
HOUSE BILL 3070

State of Washington

61st Legislature

2010 Regular Session

By Representatives Chase and Hasegawa

Read first time 01/22/10. Referred to Committee on Finance.

1 AN ACT Relating to fiscal reform; amending RCW 82.03.130,
2 82.03.140, 2.10.180, 2.12.090, 6.13.030, 6.15.020, 41.24.240,
3 41.35.100, 41.40.052, 41.44.240, 43.43.310, 82.08.020, 84.52.065,
4 84.52.043, 84.52.050, 36.58.150, 36.60.040, 36.69.145, 36.73.060,
5 36.83.030, 36.100.050, 67.38.130, 84.52.010, 84.69.020, 39.89.020, and
6 43.99I.040; reenacting and amending RCW 41.32.052, 41.26.053, and
7 43.99H.060; adding a new title to the Revised Code of Washington to be
8 codified as Title 82A RCW; creating new sections; repealing RCW
9 6.15.025; prescribing penalties; and providing contingent effective
10 dates.

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

12 **PART I**

13 **GENERAL PROVISIONS**

14 NEW SECTION. **Sec. 101.** INTENT. It is the intent of the
15 legislature in adopting this title to provide the necessary revenues
16 for the support of vital state services on a more stable and equitable
17 basis.

PART II
DEFINITIONS

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3 NEW SECTION. **Sec. 201.** INTRODUCTORY. Unless the context clearly
4 requires otherwise, the definitions in sections 202 through 212 of this
5 act apply throughout this title.

6 NEW SECTION. **Sec. 202.** ADJUSTED GROSS INCOME. "Adjusted gross
7 income" means adjusted gross income as determined under the internal
8 revenue code.

9 NEW SECTION. **Sec. 203.** DEPARTMENT. "Department" means the state
10 department of revenue.

11 NEW SECTION. **Sec. 204.** FEDERAL BASE INCOME. "Federal base
12 income" means:

- 13 (1) For individuals, adjusted gross income;
14 (2) For estates and trusts, taxable income as determined for
15 estates and trusts consistent with subtitle A, chapter I, subchapter J
16 of the internal revenue code.

17 NEW SECTION. **Sec. 205.** INDIVIDUAL. "Individual" means a natural
18 person.

19 NEW SECTION. **Sec. 206.** INTERNAL REVENUE CODE. "Internal revenue
20 code" means the United States internal revenue code of 1986 and
21 amendments thereto, as existing and in effect on January 1, 2006.

22 NEW SECTION. **Sec. 207.** PERSON. "Person" includes individuals,
23 partnerships, firms, companies, fiduciaries, estates, trusts, and any
24 other group or combination acting as a unit, but does not include
25 corporations.

26 NEW SECTION. **Sec. 208.** RESIDENT. (1) "Resident" includes an
27 individual who:

- 28 (a) Has resided in this state for the entire tax year; or
29 (b) Is domiciled in this state unless the individual:
30 (i) Maintains no permanent place of abode in this state; and
31 (ii) Does not maintain a permanent place of abode elsewhere; and

1 (iii) Spends in the aggregate not more than thirty days in the tax
2 year in this state; or

3 (c) Is not domiciled in this state, but maintains a permanent place
4 of abode in this state and spends in the aggregate more than one
5 hundred eighty-three days of the tax year in this state unless the
6 individual establishes to the satisfaction of the director of revenue
7 that the individual is in the state only for temporary or transitory
8 purposes; or

9 (d) Claims the state of Washington as the individual's tax home for
10 federal income tax purposes.

11 (2) A resident estate means an estate of which a personal
12 representative was appointed by a Washington court or an estate
13 administration of which is carried on in this state.

14 (3) A resident trust means a trust whose situs as determined by RCW
15 11.96A.030 is within the state of Washington.

16 NEW SECTION. **Sec. 209.** S CORPORATION. "S corporation" means an
17 S corporation as defined in section 1361 of the internal revenue code.

18 NEW SECTION. **Sec. 210.** TAXABLE INCOME. "Taxable income" means
19 federal base income as modified under sections 401 through 503 of this
20 act.

21 NEW SECTION. **Sec. 211.** TAXABLE YEAR. "Taxable year" means the
22 taxpayer's taxable year as defined under the internal revenue code.

23 NEW SECTION. **Sec. 212.** TAXPAYER. "Taxpayer" means a person
24 receiving income subject to tax under this title.

25 NEW SECTION. **Sec. 213.** DEFINITION OF TERMS GENERALLY. Except as
26 provided in sections 201 through 212 of this act, any term used in this
27 title has the same meaning as when used in a comparable context in the
28 internal revenue code.

29 **PART III**
30 **DETERMINATION OF TAX**

1 NEW SECTION. **Sec. 301.** TAX IMPOSED--RATES. (1) A tax is imposed
2 on all taxable income of resident individuals, estates, and trusts and
3 on all individuals, estates, and trusts deriving income from sources in
4 Washington for each taxable year based on the type of return filed and
5 the amount of income in accordance with this section.

6 (2) For every married individual who makes a single return jointly
7 with his or her spouse and for every surviving spouse, the tax is
8 determined in accordance with the following table:

9	If taxable income is:	The tax is:
10	Not over \$49,900.....	2.2% of taxable income
11	Over \$49,900 but not over \$120,650.....	\$1,098 plus 3.5% of the excess over \$49,900
12	Over \$120,650.....	\$3,574 plus 6.0% of the excess over \$120,650

13 (3) For every head of a household, the tax is determined in
14 accordance with the following table:

15	If taxable income is:	The tax is:
16	Not over \$37,425.....	2.2% of taxable income
17	Over \$37,425 but not over \$90,488.....	\$823 plus 3.5% of the excess over \$37,425
18	Over \$90,488.....	\$2,681 plus 6.0% of the excess over \$90,488

19 (4) For every individual, other than a surviving spouse or the head
20 of a household, who is not a married individual and for every married
21 individual who does not make a single return jointly with his or her
22 spouse and for every estate and trust, the tax is determined in
23 accordance with the following table:

24	If taxable income is:	The tax is:
25	Not over \$24,950.....	2.2% of taxable income
26	Over \$24,950 but not over \$60,325.....	\$549 plus 3.5% of the excess over \$24,950
27	Over \$60,325.....	\$1,787 plus 6.0% of the excess over \$60,325

28 (5) Taxable income of a taxpayer exempt from taxation by internal
29 revenue code section 501 is exempt from taxation by this title.

