (i) 0.1 percent for each annexed area population that is greater
15 than ten thousand and less than twenty thousand (~~The rate of the~~
16 ~~tax imposed under this section shall be~~); and

17 (ii) 0.2 percent for an annexed area (~~which the~~) population that
18 is greater than twenty thousand.

19 (b) As of July 1, 2011, and thereafter, 0.85 percent for an
20 annexed area population that is greater than eighteen thousand if:

21 (i) The annexed area is annexed by a city that has officially
22 designated the area a potential annexation area; and

23 (ii) The annexed area is, or was prior to November 1, 2008,
24 officially designated as a potential annexation area by a city with a
25 population greater than four hundred thousand, in a county with a
26 population over one million.

27 (4)(a) The maximum cumulative rate of tax a city may impose under
28 subsection (3)(a)(i) and (ii) of this section is 0.2 percent for the
29 total number of annexed areas the city may annex.

30 (b) The maximum cumulative rate of tax a city may impose under
31 subsection (3)(b) of this section is 0.85 percent and for the single
32 annexed area the city may annex and the amount of tax distributed to a
33 city under subsection (3)(b) of this section shall not exceed five
34 million dollars per fiscal year.

1 (5) The tax imposed by this section shall only be imposed at the
2 beginning of a fiscal year and shall continue for no more than ten
3 years from the date the tax is first imposed. Tax rate increases due
4 to additional annexed areas shall be effective on July 1st of the
5 fiscal year following the fiscal year in which the annexation
6 occurred, provided that notice is given to the department as set forth
7 in subsection ~~((+8+))~~ (9) of this section.

8 ~~((+5+))~~ (6) All revenue collected under this section shall be used
9 solely to provide, maintain, and operate municipal services for the
10 annexation area.

11 ~~((+6+))~~ (7) The revenues from the tax authorized in this section
12 may not exceed that which the city deems necessary to generate revenue
13 equal to the difference between the city's cost to provide, maintain,
14 and operate municipal services for the annexation area and the general
15 revenues that the cities would otherwise expect to receive from the
16 annexation during a year. If the revenues from the tax authorized in
17 this section and the revenues from the annexation area exceed the
18 costs to the city to provide, maintain, and operate municipal services
19 for the annexation area during a given year, the city shall notify the
20 department and the tax distributions authorized in this section shall
21 be suspended for the remainder of the year.

22 ~~((+7+))~~ (8) No tax may be imposed under this section before July
23 1, 2007. Before imposing a tax under this section, the legislative
24 authority of a city shall adopt an ordinance that includes the
25 following:

26 (a) A certification that the amount needed to provide municipal
27 services to the annexed area reflects the city's true and actual
28 costs;

29 (b) The rate of tax under this section that shall be imposed
30 within the city; and

31 ~~((+b+))~~ (c) The threshold amount for the first fiscal year
32 following the annexation and passage of the ordinance.

33 ~~((+8+))~~ (9) The tax shall cease to be distributed to the city for
34 the remainder of the fiscal year once the threshold amount has been

1 reached. No later than March 1st of each year, the city shall provide
2 the department with a certification of the city's true and actual
3 costs to provide municipal services to the annexed area, a new
4 threshold amount for the next fiscal year, and notice of any
5 applicable tax rate changes. Distributions of tax under this section
6 shall begin again on July 1st of the next fiscal year and continue
7 until the new threshold amount has been reached or June 30th,
8 whichever is sooner. Any revenue generated by the tax in excess of
9 the threshold amount shall belong to the state of Washington. Any
10 amount resulting from the threshold amount less the total fiscal year
11 distributions, as of June 30th, shall not be carried forward to the
12 next fiscal year.

13 ~~((9))~~ (10) The tax shall cease to be distributed to a city
14 imposing the tax under subsection (3)(b) of this section for the
15 remainder of the fiscal year, if the total distributions to the city
16 imposing the tax exceed five million dollars for the fiscal year.

17 (11) The following definitions apply throughout this section
18 unless the context clearly requires otherwise:

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

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

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

25 (d) "Fiscal year" means the year beginning July 1st and ending the
26 following June 30th.

