H-3911	.1		

HOUSE BILL 2650

State of Washington 61st Legislature 2010 Regular Session

By Representatives Springer, Conway, Flannigan, Pettigrew, Dunshee, Ormsby, Appleton, Simpson, Kenney, Ericks, and Morrell

Prefiled 01/08/10. Read first time 01/11/10. Referred to Committee on Finance.

- AN ACT Relating to providing local flexibility with existing revenues during severe economic downturns; amending RCW 82.46.010,
- 3 82.46.035, 82.14.340, 82.14.400, 82.14.450, 82.14.450, 82.14.460,
- 4 82.14.460, 9.46.113, and 67.28.1815; reenacting and amending RCW
- 5 82.46.035; providing effective dates; and providing expiration dates.
- 6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

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- 7 **Sec. 1.** RCW 82.46.010 and 1994 c 272 s 1 are each amended to read 8 as follows:
- 9 (1) The legislative authority of any county or city shall identify 10 in the adopted budget the capital projects funded in whole or in part 11 from the proceeds of the tax authorized in this section, and shall 12 indicate that such tax is intended to be in addition to other funds 13 that may be reasonably available for such capital projects.
 - (2) The legislative authority of any county or any city may impose an excise tax on each sale of real property in the unincorporated areas of the county for the county tax and in the corporate limits of the city for the city tax at a rate not exceeding one-quarter of one percent of the selling price. The revenues from this tax shall be used by any city or county with a population of five thousand or less and

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any city or county that does not plan under RCW 36.70A.040 for any capital purpose identified in a capital improvements plan and local capital improvements, including those listed in RCW 35.43.040.

After April 30, 1992, revenues generated from the tax imposed under this subsection in counties over five thousand population and cities over five thousand population that are required or choose to plan under RCW 36.70A.040 shall be used solely for financing capital projects specified in a capital facilities plan element of a comprehensive plan and housing relocation assistance under RCW 59.18.440 and 59.18.450. However, revenues (a) pledged by such counties and cities to debt retirement prior to April 30, 1992, may continue to be used for that purpose until the original debt for which the revenues were pledged is retired, or (b) committed prior to April 30, 1992, by such counties or cities to a project may continue to be used for that purpose until the project is completed.

- (3) In lieu of imposing the tax authorized in RCW 82.14.030(2), the legislative authority of any county or any city may impose an additional excise tax on each sale of real property in the unincorporated areas of the county for the county tax and in the corporate limits of the city for the city tax at a rate not exceeding one-half of one percent of the selling price.
- (4) Taxes imposed under this section shall be collected from persons who are taxable by the state under chapter 82.45 RCW upon the occurrence of any taxable event within the unincorporated areas of the county or within the corporate limits of the city, as the case may be.
- (5) Taxes imposed under this section shall comply with all applicable rules, regulations, laws, and court decisions regarding real estate excise taxes as imposed by the state under chapter 82.45 RCW.
- (6) As used in this section, "city" means any city or town and "capital project" means those public works projects of a local government for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets; roads; highways; sidewalks; street and road lighting systems; traffic signals; bridges; domestic water systems; storm and sanitary sewer systems; parks; recreational facilities; law enforcement facilities; fire protection facilities; trails; libraries; administrative and/or judicial facilities; river and/or waterway flood control projects by those jurisdictions that, prior to June 11, 1992, have expended funds

derived from the tax authorized by this section for such purposes; and, until December 31, 1995, housing projects for those jurisdictions that, prior to June 11, 1992, have expended or committed to expend funds derived from the tax authorized by this section or the tax authorized by RCW 82.46.035 for such purposes.