1 NEW SECTION. **Sec. 302.** CREDIT FOR INCOME TAXES DUE ANOTHER
2 JURISDICTION. (1) A resident individual, estate, or trust is allowed
3 a credit against the tax imposed under this title for the amount of any
4 income tax imposed by another state or foreign country, or political
5 subdivision of the state or foreign country, on income taxed under this
6 title, subject to the following conditions, which must be imposed
7 separately with respect to each taxing jurisdiction:

8 (a) The credit is allowed only for taxes imposed by the other
9 jurisdiction on net income from sources within that jurisdiction; and

10 (b) The amount of the credit may not exceed the smaller of:

11 (i) The amount of tax paid to the other jurisdiction on net income
12 from sources within the other jurisdiction; or

13 (ii) The amount of tax due under this title before application of
14 credits allowable by this title, multiplied by a fraction. The
15 numerator of the fraction is the amount of the taxpayer's adjusted
16 gross income subject to tax in the other jurisdiction. The denominator
17 of the fraction is the taxpayer's total adjusted gross income as
18 modified by this title. The fraction may never be greater than one.

19 (2) If, in lieu of a credit similar to the credit allowed under
20 subsection (1) of this section, the laws of the other taxing
21 jurisdiction contain a provision exempting a resident of this state
22 from liability for the payment of income taxes on income earned for
23 personal services performed in such jurisdiction, then the director is
24 authorized to enter into a reciprocal agreement with such jurisdiction
25 providing a similar tax exemption on income earned for personal
26 services performed in this state.

27 NEW SECTION. **Sec. 303.** DUAL RESIDENCE. If an individual is
28 regarded as a resident both of this state and another jurisdiction for
29 state personal income tax purposes, the department must reduce the tax
30 on that portion of the taxpayer's income which is subjected to tax in
31 both jurisdictions solely by virtue of dual residence, if the other
32 taxing jurisdiction allows a similar reduction. The reduction must
33 equal the lower of the two taxes applicable to the income taxed twice,
34 multiplied by a fraction. The numerator of the fraction is the tax
35 imposed by this state on the income taxed twice. The denominator of
36 the fraction is the tax imposed by both jurisdictions on the income
37 taxed twice. The fraction must never be greater than one.

1 NEW SECTION. **Sec. 304.** BUSINESS AND OCCUPATION TAX CREDIT. (1)

2 There is allowed a credit against the tax imposed by this title in the
3 amount of the state of Washington business and occupation tax paid by
4 the taxpayer in the tax year subject to the limitation of subsection
5 (2) of this section.

6 (2) The credit may not exceed the smaller of:

7 (a) The amount of business and occupation tax paid; or

8 (b) The amount of tax of the taxpayer imposed by this title before
9 the application of credits allowed by this title, multiplied by a
10 fraction:

11 (i) The numerator is the amount of the taxpayer's adjusted gross
12 income attributable to activities subject to business and occupation
13 tax; and

14 (ii) The denominator is the taxpayer's adjusted gross income as
15 modified by this title. The fraction may never be greater than one.

16 NEW SECTION. **Sec. 305.** PUBLIC UTILITY TAX CREDIT. (1) There is

17 allowed a credit against the tax imposed by this title in the amount of
18 the state of Washington public utility tax paid by the taxpayer in the
19 tax year subject to the limitation of subsection (2) of this section.

20 (2) The credit may not exceed the smaller of:

21 (a) The amount of public utility tax paid; or

22 (b) The amount of tax of the taxpayer imposed by this title before
23 the application of credits allowed by this title, multiplied by a
24 fraction:

25 (i) The numerator is the amount of the taxpayer's adjusted gross
26 income attributable to activities subject to public utility tax; and

27 (ii) The denominator is the taxpayer's adjusted gross income as
28 modified by this title. The fraction may never be greater than one.

29 NEW SECTION. **Sec. 306.** CARRYFORWARDS AND CARRYBACKS. The amount

30 of tax credits received by any taxpayer under sections 302, 304, and
31 305 of this act may not exceed the total amount of tax due, and no
32 carryback or carryforward of any unused excess credits is allowed.

33 **PART IV**

34 **TAXABLE INCOME MODIFICATIONS**

1 NEW SECTION. **Sec. 401.** INTRODUCTORY. In computing taxable
2 income, modifications must be made to the taxpayer's federal base
3 income as required under sections 301 through 410 of this act, unless
4 the modification has the effect of duplicating an item of income or
5 deduction.

6 NEW SECTION. **Sec. 402.** STATE AND LOCAL OBLIGATIONS. To federal
7 base income, add income which has been excluded under section 103 of
8 the internal revenue code in computing federal base income, except
9 interest on obligations of the state of Washington or political
10 subdivisions of the state of Washington.

11 NEW SECTION. **Sec. 403.** STATE AND LOCAL INCOME TAXES--BUSINESS AND
12 OCCUPATION, PUBLIC UTILITY TAXES. To federal base income, add:

13 (1) Taxes on or measured by net income which have been deducted
14 under the internal revenue code in computing federal base income;

15 (2) The amount of taxes paid or accrued which have been deducted
16 for federal purposes, but for which a business and occupation tax
17 credit or public utility tax credit, or both, is allowed.

18 NEW SECTION. **Sec. 404.** NET OPERATING LOSS. There is allowed as
19 a deduction from federal base income the amount of net operating loss
20 as allowed in section 172 of the internal revenue code. The
21 calculation of the loss amount must reflect the modifications to
22 federal base income as provided in this title and a net operating loss
23 deduction may include a loss carried forward to the tax year but may
24 not include a loss carried back from a future year.

25 NEW SECTION. **Sec. 405.** CARRYOVERS. To federal base income, add
26 amounts which have been deducted in computing federal base income to
27 the extent the amounts have been carried over from taxable years ending
28 before the effective date of this title.

29 NEW SECTION. **Sec. 406.** FEDERAL OBLIGATIONS. From federal base
30 income, deduct, to the extent included in federal base income, income
31 derived from obligations of the United States which this state is
32 prohibited by federal law from subjecting to a net income tax.
33 However, the amount deducted under this section must be reduced by any

1 expense, including amortizable bond premiums, incurred in the
2 production of such income to the extent the expense has been deducted
3 in calculating federal base income.

4 NEW SECTION. **Sec. 407.** STANDARD DEDUCTION--PERSONAL EXEMPTION.

5 There is allowed from federal base income the following standard
6 deductions and personal exemption deduction:

7 (1) The standard deduction for an individual is:

8 (a) In the case of a joint return or a surviving spouse, seven
9 thousand dollars if only one spouse has earned income and seven
10 thousand dollars plus the earned income of the spouse with the lesser
11 income, not to exceed ten thousand dollars in total, if both spouses
12 have earned income;

13 (b) In the case of the head of a household, seven thousand dollars;

14 (c) In the case of an individual who is not married and who is not
15 a surviving spouse or head of a household and in the case of a married
16 individual filing a separate return, five thousand dollars.