27 (e) "Threshold amount" means the maximum amount of tax
28 distributions as determined by the city in accordance with subsection
29 ~~((6))~~ (7) of this section that the department shall distribute to
30 the city generated from the tax imposed under this section in a fiscal
31 year.

32 (f) "Potential annexation area" means one or more geographic areas
33 that a city has officially designated for potential future annexation,
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1 as part of its comprehensive plan adoption process under the state
2 growth management act, chapter 36.70A RCW.

3
4 **Sec. 4.** RCW 84.55.050 and 2008 c 319 s 1 are each amended to read
5 as follows:

6 (1) Subject to any otherwise applicable statutory dollar rate
7 limitations, regular property taxes may be levied by or for a taxing
8 district in an amount exceeding the limitations provided for in this
9 chapter if such levy is authorized by a proposition approved by a
10 majority of the voters of the taxing district voting on the
11 proposition at a general election held within the district or at a
12 special election within the taxing district called by the district for
13 the purpose of submitting such proposition to the voters. Any
14 election held pursuant to this section shall be held not more than
15 twelve months prior to the date on which the proposed levy is to be
16 made, except as provided in subsection (2) of this section. The
17 ballot of the proposition shall state the dollar rate proposed and
18 shall clearly state the conditions, if any, which are applicable under
19 subsection (4) of this section.

20 (2)(a) Subject to statutory dollar limitations, a proposition
21 placed before the voters under this section may authorize annual
22 increases in levies for multiple consecutive years, up to six
23 consecutive years, during which period each year's authorized maximum
24 legal levy shall be used as the base upon which an increased levy
25 limit for the succeeding year is computed, but the ballot proposition
26 must state the dollar rate proposed only for the first year of the
27 consecutive years and must state the limit factor, or a specified
28 index to be used for determining a limit factor, such as the consumer
29 price index, which need not be the same for all years, by which the
30 regular tax levy for the district may be increased in each of the
31 subsequent consecutive years. Elections for this purpose must be held
32 at a primary or general election. The title of each ballot measure
33 must state the limited purposes for which the proposed annual
34 increases during the specified period of up to six consecutive years

1 shall be used(~~(, and funds raised under the levy shall not supplant~~
2 ~~existing funds used for these purposes)~~).

3 (b)(i) Except as otherwise provided in this subsection (3)(b),
4 funds raised by a levy under this subsection shall not supplant
5 existing funds used for the limited purpose specified in the ballot
6 title. For purposes of this subsection, existing funds means the
7 actual operating expenditures for the calendar year in which the
8 ballot measure is approved by voters. Actual operating expenditures
9 excludes lost federal funds, lost or expired state grants or loans,
10 extraordinary events not likely to reoccur, changes in contract
11 provisions beyond the control of the taxing district receiving the
12 services, and major nonrecurring capital expenditures.

13 (ii) The supplanting limitations in (b)(i) of this subsection do
14 not apply to levies approved by the voters in 2009, 2010, and 2011, in
15 any county with a population of one million five hundred thousand or
16 more.

17 (iii) The supplanting limitations in (b)(i) of this subsection do
18 not apply to levies approved by the voters in any county with a
19 population less than one million five hundred thousand.

20 (3) After a levy authorized pursuant to this section is made, the
21 dollar amount of such levy may not be used for the purpose of
22 computing the limitations for subsequent levies provided for in this
23 chapter, unless the ballot proposition expressly states that the levy
24 made under this section will be used for this purpose.

25 (4) If expressly stated, a proposition placed before the voters
26 under subsection (1) or (2) of this section may:

27 (a) Use the dollar amount of a levy under subsection (1) of this
28 section, or the dollar amount of the final levy under subsection (2)
29 of this section, for the purpose of computing the limitations for
30 subsequent levies provided for in this chapter;

31 (b) Limit the period for which the increased levy is to be made
32 under (a) of this subsection;

33 (c) Limit the purpose for which the increased levy is to be made
34 under (a) of this subsection, but if the limited purpose includes

1 making redemption payments on bonds, the period for which the
2 increased levies are made shall not exceed nine years;

3 (d) Set the levy or levies at a rate less than the maximum rate
4 allowed for the district; or

5 (e) Include any combination of the conditions in this subsection.