- (7) From the effective date of this section, revenues generated from the tax imposed under this section may also be used for the maintenance of capital facilities if the legislative authority of any county or city identifies the capital maintenance facilities in the adopted budget.
- **Sec. 2.** RCW 82.46.035 and 2009 c 211 s 1 are each amended to read 12 as follows:
 - (1) The legislative authority of any county or city shall identify in the adopted budget the capital projects, park maintenance and operation expenditures, or both, funded in whole or in part from the proceeds of the tax authorized in this section, and shall indicate that such tax is intended to be in addition to other funds that may be reasonably available for ((such capital projects)) these purposes.
 - (2) The legislative authority of any county or any city that plans under RCW 36.70A.040(1) may impose an additional excise tax on each sale of real property in the unincorporated areas of the county for the county tax and in the corporate limits of the city for the city tax at a rate not exceeding one-quarter of one percent of the selling price. Any county choosing to plan under RCW 36.70A.040(2) and any city within such a county may only adopt an ordinance imposing the excise tax authorized by this section if the ordinance is first authorized by a proposition approved by a majority of the voters of the taxing district voting on the proposition at a general election held within the district or at a special election within the taxing district called by the district for the purpose of submitting such proposition to the voters.
 - (3) Revenues generated from the tax imposed under subsection (2) of this section shall be used by such counties and cities ((solely)) for financing capital projects specified in a capital facilities plan element of a comprehensive plan, and, at the option of the city or county, park maintenance and operation expenditures. However, revenues (a) pledged by such counties and cities to debt retirement prior to

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- March 1, 1992, may continue to be used for that purpose until the original debt for which the revenues were pledged is retired, or (b) committed prior to March 1, 1992, by such counties or cities to a project may continue to be used for that purpose until the project is completed.
 - (4) Revenues generated by the tax imposed by this section shall be deposited in a separate account.

- (5) As used in this section: (a) "City" means any city or town; (b) "capital project" means those public works projects of a local government for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, municipally owned heavy rail short line railroads, domestic water systems, storm and sanitary sewer systems, ((and planning, construction, reconstruction, repair, rehabilitation, or improvement of parks)) parks, recreational facilities, law enforcement facilities, fire protection facilities, trails, libraries, administrative and/or judicial facilities, and river and water flood control facilities; and (c) "short line railroads" means class III railroads as defined by the United States surface transportation board.
- (6) When the governor files a notice of noncompliance under RCW 36.70A.340 with the secretary of state and the appropriate county or city, the county or city's authority to impose the additional excise tax under this section shall be temporarily rescinded until the governor files a subsequent notice rescinding the notice of noncompliance.
- (7) A city or county may use revenue generated under subsection (2) of this section for municipally owned heavy short line railroads only if the revenue was collected prior to December 31, 2008, and may not use more than twenty-five percent of the total revenue generated under subsection (2) of this section for municipally owned heavy short line railroads.
- 133 (8) From the effective date of this section, revenues generated 34 from the tax imposed under this section may also be used for the 35 maintenance of capital facilities if the legislative authority of any 36 county or city identifies the capital maintenance facilities in the 37 adopted budget.

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

- (1) The legislative authority of any county or city shall identify in the adopted budget the capital projects, park maintenance and operation expenditures, or both, funded in whole or in part from the proceeds of the tax authorized in this section, and shall indicate that such tax is intended to be in addition to other funds that may be reasonably available for ((such capital projects)) these purposes.
- (2) The legislative authority of any county or any city that plans under RCW 36.70A.040(1) may impose an additional excise tax on each sale of real property in the unincorporated areas of the county for the county tax and in the corporate limits of the city for the city tax at a rate not exceeding one-quarter of one percent of the selling price. Any county choosing to plan under RCW 36.70A.040(2) and any city within such a county may only adopt an ordinance imposing the excise tax authorized by this section if the ordinance is first authorized by a proposition approved by a majority of the voters of the taxing district voting on the proposition at a general election held within the district or at a special election within the taxing district called by the district for the purpose of submitting such proposition to the voters.
- (3) Revenues generated from the tax imposed under subsection (2) of this section shall be used by such counties and cities ((solely)) for financing capital projects specified in a capital facilities plan element of a comprehensive plan, and, at the option of the city or county, park maintenance and operation expenditures. However, revenues (a) pledged by such counties and cities to debt retirement prior to March 1, 1992, may continue to be used for that purpose until the original debt for which the revenues were pledged is retired, or (b) committed prior to March 1, 1992, by such counties or cities to a project may continue to be used for that purpose until the project is completed.
- (4) Revenues generated by the tax imposed by this section shall be deposited in a separate account.
- (5) As used in this section, "city" means any city or town and "capital project" means those public works projects of a local government for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets, roads,