17 (2) A personal exemption deduction in the amount of two thousand
18 nine hundred dollars is allowed for each individual for whom a personal
19 exemption deduction is allowed for federal income tax purposes.

20 (3) An additional exemption deduction in the amount of one thousand
21 dollars is allowed:

22 (a) For the individual if the individual has attained age sixty-
23 five before the close of the taxable year; and

24 (b) For the spouse of the individual if the spouse has attained age
25 sixty-five before the close of the taxable year if a joint return is
26 not made by the individual and the individual's spouse and the spouse,
27 for the calendar year in which the taxable year of the individual
28 begins, has no gross income and is not the dependent of another
29 individual.

30 (4) An additional exemption deduction in the amount of one thousand
31 dollars is allowed:

32 (a) For the individual if the individual is blind at the close of
33 the taxable year; and

34 (b) For the spouse of the individual if the spouse is blind at the
35 close of the taxable year if a joint return is not made by the
36 individual and the individual's spouse and the spouse, for the calendar

1 year in which the taxable year of the individual begins, has no gross
2 income and is not the dependent of another individual.

3 NEW SECTION. **Sec. 408.** ADJUSTMENT OF DEDUCTIONS AND EXEMPTIONS
4 FOR NONRESIDENTS. The deductions from federal base income allowed
5 under section 407 of this act for individual taxpayers who are not
6 residents of this state for the entire taxable year must be reduced by
7 multiplying the amount of the deductions by a fraction. The numerator
8 of the fraction is the individual's adjusted gross income attributable
9 to sources within the state of Washington. The denominator of the
10 fraction is the individual's gross income from all sources. The
11 fraction may never be greater than one.

12 NEW SECTION. **Sec. 409.** TAX RETURNS FOR FRACTIONAL YEAR. (1) If
13 the first taxable year of any taxpayer with respect to which a tax is
14 imposed by this title ends before December 31st of the calendar year in
15 which this title becomes effective, the taxable income for the
16 fractional taxable year is the taxpayer's taxable income for the entire
17 taxable year, adjusted by one of the following methods, at the
18 taxpayer's election:

19 (a) The taxable income must be multiplied by a fraction. The
20 numerator of the fraction is the number of days in the fractional
21 taxable year. The denominator of the fraction is the number of days in
22 the entire taxable year.

23 (b) The taxable income must be adjusted, in accordance with rules
24 of the department, so as to include only such income and be reduced
25 only by such deductions as can be clearly determined from the permanent
26 records of the taxpayer to be attributable to the fractional taxable
27 year.

28 (2) If an individual taxpayer's taxable income is adjusted under
29 subsection (1) of this section, the deduction amounts allowed under
30 section 407 of this act for the taxpayer must be reduced by multiplying
31 the amount of the exemption by a fraction. The numerator of the
32 fraction is the number of days in the taxpayer's fractional taxable
33 year. The denominator of the fraction is the number of days in the
34 entire taxable year.

1 NEW SECTION. **Sec. 410.** INDEX FOR INFLATION. For each tax year
2 beginning after December 31, 2012, the standard deduction and the
3 personal exemption deduction amounts under section 407 of this act must
4 be adjusted by the department for inflation by multiplying the standard
5 deduction and the personal exemption deduction amounts of the previous
6 tax year by the cost-of-living adjustment as determined under internal
7 revenue code section 1(f)(3) through (5) for the calendar year in which
8 the tax year begins. No adjustment may be made which decreases the
9 standard deduction and personal exemption deduction amounts. If any
10 adjustment increase is not a multiple of ten dollars, the increase must
11 be rounded to the next lowest multiple of ten dollars.

12 **PART V**

13 **DIVISION OF INCOME, MODIFICATIONS, AND CREDITS**

14 NEW SECTION. **Sec. 501.** APPORTIONMENT AND ALLOCATION OF INCOME.
15 (1) For resident individuals, estates, and trusts, all income must be
16 apportioned and allocated to this state.

17 (2) For nonresident individuals, estates, and trusts, income
18 derived from sources within this state must be apportioned and
19 allocated to this state. For purposes of this title:

20 (a) The adjusted gross income of a nonresident derived from sources
21 within this state is the net amount of items of income, gain, loss, and
22 deduction of the nonresident's federal adjusted gross income that are
23 derived from or connected with sources in this state including any
24 distributive share of partnership income and deductions, and any share
25 of estate or trust income and deductions, including any unrelated
26 business income of an otherwise exempt trust or organization.

27 (b) Items of income, gain, loss, and deduction derived from or
28 connected with sources within this state are those items attributable
29 to the ownership or disposition of any interest in real or tangible
30 personal property in this state, and a business, trade, profession, or
31 occupation carried on within this state. The department must issue
32 rules to provide consistency of this section with the excise tax
33 provisions.

34 (c) Deduction with respect to expenses, capital losses, and net
35 operating losses is based solely on income, gains, losses, and

1 deductions derived from or connected with sources in this state but is
2 otherwise determined in the same manner as the corresponding federal
3 deduction except as provided in this title.

4 (d) Income from intangible personal property, including annuities,
5 dividends, interest, and gains from the disposition of intangible
6 personal property, constitutes income derived from sources within the
7 state of Washington only to the extent that such income is from
8 property employed in a business, trade, profession, or occupation
9 carried on within this state. However, distributed and undistributed
10 income of an electing S corporation for federal tax purposes derived
11 from or connected with sources within this state is income derived from
12 sources within this state for a nonresident shareholder. A net
13 operating loss of such corporation does constitute a loss or deduction
14 connected with sources within this state for a nonresident shareholder.

15 (e) Compensation paid by the United States for service in the armed
16 forces of the United States performed in this state by a nonresident
17 does not constitute income derived from sources within this state.

18 (f) If a business, trade, profession, or occupation is carried on
19 partly within and partly without this state, the determination of net
20 income derived or connected with sources within this state as provided
21 in this section must be made by apportionment and allocation of chapter
22 82.56 RCW.

23 NEW SECTION. **Sec. 502.** PARTNERSHIPS AND S CORPORATIONS. (1)

24 Partnerships are not subject to tax under this title. Partners are
25 subject to tax in their separate or individual capacities.