6 (5) Except as otherwise expressly stated in an approved ballot
7 measure under this section, subsequent levies shall be computed as if:

8 (a) The proposition under this section had not been approved; and

9 (b) The taxing district had made levies at the maximum rates which
10 would otherwise have been allowed under this chapter during the years
11 levies were made under the proposition.

12

13 NEW SECTION. **Sec. 5.** (1) A county may adopt an ordinance
14 creating a rural infrastructure improvement and service district in
15 all of the unincorporated area of the county. The ordinance creating
16 the district may only be adopted after a public hearing has been held
17 on the creation of the district and the county legislative body makes
18 a finding that it is in the public interest to create the district.
19 The members of the county legislative body, acting in an ex officio
20 capacity and independently, shall compose the governing body of a
21 county utility service district.

22 (2) A rural infrastructure improvement and service district is a
23 quasi-municipal corporation and an independent taxing "authority"
24 within the meaning of Article VII, section 1 of the state
25 Constitution.

26 (3) A rural infrastructure improvement and service district shall
27 have the authority to contract under chapter 39.34 RCW with a county,
28 city, town, or other municipality for the provision of services and
29 capital projects within the district.

30

31 NEW SECTION. **Sec. 6.** (1) A rural infrastructure improvement and
32 service district may impose an excise tax on the privilege of engaging
33 in business as a utility. The tax is equal to the gross income of the

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1 business derived from providing service within the district,
2 multiplied by a rate not exceeding six percent.

3 (2) A rural infrastructure improvement and service district must
4 use taxes collected under the authority of this section only for
5 capital projects and services provided within the district.

6 (3) A utility subject to tax under this section must add the tax
7 to the rates or charges it makes for utility services and separately
8 state the amount of tax on billings.

9 (4) The definitions in this subsection apply to this section.

10 (a) "Cable service utility" means a person providing cable service
11 as defined in the federal telecommunications act of 1996.

12 (b) "Electrical power utility" has the same meaning as light and
13 power business as defined in RCW 82.16.010.

14 (c) "Gas utility" has the same meaning as gas distribution
15 business as defined in RCW 82.16.010.

16 (d) "Gross income of the business" is defined as provided in RCW
17 82.04.080.

18 (e) "Sewer utility" means a sewerage collection business as
19 defined in RCW 82.16.020.

20 (f) "Solid waste utility" means a solid waste collection business
21 as defined in RCW 82.18.010.

22 (g) "Telephone utility" means a person providing
23 telecommunications service as defined in RCW 82.04.065.

24 (h) "Water utility" means a water distribution business as defined
25 in RCW 82.16.010.

26 (i) "Utility" means an electrical power utility, gas utility,
27 telephone utility, water utility, sewer utility, solid waste utility,
28 or cable service utility.

29 (5) A rural infrastructure improvement and service district may
30 provide exemptions for sales by utilities to business customers, such
31 as, manufacturing facilities, aircraft repair facilities, industrial
32 parks, industrial facilities, farm businesses, and computer data
33 centers. A district may not provide a general exemption for sales by
34

1 utilities to residential customers unless business customers are also
2 exempt.

3 (6) A rural infrastructure improvement and service district must
4 allow a credit against the cable service utility tax for any franchise
5 fee paid by the cable service utility to the county.

6 (7) A rural infrastructure improvement and service district
7 located in a county with a population of one million five hundred
8 thousand or more may not impose the tax authorize under this section
9 after January 1, 2012.

10

11 **Sec. 7.** RCW 36.54.130 and 2007 c 223 s 6 are each amended to read
12 as follows:

13 (1) To carry out the purposes for which ferry districts are
14 created, the governing body of a ferry district may levy each year an
15 ad valorem tax on all taxable property located in the district not to
16 exceed seventy-five cents per thousand dollars of assessed value,
17 except a county with a population of one million five hundred thousand
18 or more may not levy at a rate that exceeds seven and one-half
19 percent. The levy must be sufficient for the provision of ferry
20 services as shown to be required by the budget prepared by the
21 governing body of the ferry district.