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highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, storm and sanitary sewer systems, ((and planning, construction, reconstruction, repair, rehabilitation, or improvement of parks)) parks, recreational facilities, law enforcement facilities, fire protection facilities, trails, libraries, administrative and/or judicial facilities, and river and water flood control facilities.

- (6) When the governor files a notice of noncompliance under RCW 36.70A.340 with the secretary of state and the appropriate county or city, the county or city's authority to impose the additional excise tax under this section shall be temporarily rescinded until the governor files a subsequent notice rescinding the notice of noncompliance.
- 14 (7) From the effective date of this section, revenues generated
 15 from the tax imposed under this section may also be used for the
 16 maintenance of capital facilities if the legislative authority of any
 17 county or city identifies the capital maintenance facilities in the
 18 adopted budget.
- **Sec. 4.** RCW 82.14.340 and 1995 c 309 s 1 are each amended to read 20 as follows:

The legislative authority of any county may fix and impose a sales and use tax in accordance with the terms of this chapter, provided that such sales and use tax is subject to repeal by referendum, using the procedures provided in RCW 82.14.036. The referendum procedure provided in RCW 82.14.036 is the exclusive method for subjecting any county sales and use tax ordinance or resolution to a referendum vote.

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

When distributing moneys collected under this section, the state treasurer shall distribute ten percent of the moneys to the county in which the tax was collected. The remainder of the moneys collected under this section shall be distributed to the county and the cities

within the county ratably based on population as last determined by the office of financial management. In making the distribution based on population, the county shall receive that proportion that the unincorporated population of the county bears to the total population of the county and each city shall receive that proportion that the city incorporated population bears to the total county population.

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Moneys received from any tax imposed under this section shall be expended ((exclusively)) for criminal justice purposes ((and shall not be used to replace or supplant existing funding)). Criminal justice purposes are defined as activities that substantially assist the criminal justice system, which may include circumstances where ancillary benefit to the civil justice system occurs, and which include((s)) <u>human services</u>, domestic violence services such as those provided by domestic violence programs, community advocates, and legal advocates, as defined in RCW 70.123.020. ((Existing funding for purposes of this subsection is defined as calendar year 1989 actual operating expenditures for criminal justice purposes. Calendar year 1989 actual operating expenditures for criminal justice purposes exclude the following: Expenditures for extraordinary events not likely to reoccur, changes in contract provisions for criminal justice services, beyond the control of the local jurisdiction receiving the services, and major nonrecurring capital expenditures.))

In the expenditure of funds for criminal justice purposes as provided in this section, cities and counties, or any combination thereof, are expressly authorized to participate in agreements, pursuant to chapter 39.34 RCW, to jointly expend funds for criminal justice purposes of mutual benefit. Such criminal justice purposes of mutual benefit include, but are not limited to, the construction, improvement, and expansion of jails, court facilities, ((and)) juvenile justice facilities, and services with ancillary benefits to the civil justice system.

- Sec. 5. RCW 82.14.400 and 2000 c 240 s 1 are each amended to read as follows:
- (1) Upon the joint request of a metropolitan park district, a city with a population of more than one hundred fifty thousand, and a county legislative authority in a county with a national park and a population of more than five hundred thousand and less than one million five

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- hundred thousand, the county shall submit an authorizing proposition to the county voters, fixing and imposing a sales and use tax in accordance with this chapter for the purposes designated in subsection (4) of this section and identified in the joint request. Such proposition must be placed on a ballot for a special or general election to be held no later than one year after the date of the joint request.
 - (2) The proposition is approved if it receives the votes of a majority of those voting on the proposition.