26 (2) S corporations are not subject to tax under this title.
27 Shareholders of S corporations are subject to tax in their separate or
28 individual capacities.

29 (3) The taxable incomes of partners is computed by including a pro
30 rata share of the modifications under sections 401 through 503 of this
31 act and the credits allowed under sections 302, 304, and 305 of this
32 act, if the modification or credit relates to the income of the
33 partnership. Each partner's pro rata share of a modification or credit
34 is the amount of modification or credit multiplied by a fraction. The
35 numerator of the fraction is the partner's distributive share of
36 partnership income. The denominator of the fraction is the total
37 partnership income. The fraction may never be greater than one.

1 (4) The taxable incomes of shareholders of S corporations must be
2 computed by including a share of the modifications under sections 401
3 through 503 of this act and the credits allowed under sections 302,
4 304, and 305 of this act, if the modification or credit relates to the
5 income of the S corporation. Each shareholder's share of a
6 modification or credit is the amount of modification or credit
7 multiplied by a fraction. The numerator of the fraction is the
8 shareholder's pro rata share of S corporation income. The denominator
9 of the fraction is the total S corporation income. The fraction may
10 never be greater than one.

11 (5) As used in this section:

12 (a) "S corporation income" includes both distributed and
13 undistributed federal taxable income of the S corporation.

14 (b) "Pro rata share" means pro rata share as determined under
15 section 1366(a) of the internal revenue code.

16 NEW SECTION. **Sec. 503.** ESTATES, TRUSTS, AND BENEFICIARIES. (1)
17 The taxable incomes of estates, trusts, and beneficiaries thereof is
18 computed by including a share of the modifications under sections 401
19 through 503 of this act and the credits allowed under sections 302,
20 304, and 305 of this act.

21 Each taxpayer's share of a modification or credit is the amount of
22 modification or credit multiplied by a fraction. The numerator of the
23 fraction is the taxpayer's share of the distributable net income of the
24 estate or trust. The denominator of the fraction is the total
25 distributable net income of the estate or trust. The fraction may
26 never be greater than one.

27 (2) As used in this section, "distributable net income" means
28 distributable net income as defined in the internal revenue code. If
29 an estate or trust has no federal distributable net income, the term
30 means the income of the estate or trust which is distributed or is
31 required to be distributed during the taxable year under local law or
32 the terms of the estate or trust instrument.

33 (3) Any portion of a modification which is not included in
34 calculating the taxable incomes of the beneficiaries must be included
35 in calculating the taxable income of the trust or estate.

PART VI

WITHHOLDING--ESTIMATED TAX

NEW SECTION. **Sec. 601.** EMPLOYER WITHHOLDING--REQUIREMENTS. (1)

Every employer making a payment of wages or salaries earned in this state, regardless of the place where the payment is made, and who is required by the internal revenue code to withhold taxes, must deduct and withhold a tax as prescribed by the department by rule. The rules prescribed must reasonably reflect the annual tax liability of the employee under this title. Every employer making such a deduction and withholding must furnish to the employee a record of the amount of tax deducted and withheld from the employee on forms provided by the department.

(2) If the employee is a resident of this state and earns income from personal services entirely performed in another state which imposes an income tax on the income, and the employer withholds income taxes under the laws of the state in which the income is earned, the employer is not required to withhold any tax imposed by this title on the income if the laws of the state in which the income is earned allow a similar exemption for its residents who earn income in this state.

NEW SECTION. **Sec. 602.** LIABILITY OF EMPLOYER FOR TAX WITHHELD.

Any person required to deduct and withhold the tax imposed by this title is liable to the department for the payment of the amount deducted and withheld, and is not liable to any other person for the amount of tax deducted and withheld under this title or for the act of withholding. The amount of tax so deducted and withheld must be held to be a special fund in trust for this state.

NEW SECTION. **Sec. 603.** CREDIT FOR TAX WITHHELD--HOW CLAIMED. The

amount deducted and withheld as tax under sections 601 through 606 of this act during any taxable year must be allowed as a credit against the tax imposed for the taxable year by this title. If the liability of any individual for taxes, interest, penalties, or other amounts due the state of Washington is less than the total amount of the credit which the individual is entitled to claim under this section, the individual is entitled to a refund from the department in the amount of the excess of the credit over the tax otherwise due. If any individual entitled to claim a credit under this section is not otherwise required

1 by this title to file a return, a refund may be obtained in the amount
2 of the credit by filing a return, with applicable sections completed,
3 to claim the refund. No credit or refund is allowed under this section
4 unless the credit or refund is claimed on a return filed for the
5 taxable year for which the amount was deducted and withheld.

6 NEW SECTION. **Sec. 604.** WITHHOLDING--EXEMPTION DECLARATIONS. An
7 employee is entitled to use and an employer must use the withholding
8 exemption declaration on file with the employer for federal income tax
9 purposes. The department may redetermine the number of withholding
10 exemptions to which any employee is entitled, and the department may
11 require an additional withholding exemption declaration to be filed on
12 a form prescribed by the department where the department finds that the
13 exemption declaration filed for federal income tax purposes does not
14 properly reflect the number of withholding exemptions to which the
15 employee is entitled.

16 NEW SECTION. **Sec. 605.** WITHHOLDING--FAILURE TO PAY OR COLLECT--
17 PENALTIES. (1) The tax required by this title to be collected by the
18 employer must be deemed to be held in trust by the employer until paid
19 to the department.

20 (2) In case any employer, or a responsible person within the
21 meaning of internal revenue code section 6672, fails to collect the tax
22 herein imposed or having collected the tax, fails to pay it to the
23 department, the employer or responsible person is, nevertheless,
24 personally liable to the state for the amount of the tax. The interest
25 and penalty provisions of chapter 82.32 RCW apply to this section.

26 NEW SECTION. **Sec. 606.** ESTIMATED TAX IMPOSED--DUE DATE OF
27 ESTIMATED TAXES--AMOUNT OF ESTIMATED TAX--UNDERPAYMENT PENALTY. (1)
28 Each individual, estate, or trust subject to taxation by this title
29 which is required by the internal revenue code to make payment of
30 estimated taxes must pay to the department on forms prescribed by the
31 department the estimated taxes due under this title.

32 (2) The provisions of the internal revenue code relating to the
33 determination of reporting periods and due dates of payments of
34 estimated tax applies to the estimated tax payments due under this
35 section.

1 (3) The amount of the estimated tax is the annualized tax divided
2 by the number of months in the reporting period. No estimated tax is
3 due if the annualized tax is less than five hundred dollars. The
4 provisions of RCW 82.32.050 and 82.32.090 apply to underpayments of
5 estimated tax but do not apply to underpayments, as defined by the
6 internal revenue code, if the tax remitted to the department is either
7 ninety percent of the tax shown on the return or one hundred percent of
8 the tax shown on the previous year's tax return.