22 (2) A tax imposed under this section may be used only for:

23 (a) Providing ferry services, including the purchase, lease, or
24 rental of ferry vessels and dock facilities;

25 (b) The operation, maintenance, and improvement of ferry vessels
26 and dock facilities;

27 (c) Providing shuttle services between the ferry terminal and
28 passenger parking facilities, and other landside improvements directly
29 related to the provision of passenger-only ferry service; and

30 (d) Related personnel costs.

31

32 **Sec. 8.** A new section is added to chapter 84.52 RCW to read as
33 follows:

34

1 (1) A county with a population of one million five hundred
2 thousand or more may impose an additional regular property tax levy in
3 an amount not to exceed seven and one-half cents per thousand dollars
4 of the assessed value of property in the county in accordance with the
5 terms of this section.

6 (2) Any tax imposed under this section shall be used as follows:

7 (a) Thirteen and one-third percent for expanding transit capacity
8 along state route 520 by adding core and other supporting bus routes;

9 (b) The remainder for transit related expenditures.

10 (3) The limitations in RCW 84.52.043 do not apply to the tax
11 authorized in this section.

12 (4) The limitation in RCW 84.55.010 does not apply to the first
13 tax levy imposed under this section.

14

15 **Sec. 9.** RCW 84.52.043 and 2005 c 122 s 3 are each amended to read
16 as follows:

17 Within and subject to the limitations imposed by RCW 84.52.050 as
18 amended, the regular ad valorem tax levies upon real and personal
19 property by the taxing districts hereafter named shall be as follows:

20 (1) Levies of the senior taxing districts shall be as follows:

21 (a) The levy by the state shall not exceed three dollars and sixty
22 cents per thousand dollars of assessed value adjusted to the state
23 equalized value in accordance with the indicated ratio fixed by the
24 state department of revenue to be used exclusively for the support of
25 the common schools; (b) the levy by any county shall not exceed one
26 dollar and eighty cents per thousand dollars of assessed value; (c)
27 the levy by any road district shall not exceed two dollars and twenty-
28 five cents per thousand dollars of assessed value; and (d) the levy by
29 any city or town shall not exceed three dollars and thirty-seven and
30 one-half cents per thousand dollars of assessed value. However any
31 county is hereby authorized to increase its levy from one dollar and
32 eighty cents to a rate not to exceed two dollars and forty-seven and
33 one-half cents per thousand dollars of assessed value for general
34 county purposes if the total levies for both the county and any road

1 district within the county do not exceed four dollars and five cents
2 per thousand dollars of assessed value, and no other taxing district
3 has its levy reduced as a result of the increased county levy.

4 (2) The aggregate levies of junior taxing districts and senior
5 taxing districts, other than the state, shall not exceed five dollars
6 and ninety cents per thousand dollars of assessed valuation. The term
7 "junior taxing districts" includes all taxing districts other than the
8 state, counties, road districts, cities, towns, port districts, and
9 public utility districts. The limitations provided in this subsection
10 shall not apply to: (a) Levies at the rates provided by existing law
11 by or for any port or public utility district; (b) excess property tax
12 levies authorized in Article VII, section 2 of the state Constitution;
13 (c) levies for acquiring conservation futures as authorized under RCW
14 84.34.230; (d) levies for emergency medical care or emergency medical
15 services imposed under RCW 84.52.069; (e) levies to finance affordable
16 housing for very low-income housing imposed under RCW 84.52.105; (f)
17 the portions of levies by metropolitan park districts that are
18 protected under RCW 84.52.120; (g) levies imposed by ferry districts
19 under RCW 36.54.130; (h) levies for criminal justice purposes under
20 RCW 84.52.135; (~~and~~) (i) the portions of levies by fire protection
21 districts that are protected under RCW 84.52.125; and levies by
22 counties for transit related purposes under section 5 of this act.