- (3) The tax authorized in this section is in addition to any other taxes authorized by law and shall be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the county. The rate of tax shall equal no more than one-tenth of one percent of the selling price in the case of a sales tax, or value of the article used, in the case of a use tax.
- (4) Moneys received from any tax imposed under this section shall be used solely for the purpose of providing funds for:
- (a) Costs associated with financing, design, acquisition, construction, equipping, operating, maintaining, remodeling, repairing, reequipping, or improvement of zoo, aquarium, and wildlife preservation and display facilities that are currently accredited by the American zoo and aquarium association; or
- (b) Those costs associated with (a) of this subsection and costs related to parks located within a county described in subsection (1) of this section.
- (5) The department of revenue shall perform the collection of such taxes on behalf of the county at no cost to the county. In lieu of the charge for the administration and collection of local sales and use taxes under RCW 82.14.050 from which the county is exempt under this subsection (5), a percentage of the tax revenues authorized by this section equal to one-half of the maximum percentage provided in RCW 82.14.050 shall be transferred annually to the department of ((community, trade, and economic development)) commerce, or its successor agency, from the funds allocated under subsection (6)(b) of this section for a period of twelve years from the first date of distribution of funds under subsection (6)(b) of this section. The department of ((community, trade, and economic development)) commerce,

or its successor agency, shall use funds transferred to it pursuant to this subsection (5) to provide, operate, and maintain community-based housing under chapter 43.185 RCW for ((persons who are mentally ill)) individuals with mental illness.

- (6) If the joint request and the authorizing proposition include provisions for funding those costs included within subsection (4)(b) of this section, the tax revenues authorized by this section shall be allocated annually as follows:
 - (a) Fifty percent to the zoo and aquarium advisory authority; and
- (b) Fifty percent to be distributed on a per capita basis as set out in the most recent population figures for unincorporated and incorporated areas only within that county, as determined by the office of financial management, solely for parks, as follows: To any metropolitan park district, to cities and towns not contained within a metropolitan park district, and the remainder to the county. ((Moneys received under this subsection (6)(b) by a county may not be used to replace or supplant existing per capita funding.))
- (7) Funds shall be distributed annually by the county treasurer to the county, and cities and towns located within the county, in the manner set out in subsection (6)(b) of this section.
- (8) Prior to expenditure of any funds received by the county under subsection (6)(b) of this section, the county shall establish a process which considers needs throughout the unincorporated areas of the county in consultation with community advisory councils established by ordinance.
- (9) By December 31, 2005, and thereafter, the county or any city with a population greater than eighty thousand must provide at least one dollar match for every two dollars received under this section.
- (10) Properties subject to a memorandum of agreement between the federal bureau of land management, the advisory council on historic preservation, and the Washington state historic preservation officer have priority for funding from money received under subsection (6)(b) of this section for implementation of the stipulations in the memorandum of agreement.
- (a) At least one hundred thousand dollars of the first four years of allocations under subsection (6)(b) of this section, to be matched by the county or city with one dollar for every two dollars received,

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shall be used to implement the stipulations of the memorandum of agreement and for other historical, archaeological, architectural, and cultural preservation and improvements related to the properties.