9 (4) For purposes of this section, the annualized tax is the
10 taxpayer's projected tax liability for the tax year as computed
11 pursuant to internal revenue code section 6654 and the regulations
12 thereunder.

13 **PART VII**

14 **CRIMES**

15 NEW SECTION. **Sec. 701.** CRIMES. (1) Any person who knowingly
16 attempts to evade the tax imposed under this title or payment thereof
17 is guilty of a class C felony as provided in chapter 9A.20 RCW.

18 (2) Any person required to collect tax imposed under this title who
19 knowingly fails to collect, truthfully account for, or pay over the tax
20 is guilty of a class C felony as provided in chapter 9A.20 RCW.

21 (3) Any person who knowingly fails to pay tax, pay estimated tax,
22 make returns, keep records, or supply information, as required under
23 this title, is guilty of a gross misdemeanor as provided in chapter
24 9A.20 RCW.

25 **PART VIII**

26 **ADMINISTRATIVE PROVISIONS**

27 NEW SECTION. **Sec. 801.** METHOD OF ACCOUNTING. (1) A taxpayer's
28 method of accounting for purposes of the tax imposed under this title
29 is the same as the taxpayer's method of accounting for federal income
30 tax purposes. If no method of accounting has been regularly used by a
31 taxpayer for federal income tax purposes or if the method used does not
32 clearly reflect income, tax due under this title is computed by a
33 method of accounting which in the opinion of the department fairly
34 reflects income.

1 (2) If a person's method of accounting is changed for federal
2 income tax purposes, it must be similarly changed for purposes of this
3 title.

4 NEW SECTION. **Sec. 802.** PERSONS REQUIRED TO FILE RETURNS. (1) All
5 taxpayers must file with the department, on forms prescribed by the
6 department, an income tax return for each tax year. Each person
7 required to file a return under this title must, without assessment,
8 notice, or demand, pay any tax due thereon to the department on or
9 before the date fixed for the filing of the return.

10 (2) The department may by rule require that certain taxpayers file,
11 on forms prescribed by the department, informational returns for any
12 period. Each person required by rule to file an informational return
13 must, without assessment, notice, or demand, pay any tax due thereon to
14 the department on or before the date fixed for the filing of the
15 informational return.

16 (3) If an adjustment to a taxpayer's federal return is made by the
17 taxpayer or the internal revenue service, the taxpayer must, within
18 ninety days of the final determination of the adjustment by the
19 internal revenue service or within thirty days of the filing of a
20 federal return adjusted by the taxpayer, file with the department on
21 forms prescribed by the department a corrected return reflecting the
22 adjustments as finally determined. The taxpayer must pay any
23 additional tax due resulting from the finally determined internal
24 revenue service adjustment or a taxpayer adjustment without notice and
25 assessment. Notwithstanding any provision of this title or any other
26 title to the contrary, the period of limitation for the collection of
27 the additional tax, interest, and penalty due as a result of an
28 adjustment by the taxpayer or a finally determined internal revenue
29 service adjustment must begin at the later of thirty days following the
30 final determination of the adjustment or the date of the filing of the
31 corrected return.

32 NEW SECTION. **Sec. 803.** DUE DATE FOR FILING A RETURN--EXTENSIONS--
33 INTEREST AND PENALTIES. The due date of a return required to be filed
34 with the department is the due date of the federal income tax return or
35 informational return for federal income tax purposes. The department
36 must have the authority to grant extensions of times by which returns

1 required to be filed by this title may be submitted. The department
2 must also have the authority to grant extensions of time to pay tax
3 with regard to taxes imposed by this title. Interest at the rate as
4 specified in RCW 82.32.050 accrues during any extension period and the
5 interest and penalty provisions of chapter 82.32 RCW apply to late
6 payments and deficiencies. Notwithstanding the limitation of RCW
7 82.32.090, in the case of the late filing of an informational return,
8 there is imposed a penalty the amount of which is established by the
9 department by rule. The penalty may not exceed fifty dollars per month
10 for a maximum of ten months. RCW 82.32.105 applies to this section.

11 NEW SECTION. **Sec. 804.** JOINT RETURN. (1) If the federal income
12 tax liabilities of both spouses are determined on a joint federal
13 return for the taxable year, they must file a joint return under this
14 title unless one spouse is a resident and the other is a nonresident.

15 (2) If neither spouse is required to file a federal income tax
16 return for the taxable year, a joint return may be filed under this
17 title under the same conditions under which a joint return may be filed
18 for purposes of the federal income tax.

19 (3) If the federal income tax liability of either spouse is
20 determined on a separate federal return for the taxable year, they must
21 file separate returns under this title.

22 (4) If one spouse is a resident and the other is a nonresident,
23 they must file separate returns under this title, unless they elect to
24 determine their tax liabilities under this title on a joint return as
25 if they were both residents, and:

26 (a) Their federal tax liability for the taxable year was determined
27 on a joint federal return; or

28 (b) Neither spouse has filed a federal income tax return for the
29 taxable year and they would be permitted to file a joint federal return
30 for the taxable year.

31 (5) In any case in which a joint return is filed under this
32 section, the liability of the husband and wife is joint and several,
33 unless the spouse is relieved of liability under section 6013 of the
34 internal revenue code.

35 NEW SECTION. **Sec. 805.** RECORDS--RETURNS. (1) Every taxpayer and
36 every person required to deduct and withhold the tax imposed under this

1 title must keep records, render statements, make returns, file reports,
2 and perform other acts as the department requires by rule. Each return
3 must be made under penalty of perjury and on forms prescribed by the
4 department. The department may require other statements and reports be
5 made under penalty of perjury and on forms prescribed by the
6 department. The department may require any taxpayer and any person
7 required to deduct and withhold the tax imposed under this title to
8 furnish to the department a correct copy of any return or document
9 which the taxpayer has filed with the internal revenue service or
10 received from the internal revenue service.

11 (2) All books and records and other papers and documents required
12 to be kept under this title are subject to inspection by the department
13 at all times during business hours of the day.

14 NEW SECTION. **Sec. 806.** ESTIMATION AGREEMENTS. The department may
15 reasonably estimate the items of business or nonbusiness income of a
16 taxpayer having an office within the state and one or more other states
17 or foreign countries which may be apportioned or allocated to the state
18 and may enter into estimation agreements with such taxpayers for the
19 determination of their liability for the tax imposed by this title.