23

24 **Sec. 10.** RCW 84.52.010 and 2007 c 54 s 26 are each amended to
25 read as follows:

26 Except as is permitted under RCW 84.55.050, all taxes shall be
27 levied or voted in specific amounts.

28 The rate percent of all taxes for state and county purposes, and
29 purposes of taxing districts coextensive with the county, shall be
30 determined, calculated and fixed by the county assessors of the
31 respective counties, within the limitations provided by law, upon the
32 assessed valuation of the property of the county, as shown by the
33 completed tax rolls of the county, and the rate percent of all taxes
34 levied for purposes of taxing districts within any county shall be

1 determined, calculated and fixed by the county assessors of the
2 respective counties, within the limitations provided by law, upon the
3 assessed valuation of the property of the taxing districts
4 respectively.

5 When a county assessor finds that the aggregate rate of tax levy
6 on any property, that is subject to the limitations set forth in RCW
7 84.52.043 or 84.52.050, exceeds the limitations provided in either of
8 these sections, the assessor shall recompute and establish a
9 consolidated levy in the following manner:

10 (1) The full certified rates of tax levy for state, county, county
11 road district, and city or town purposes shall be extended on the tax
12 rolls in amounts not exceeding the limitations established by law;
13 however any state levy shall take precedence over all other levies and
14 shall not be reduced for any purpose other than that required by RCW
15 84.55.010. If, as a result of the levies imposed under RCW 36.54.130,
16 84.34.230, 84.52.069, 84.52.105, the portion of the levy by a
17 metropolitan park district that was protected under RCW 84.52.120,
18 84.52.125, (~~and~~) 84.52.135, and section 8 of this act, the combined
19 rate of regular property tax levies that are subject to the one
20 percent limitation exceeds one percent of the true and fair value of
21 any property, then these levies shall be reduced as follows:

22 (a) The levy imposed by a county under section 8 of this act shall
23 be reduced until the combined rate no longer exceeds one percent of
24 the true and fair value of any property or shall be eliminated;

25 (b) If the combined rate of regular property tax levies that are
26 subject to the one percent limitation still exceeds one percent of the
27 true and fair value of any property, the portion of the levy by a fire
28 protection district that is protected under RCW 84.52.125 shall be
29 reduced until the combined rate no longer exceeds one percent of the
30 true and fair value of any property or shall be eliminated;

31 (b) If the combined rate of regular property tax levies that are
32 subject to the one percent limitation still exceeds one percent of the
33 true and fair value of any property, the levy imposed by a county
34 under RCW 84.52.135 must be reduced until the combined rate no longer

1 exceeds one percent of the true and fair value of any property or must
2 be eliminated;

3 (c) If the combined rate of regular property tax levies that are
4 subject to the one percent limitation still exceeds one percent of the
5 true and fair value of any property, the levy imposed by a ferry
6 district under RCW 36.54.130 must be reduced until the combined rate
7 no longer exceeds one percent of the true and fair value of any
8 property or must be eliminated;

9 (d) If the combined rate of regular property tax levies that are
10 subject to the one percent limitation still exceeds one percent of the
11 true and fair value of any property, the portion of the levy by a
12 metropolitan park district that is protected under RCW 84.52.120 shall
13 be reduced until the combined rate no longer exceeds one percent of
14 the true and fair value of any property or shall be eliminated;

15 (e) If the combined rate of regular property tax levies that are
16 subject to the one percent limitation still exceeds one percent of the
17 true and fair value of any property, then the levies imposed under RCW
18 84.34.230, 84.52.105, and any portion of the levy imposed under RCW
19 84.52.069 that is in excess of thirty cents per thousand dollars of
20 assessed value, shall be reduced on a pro rata basis until the
21 combined rate no longer exceeds one percent of the true and fair value
22 of any property or shall be eliminated; and

23 (f) If the combined rate of regular property tax levies that are
24 subject to the one percent limitation still exceeds one percent of the
25 true and fair value of any property, then the thirty cents per
26 thousand dollars of assessed value of tax levy imposed under RCW
27 84.52.069 shall be reduced until the combined rate no longer exceeds
28 one percent of the true and fair value of any property or eliminated.