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- (b) The amount in (a) of this subsection shall come equally from the allocations to the county and to the city in which the properties are located, unless otherwise agreed to by the county and the city.
- (c) The amount in (a) of this subsection shall not be construed to displace or be offered in lieu of any lease payment from a county or city to the state for the properties in question.
- 10 **Sec. 6.** RCW 82.14.450 and 2009 c 551 s 1 are each amended to read 11 as follows:
 - (1) A county legislative authority may submit an authorizing proposition to the county voters at a primary or general election and, if the proposition is approved by a majority of persons voting, impose a sales and use tax in accordance with the terms of this chapter. title of each ballot measure must clearly state the purposes for which the proposed sales and use tax will be used. Funds raised under this tax shall not supplant existing funds used for these purposes, except as follows: Up to one hundred percent may be used to supplant existing funding in calendar year 2010; up to eighty percent may be used to supplant existing funding in calendar year 2011; up to sixty percent may be used to supplant existing funding in calendar year 2012; up to forty percent may be used to supplant existing funding in calendar year 2013; and up to twenty percent may be used to supplant existing funding in calendar year 2014. For purposes of this subsection, existing funds means the actual operating expenditures for the calendar year in which ballot is approved by voters. Actual measure expenditures excludes lost federal funds, lost or expired state grants or loans, extraordinary events not likely to reoccur, changes in contract provisions beyond the control of the county or city receiving the services, and major nonrecurring capital expenditures. The rate of tax under this section may not exceed three-tenths of one percent of the selling price in the case of a sales tax, or value of the article used, in the case of a use tax.
 - (2) The tax authorized in this section is in addition to any other taxes authorized by law and must be collected from those persons who

are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the county.

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- (3) The retail sale or use of motor vehicles, and the lease of motor vehicles for up to the first thirty-six months of the lease, are exempt from tax imposed under this section.
- (4) One-third of all money received under this section must be used solely for criminal justice purposes, fire protection purposes, <u>human services purposes</u>, or ((both)) <u>any combination of criminal justice</u>, <u>fire protection</u>, <u>and human services purposes</u>. For the purposes of this subsection, "criminal justice purposes" has the same meaning as provided in RCW 82.14.340.
- (5) Money received under this section must be shared between the county and the cities as follows: Sixty percent must be retained by the county and forty percent must be distributed on a per capita basis to cities in the county.

Sec. 7. RCW 82.14.450 and 2007 c 380 s 1 are each amended to read as follows:

- (1) A county legislative authority may submit an authorizing proposition to the county voters at a primary or general election and, if the proposition is approved by a majority of persons voting, impose a sales and use tax in accordance with the terms of this chapter. title of each ballot measure must clearly state the purposes for which the proposed sales and use tax will be used. Funds raised under this tax shall not supplant existing funds used for these purposes. purposes of this subsection, existing funds means the actual operating expenditures for the calendar year in which the ballot measure is Actual operating expenditures excludes lost approved by voters. federal funds, lost or expired state grants or loans, extraordinary events not likely to reoccur, changes in contract provisions beyond the control of the county or city receiving the services, and major nonrecurring capital expenditures. The rate of tax under this section shall not exceed three-tenths of one percent of the selling price in the case of a sales tax, or value of the article used, in the case of a use tax.
- (2) The tax authorized in this section is in addition to any other taxes authorized by law and shall be collected from those persons who

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are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the county.

- (3) The retail sale or use of motor vehicles, and the lease of motor vehicles for up to the first thirty-six months of the lease, are exempt from tax imposed under this section.
- (4) One-third of all money received under this section shall be used solely for criminal justice purposes, human services purposes, or both. For the purposes of this subsection, "criminal justice purposes" means additional police protection, mitigation of congested court systems, or relief of overcrowded jails or other local correctional facilities.
- (5) Money received under this section shall be shared between the county and the cities as follows: Sixty percent shall be retained by the county and forty percent shall be distributed on a per capita basis to cities in the county.
- **Sec. 8.** RCW 82.14.460 and 2009 c 551 s 2 are each amended to read 17 as follows:
 - (1) A county legislative authority may authorize, fix, and impose a sales and use tax in accordance with the terms of this chapter.
 - (2) The tax authorized in this section shall be in addition to any other taxes authorized by law and shall be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the county. The rate of tax shall equal one-tenth of one percent of the selling price in the case of a sales tax, or value of the article used, in the case of a use tax.
 - (3) Moneys collected under this section shall be used solely for the purpose of providing for the operation or delivery of chemical dependency or mental health treatment programs and services and for the operation or delivery of therapeutic court programs and services. For the purposes of this section, "programs and services" includes, but is not limited to, treatment services, case management, and housing that are a component of a coordinated chemical dependency or mental health treatment program or service.
 - (4) All moneys collected under this section must be used solely for the purpose of providing ((new or expanded)) programs and services as provided in this section((, except a portion of moneys collected under this section may be used to supplant existing funding for these