20 NEW SECTION. **Sec. 807.** PROVISIONS OF INTERNAL REVENUE CODE
21 CONTROL. (1) To the extent possible without being inconsistent with
22 this title, all of the provisions of the internal revenue code relating
23 to the following subjects apply to the taxes imposed under this title:

24 (a) Time of payment of tax deducted and withheld under sections 301
25 through 306 of this act;

26 (b) Liability of transferees;

27 (c) Time and manner of making returns, extensions of time for
28 filing returns, verification of returns, and the time when a return is
29 deemed filed.

30 (2) The department by rule may provide modifications and exceptions
31 to the provisions listed in subsection (1) of this section, if
32 reasonably necessary to facilitate the prompt, efficient, and equitable
33 collection of tax under this title.

34 NEW SECTION. **Sec. 808.** REFUNDS OF OVERPAYMENTS--OTHER

1 ADMINISTRATIVE PROVISIONS. (1) The department must refund all taxes
2 improperly paid or collected.

3 (2) The following sections apply to the administration of taxes
4 imposed under this title: RCW 82.32.020, 82.32.050, 82.32.060,
5 82.32.070, 82.32.090, 82.32.100, 82.32.105, 82.32.110, 82.32.120,
6 82.32.130, 82.32.140, 82.32.150, 82.32.160, 82.32.170, 82.32.180,
7 82.32.190, 82.32.200, 82.32.210, 82.32.220, 82.32.230, 82.32.235,
8 82.32.237, 82.32.240, 82.32.245, 82.32.265, 82.32.300, 82.32.310,
9 82.32.320, 82.32.330, 82.32.340, 82.32.350, 82.32.360, and 82.32.380.

10 NEW SECTION. **Sec. 809.** RULES. The department may adopt rules
11 under chapter 34.05 RCW for the administration and enforcement of this
12 title. The rules, to the extent possible without being inconsistent
13 with this title, must follow the internal revenue code and the
14 regulations and rulings of the United States treasury department with
15 respect to the federal income tax. The department may adopt as a part
16 of these rules any portions of the internal revenue code and treasury
17 department regulations and rulings, in whole or in part.

18 **PART IX**

19 **APPEALS**

20 **Sec. 901.** RCW 82.03.130 and 2005 c 253 s 7 are each amended to
21 read as follows:

22 (1) The board (~~shall have~~) has jurisdiction to decide the
23 following types of appeals:

24 (a) Appeals taken pursuant to RCW 82.03.190.

25 (b) Appeals from a county board of equalization pursuant to RCW
26 84.08.130.

27 (c) Appeals by an assessor or landowner from an order of the
28 director of revenue made pursuant to RCW 84.08.010 and 84.08.060, if
29 filed with the board of tax appeals within thirty days after the
30 mailing of the order, the right to such an appeal being hereby
31 established.

32 (d) Appeals by an assessor or owner of an intercounty public
33 utility or private car company from determinations by the director of
34 revenue of equalized assessed valuation of property and the
35 apportionment thereof to a county made pursuant to chapter 84.12 and

1 84.16 RCW, if filed with the board of tax appeals within thirty days
2 after mailing of the determination, the right to such appeal being
3 hereby established.

4 (e) Appeals by an assessor, landowner, or owner of an intercounty
5 public utility or private car company from a determination of any
6 county indicated ratio for such county compiled by the department (~~of~~
7 ~~revenue~~) pursuant to RCW 84.48.075(~~(:—PROVIDED, That)~~).

8 (i) (~~Said~~) The appeal must be filed after review of the ratio
9 under RCW 84.48.075(3) and not later than fifteen days after the
10 mailing of the certification; and

11 (ii) The hearing before the board (~~shall~~) must be expeditiously
12 held in accordance with rules prescribed by the board and (~~shall~~)
13 takes precedence over all matters of the same character.

14 (f) Appeals from the decisions of sale price of second class
15 shorelands on navigable lakes by the department of natural resources
16 pursuant to RCW (~~(79.94.210)~~) 79.125.450.

17 (g) Appeals from urban redevelopment property tax apportionment
18 district proposals established by governmental ordinances pursuant to
19 RCW 39.88.060.

20 (h) Appeals from interest rates as determined by the department of
21 revenue for use in valuing farmland under current use assessment
22 pursuant to RCW 84.34.065.

23 (i) Appeals from revisions to stumpage value tables used to
24 determine value by the department of revenue pursuant to RCW 84.33.091.

25 (j) Appeals from denial of tax exemption application by the
26 department of revenue pursuant to RCW 84.36.850.

27 (k) Appeals pursuant to RCW 84.40.038(3).

28 (l) Appeals pursuant to RCW 84.39.020.

29 (m) Appeals relating to income tax deficiencies and refunds,
30 including penalties and interest, under Title 82A RCW (sections 101
31 through 809 of this act).

32 (2) Except as otherwise specifically provided by law (~~hereafter~~),
33 the provisions of RCW 1.12.070 (~~shall~~) apply to all notices of appeal
34 filed with the board of tax appeals.

35 **Sec. 902.** RCW 82.03.140 and 2000 c 103 s 1 are each amended to
36 read as follows:

37 (1) In all appeals over which the board has jurisdiction under RCW

1 82.03.130, a party taking an appeal may elect either a formal or an
2 informal hearing(~~(, such)~~). An election to appeal under this section
3 must be made according to the rules of practice and procedure (~~(to be)~~)
4 promulgated by the board(~~(: PROVIDED, That)~~).

5 (2) Nothing (~~shall~~) in this section:

6 (a) Prevents the assessor or taxpayer, as a party to an appeal
7 pursuant to RCW 84.08.130, within twenty days from the date of the
8 receipt of the notice of appeal, from filing with the clerk of the
9 board notice of intention that the hearing be a formal one(~~(: PROVIDED, HOWEVER, That nothing herein shall)~~);

11 (b) May be construed to modify the provisions of RCW 82.03.190(~~(: AND PROVIDED FURTHER, That)~~).

13 (3) Upon an appeal under RCW 82.03.130(1) (e) or (m), the director
14 (~~(of revenue)~~) may, within ten days from the date of its receipt of the
15 notice of appeal, file with the clerk of the board notice of its
16 (~~(intention that the hearing be held pursuant to chapter 34.05 RCW)~~)
17 election of a formal hearing.

18 (4) In the event that appeals are taken from the same decision,
19 order, or determination, as the case may be, by different parties and
20 only one of (~~such~~) the parties elects a formal hearing, a formal
21 hearing (~~shall~~) must be granted.