29 (2) The certified rates of tax levy subject to these limitations
30 by all junior taxing districts imposing taxes on such property shall
31 be reduced or eliminated as follows to bring the consolidated levy of
32 taxes on such property within the provisions of these limitations:

33 (a) First, the certified property tax levy rates of those junior
34 taxing districts authorized under RCW 36.68.525, 36.69.145,

1 35.95A.100, and 67.38.130 shall be reduced on a pro rata basis or
2 eliminated;

3 (b) Second, if the consolidated tax levy rate still exceeds these
4 limitations, the certified property tax levy rates of flood control
5 zone districts shall be reduced on a pro rata basis or eliminated;

6 (c) Third, if the consolidated tax levy rate still exceeds these
7 limitations, the certified property tax levy rates of all other junior
8 taxing districts, other than fire protection districts, regional fire
9 protection service authorities, library districts, the first fifty
10 cent per thousand dollars of assessed valuation levies for
11 metropolitan park districts, and the first fifty cent per thousand
12 dollars of assessed valuation levies for public hospital districts,
13 shall be reduced on a pro rata basis or eliminated;

14 (d) Fourth, if the consolidated tax levy rate still exceeds these
15 limitations, the first fifty cent per thousand dollars of assessed
16 valuation levies for metropolitan park districts created on or after
17 January 1, 2002, shall be reduced on a pro rata basis or eliminated;

18 (e) Fifth, if the consolidated tax levy rate still exceeds these
19 limitations, the certified property tax levy rates authorized to fire
20 protection districts under RCW 52.16.140 and 52.16.160 and regional
21 fire protection service authorities under RCW 52.26.140(1) (b) and (c)
22 shall be reduced on a pro rata basis or eliminated; and

23 (f) Sixth, if the consolidated tax levy rate still exceeds these
24 limitations, the certified property tax levy rates authorized for fire
25 protection districts under RCW 52.16.130, regional fire protection
26 service authorities under RCW 52.26.140(1)(a), library districts,
27 metropolitan park districts created before January 1, 2002, under
28 their first fifty cent per thousand dollars of assessed valuation
29 levy, and public hospital districts under their first fifty cent per
30 thousand dollars of assessed valuation levy, shall be reduced on a pro
31 rata basis or eliminated.

32
33 **Sec. 11.** RCW 47.26.086 and 1994 c 179 s 11 are each amended to
34 read as follows:

1 (1) Transportation improvement account projects selected for
2 funding programs after fiscal year 1995 are governed by the
3 requirements of this section.

4 (2) The board shall allocate funds from the account by June 30th
5 of each year for the ensuing fiscal year to urban counties, cities
6 with a population of five thousand and over, and to transportation
7 benefit districts. Projects may include, but are not limited to,
8 multi-agency projects and arterial improvement projects in fast-
9 growing areas. The board shall endeavor to provide geographical
10 diversity in selecting improvement projects to be funded from the
11 account.

12 (3) The intent of the program is to improve mobility of people
13 and goods in Washington state by supporting economic development and
14 environmentally responsive solutions to our statewide transportation
15 system needs.

16 (4) To be eligible to receive these funds, a project must be
17 consistent with the Growth Management Act, the Clean Air Act including
18 conformity, and the Commute Trip Reduction Law and consideration must
19 have been given to the project's relationship, both actual and
20 potential, with the statewide rail passenger program and rapid mass
21 transit. Projects must be consistent with any adopted high capacity
22 transportation plan, must consider existing or reasonably foreseeable
23 congestion levels attributable to economic development or growth and
24 all modes of transportation and safety, and must be partially funded
25 by local government or private contributions, or a combination of such
26 contributions. Priority consideration shall be given to those
27 projects with the greatest percentage of local or private
28 contribution, or both.