purposes in any county as follows: Up to fifty percent may be used to supplant existing funding in calendar year 2010; up to forty percent may be used to supplant existing funding in calendar year 2011; up to thirty percent may be used to supplant existing funding in calendar year 2012; up to twenty percent may be used to supplant existing funding in calendar year 2013; and up to ten percent may be used to supplant existing funding in calendar year 2014)).

- (5) Nothing in this section may be interpreted to prohibit the use of moneys collected under this section for the replacement of lapsed federal funding previously provided for the operation or delivery of services and programs as provided in this section.
- **Sec. 9.** RCW 82.14.460 and 2008 c 157 s 2 are each amended to read as follows:
 - (1) A county legislative authority may authorize, fix, and impose a sales and use tax in accordance with the terms of this chapter.
 - (2) The tax authorized in this section shall be in addition to any other taxes authorized by law and shall be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the county. The rate of tax shall equal one-tenth of one percent of the selling price in the case of a sales tax, or value of the article used, in the case of a use tax.
 - (3) Moneys collected under this section shall be used solely for the purpose of providing for the operation or delivery of new or expanded chemical dependency or mental health treatment programs and services and for the operation or delivery of new or expanded therapeutic court programs and services. For the purposes of this section, "programs and services" includes, but is not limited to, treatment services, case management, and housing that are a component of a coordinated chemical dependency or mental health treatment program or service.
 - ((4) Moneys collected under this section shall not be used to supplant existing funding for these purposes, provided that nothing in this section shall be interpreted to prohibit the use of moneys collected under this section for the replacement of lapsed federal funding previously provided for the operation or delivery of services and programs as provided in this section.))

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- Sec. 10. RCW 9.46.113 and 1975 1st ex.s. c 166 s 11 are each amended to read as follows:
- Any county, city, or town which collects a tax on gambling activities authorized pursuant to RCW 9.46.110 shall use the revenue from such tax primarily for the purpose of ((enforcement of the provisions of this chapter by the county, city or town law enforcement agency)) public safety.
- 8 **Sec. 11.** RCW 67.28.1815 and 2008 c 264 s 3 are each amended to 9 read as follows:
- 10 Except as provided in RCW 67.28.180, all revenue from taxes imposed 11 under this chapter shall be credited to a special fund in the treasury 12 of the municipality imposing such tax and used ((solely)) for the 13 purpose of paying all or any part of the cost of tourism promotion, 14 acquisition of tourism-related facilities, or operation of tourismrelated facilities. Municipalities may, under chapter 39.34 RCW, agree 15 16 to the utilization of revenue from taxes imposed under this chapter for 17 the purposes of funding a multijurisdictional tourism-related facility.
- 18 After the effective date of this section, revenue from taxes imposed
- 19 <u>under this chapter may also be used for governmental purposes that will</u>
- 20 <u>maintain or enhance tourism, including public safety improvements.</u>
- NEW SECTION. Sec. 12. Section 2 of this act expires June 30,
- 22 2012.
- NEW SECTION. Sec. 13. Section 3 of this act takes effect June 30,
- 24 2012.
- NEW SECTION. Sec. 14. Sections 6 and 8 of this act expire January
- 26 1, 2015.
- NEW SECTION. Sec. 15. Sections 7 and 9 of this act take effect
- 28 January 1, 2015.

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