22 PART X

23 APPLICATION OF TAX TO PUBLIC PENSIONS

24 **Sec. 1001.** RCW 2.10.180 and 1991 c 365 s 18 are each amended to
25 read as follows:

26 (1) Except as provided in subsections (2), (3), (~~and~~) (4), and
27 (5) of this section, the right of a person to a retirement allowance,
28 disability allowance, or death benefit, the retirement, disability or
29 death allowance itself, any optional benefit, any other right accrued
30 or accruing to any person under the provisions of this chapter, and the
31 moneys in the fund created under this chapter, are (~~hereby~~) exempt
32 from any state, county, municipal, or other local tax and (~~shall~~) are
33 not (~~be~~) subject to execution, garnishment, or any other process of
34 law whatsoever.

35 (2) Subsection (1) of this section (~~shall not be deemed to~~) does
36 not prohibit a beneficiary of a retirement allowance from authorizing

1 deductions therefrom for payment of premiums due on any group insurance
2 policy or plan issued for the benefit of a group comprised of public
3 employees of the state of Washington.

4 (3) Deductions made in the past from retirement benefits are hereby
5 expressly recognized, ratified, and affirmed. Future deductions may
6 only be made in accordance with this section.

7 (4) Subsection (1) of this section (~~shall~~) does not prohibit the
8 department of retirement systems from complying with (a) a wage
9 assignment order for child support issued pursuant to chapter 26.18
10 RCW, (b) a notice of payroll deduction issued under chapter 26.23 RCW,
11 (c) an order to withhold and deliver issued pursuant to chapter 74.20A
12 RCW, (d) a mandatory benefits assignment order issued pursuant to
13 chapter 41.50 RCW, (e) a court order directing the department of
14 retirement systems to pay benefits directly to an obligee under a
15 dissolution order as defined in RCW 41.50.500(3) which fully complies
16 with RCW 41.50.670 and 41.50.700, or (f) any administrative or court
17 order expressly authorized by federal law.

18 (5) Subsection (1) of this section does not exempt any pension or
19 other benefit received under this chapter from tax under Title 82A RCW
20 (sections 101 through 809 of this act), nor does it prohibit the
21 department of retirement systems from complying with the tax
22 withholding requirements of that title.

23 **Sec. 1002.** RCW 2.12.090 and 1991 c 365 s 19 are each amended to
24 read as follows:

25 (1) Except as provided in subsections (2), (3), (~~and~~) (4), and
26 (5) of this section, the right of any person to a retirement allowance
27 or optional retirement allowance under the provisions of this chapter
28 and all moneys and investments and income thereof are exempt from any
29 state, county, municipal, or other local tax and (~~shall~~) are not
30 (~~be~~) subject to execution, garnishment, attachment, the operation of
31 bankruptcy or the insolvency laws, or other processes of law whatsoever
32 and (~~shall-be~~) are unassignable except as herein specifically
33 provided.

34 (2) Subsection (1) of this section (~~shall~~) does not prohibit the
35 department of retirement systems from complying with (a) a wage
36 assignment order for child support issued pursuant to chapter 26.18
37 RCW, (b) a notice of payroll deduction issued under chapter 26.23 RCW,

1 (c) an order to withhold and deliver issued pursuant to chapter 74.20A
2 RCW, (d) a mandatory benefits assignment order issued pursuant to
3 chapter 41.50 RCW, (e) a court order directing the department of
4 retirement systems to pay benefits directly to an obligee under a
5 dissolution order as defined in RCW 41.50.500(3) which fully complies
6 with RCW 41.50.670 and 41.50.700, or (f) any administrative or court
7 order expressly authorized by federal law.

8 (3) Subsection (1) of this section (~~(shall not be deemed to)~~) does
9 not prohibit a beneficiary of a retirement allowance from authorizing
10 deductions therefrom for payment of premiums due on any group insurance
11 policy or plan issued for the benefit of a group comprised of public
12 employees of the state of Washington.

13 (4) Deductions made in the past from retirement benefits are hereby
14 expressly recognized, ratified, and affirmed. Future deductions may
15 only be made in accordance with this section.

16 (5) Subsection (1) of this section does not exempt any pension or
17 other benefit received under this chapter from tax under Title 82A RCW
18 (sections 101 through 809 of this act), nor does it prohibit the
19 department of retirement systems from complying with the tax
20 withholding requirements of that title.

21 **Sec. 1003.** RCW 6.13.030 and 2007 c 429 s 1 are each amended to
22 read as follows:

23 A homestead may consist of lands, as described in RCW 6.13.010,
24 regardless of area, but the homestead exemption amount (~~(shall)~~) may
25 not exceed the lesser of (1) the total net value of the lands,
26 manufactured homes, mobile home, improvements, and other personal
27 property, as described in RCW 6.13.010, or (2) the sum of one hundred
28 twenty-five thousand dollars in the case of lands, manufactured homes,
29 mobile home, and improvements, or the sum of fifteen thousand dollars
30 in the case of other personal property described in RCW 6.13.010(~~(~~
31 ~~except where the homestead is subject to execution, attachment, or~~
32 ~~seizure by or under any legal process whatever to satisfy a judgment in~~
33 ~~favor of any state for failure to pay that state's income tax on~~
34 ~~benefits received while a resident of the state of Washington from a~~
35 ~~pension or other retirement plan, in which event there shall be no~~
36 ~~dollar limit on the value of the exemption))~~).

1 **Sec. 1004.** RCW 6.15.020 and 2007 c 492 s 1 are each amended to
2 read as follows:

3 (1) It is the policy of the state of Washington to ensure the well-
4 being of its citizens by protecting retirement income to which they are
5 or may become entitled. For that purpose generally and pursuant to the
6 authority granted to the state of Washington under 11 U.S.C. Sec.
7 522(b)(2), the exemptions in this section relating to retirement
8 benefits are provided.

9 (2) Unless otherwise provided by federal law, any money received by
10 any citizen of the state of Washington as a pension from the government
11 of the United States, whether the same be in the actual possession of
12 such person or be deposited or loaned, (~~shall be~~) is exempt from
13 execution, attachment, garnishment, or seizure by or under any legal
14 process whatever, and when a debtor dies, or absconds, and leaves his
15 or her family any money exempted by this subsection, the same (~~shall~~
16 ~~be~~) is exempt to the family as provided in this subsection. This
17 subsection (~~shall~~) does not apply to child support collection actions
18 issued under chapter 26.18, 26.23, or 74.20A RCW, if otherwise
19 permitted by federal law, or to collection actions for taxes imposed
20 under Title 82A RCW (sections 101 through 809 of this act).