29 (5) A city or town located within a county with a population of
30 one million five hundred thousand or more may not qualify for new
31 grants after December 31, 2011, unless: (a) All potential annexation
32 areas have been annexed prior to January 1, 2012; or (b) the voter's
33 within remaining potential annexation areas have rejected annexation.
34 This subsection only applies to potential annexation areas that are:

1 (a) Recognized in the city or town's comprehensive plan or related
2 document as such plan or related document exists on the effective date
3 of this act; and (b) estimated to have a population in excess of four
4 thousand.

5 Within one year after board approval of an application for
6 funding, the lead agency shall provide written certification to the
7 board of the pledged local and private funding for the phase of the
8 project approved. Funds allocated to an applicant that does not
9 certify its funding within one year after approval may be reallocated
10 by the board.

11
12 NEW SECTION. Sec. 12. A new section is added to chapter 43.155
13 RCW to read as follows:

14 A city or town located within a county with a population of one
15 million five hundred thousand or more may not qualify for new loans or
16 pledges after December 31, 2011, unless: (a) All potential annexation
17 areas have been annexed prior to January 1, 2012; or (b) the voter's
18 within remaining potential annexation areas have rejected annexation.
19 This section only applies to potential annexation areas that are: (a)
20 Recognized in the city or town's comprehensive plan or related
21 document as such plan or related document exists on the effective date
22 of this act; and (b) estimated to have a population in excess of four
23 thousand.

24
25 NEW SECTION. Sec. 13. A new section is added to chapter 35.21
26 RCW to read as follows:

27 (1) Subject to the requirements of this section, a city or town
28 located partially or wholly within a county with a population of one
29 million five hundred thousand or more may impose a tax upon the gross
30 income or gross receipts of a water-sewer district.

31 (2) A city or town imposing the tax authorized under this section
32 may not impose a rate of tax that exceeds six percent.

33 (3)(a) A city or town may not impose the tax authorized under
34 this section unless: (a) All potential annexation areas have been

1 annexed prior to January 1, 2012; or (b) the voter's within remaining
2 potential annexation areas have rejected annexation. This subsection
3 only applies to potential annexation areas that are: (a) Recognized in
4 the city or town's comprehensive plan or related document as such plan
5 or related document exists on the effective date of this act; and (b)
6 estimated to have a population in excess of four thousand.

7
8 NEW SECTION. **Sec. 14.** A new section is added to chapter 43.09
9 RCW to read as follows:

10 (1) By January 1, 2011, the state auditor shall conduct a
11 performance audit of any county with a population of one million five
12 hundred thousand or more to specifically determine whether policy
13 changes and programs the county has adopted since January 1, 2009,
14 will effectively reduce overhead and other costs, improve services,
15 and streamline operations. The performance audit must identify
16 current deficiencies in recognized best practices in the provision of
17 county goods and services and how the provision of these goods and
18 services could be provided more efficiently and effectively. As part
19 of the performance audit, the auditor shall also evaluate the amount
20 of local and regional services provided by the county within and
21 outside city limits and contrast this with other large counties in
22 Washington and with counties of similar size in other states. The
23 state auditor shall use money distributed to the auditor under RCW
24 82.08.020(5) to pay for the performance audit required under this
25 section.

26 (2) This section expires January 1, 2012.

27
28
29 NEW SECTION. **Sec. 15.** Sections 5 and 6 constitute a new chapter
30 to be added to Title 36 RCW.

31
32 NEW SECTION. **Sec. 16.** Section 2 of this act expires July 1,
33 2014."

EFFECT: Allows the mental health/chemical dependency sales and use tax to partially supplant existing funds in counties with a population less than 1.5 million. Allows for the creation of rural infrastructure improvement and service (RIIS) districts in unincorporated areas of counties. Allows a RIIS district to impose a tax on utilities. Allows cities in King County to impose utility taxes on water-sewer districts. Requires the state auditor to do a performance audit of King County. Requires cities within King County to annex or attempt to annex large potential annexation areas in order to apply for TIB and public works trust fund grants and loans. Limits the ferry district property tax in King County to 7.5 cents. Authorizes an additional property tax in King County of 7.5 cents to fund transit projects.

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