21 (3) The right of a person to a pension, annuity, or retirement
22 allowance or disability allowance, or death benefits, or any optional
23 benefit, or any other right accrued or accruing to any citizen of the
24 state of Washington under any employee benefit plan, and any fund
25 created by such a plan or arrangement, (~~shall be~~) is exempt from
26 execution, attachment, garnishment, or seizure by or under any legal
27 process whatever. This subsection (~~shall~~) does not apply to child
28 support collection actions issued under chapter 26.18, 26.23, or 74.20A
29 RCW if otherwise permitted by federal law, or to collection actions for
30 taxes imposed under Title 82A RCW (sections 101 through 809 of this
31 act). This subsection (~~shall~~) permits benefits under any such plan
32 or arrangement to be payable to a spouse, former spouse, child, or
33 other dependent of a participant in such plan to the extent expressly
34 provided for in a qualified domestic relations order that meets the
35 requirements for such orders under the plan, or, in the case of
36 benefits payable under a plan described in sections 403(b) or 408 of
37 the internal revenue code of 1986, as amended, or section 409 of such
38 code as in effect before January 1, 1984, to the extent provided in any

1 order issued by a court of competent jurisdiction that provides for
2 maintenance or support. This subsection (~~shall~~) does not prohibit
3 actions against an employee benefit plan, or fund for valid obligations
4 incurred by the plan or fund for the benefit of the plan or fund.

5 (4) For the purposes of this section, the term "employee benefit
6 plan" means any plan or arrangement that is described in RCW 49.64.020,
7 including any Keogh plan, whether funded by a trust or by an annuity
8 contract, and in sections 401(a) or 403(a) of the internal revenue code
9 of 1986, as amended; or that is a tax-sheltered annuity described in
10 section 403(b) of such code or an individual retirement account
11 described in section 408 of such code; or a Roth individual retirement
12 account described in section 408A of such code; or a medical savings
13 account described in section 220 of such code; or an education
14 individual retirement account described in section 530 of such code; or
15 a retirement bond described in section 409 of such code as in effect
16 before January 1, 1984. The term "employee benefit plan" also means
17 any rights accruing on account of money paid currently or in advance
18 for purchase of tuition units under the advanced college tuition
19 payment program in chapter 28B.95 RCW. The term "employee benefit
20 plan" shall not include any employee benefit plan that is established
21 or maintained for its employees by the government of the United States,
22 by the state of Washington under chapter 2.10, 2.12, 41.26, 41.32,
23 41.34, 41.35, 41.37, 41.40, or 43.43 RCW or RCW 41.50.770, or by any
24 agency or instrumentality of the government of the United States.

25 (5) An employee benefit plan (~~shall be deemed to be~~) is a
26 spendthrift trust, regardless of the source of funds, the relationship
27 between the trustee or custodian of the plan and the beneficiary, or
28 the ability of the debtor to withdraw or borrow or otherwise become
29 entitled to benefits from the plan before retirement. This subsection
30 (~~shall~~) does not apply to child support collection actions issued
31 under chapter 26.18, 26.23, or 74.20A RCW, if otherwise permitted by
32 federal law, or to collection actions for taxes imposed under Title 82A
33 RCW (sections 101 through 809 of this act). This subsection (~~shall~~)
34 permits benefits under any such plan or arrangement to be payable to a
35 spouse, former spouse, child, or other dependent of a participant in
36 such plan to the extent expressly provided for in a qualified domestic
37 relations order that meets the requirements for such orders under the
38 plan, or, in the case of benefits payable under a plan described in

1 sections 403(b) or 408 of the internal revenue code of 1986, as
2 amended, or section 409 of such code as in effect before January 1,
3 1984, to the extent provided in any order issued by a court of
4 competent jurisdiction that provides for maintenance or support.

5 (6)(a) Unless contrary to applicable federal law, nothing contained
6 in subsection (3), (4), or (5) of this section (~~shall~~) may be
7 construed as a termination or limitation of a spouse's community
8 property interest in an individual retirement account held in the name
9 of or on account of the other spouse, the account holder spouse. At
10 the death of the nonaccount holder spouse, the nonaccount holder spouse
11 may transfer or distribute the community property interest of the
12 nonaccount holder spouse in the account holder spouse's individual
13 retirement account to the nonaccount holder spouse's estate,
14 testamentary trust, inter vivos trust, or other successor or successors
15 pursuant to the last will of the nonaccount holder spouse or the law of
16 intestate succession, and that distributee may, but (~~shall~~) is not
17 (~~be~~) required to, obtain an order of a court of competent
18 jurisdiction, including a nonjudicial dispute resolution agreement or
19 other order entered under chapter 11.96A RCW, to confirm the
20 distribution.

21 (b) For purposes of subsection (3) of this section, the distributee
22 of the nonaccount holder spouse's community property interest in an
23 individual retirement account (~~shall be~~) is considered a person
24 entitled to the full protection of subsection (3) of this section. The
25 nonaccount holder spouse's consent to a beneficiary designation by the
26 account holder spouse with respect to an individual retirement account
27 (~~shall~~) is not, absent clear and convincing evidence to the contrary,
28 (~~be deemed~~) a release, gift, relinquishment, termination, limitation,
29 or transfer of the nonaccount holder spouse's community property
30 interest in an individual retirement account.

31 (c) For purposes of this subsection(~~, the term~~):

32 (i) "Nonaccount holder spouse" means the spouse of the person in
33 whose name the individual retirement account is maintained. (~~The~~
34 ~~term~~)

35 (ii) "Individual retirement account" includes an individual
36 retirement account and an individual retirement annuity both as
37 described in section 408 of the internal revenue code of 1986, as
38 amended, a Roth individual retirement account as described in section

1 408A of the internal revenue code of 1986, as amended, and an
2 individual retirement bond as described in section 409 of the internal
3 revenue code as in effect before January 1, 1984. (~~As used in this~~
4 ~~subsection,~~)

5 (iii) An order of a court of competent jurisdiction includes an
6 agreement, as that term is used under RCW 11.96A.220.

7 **Sec. 1005.** RCW 41.24.240 and 1995 c 11 s 13 are each amended to
8 read as follows:

9 (1) The right of any person to any future payment under the
10 provisions of this chapter (~~shall~~) is not (~~be~~) transferable or
11 assignable at law or in equity, and none of the moneys paid or payable
12 or the rights existing under this chapter, (~~shall be~~) is subject to
13 execution, levy, attachment, garnishment, or other legal process, or to
14 the operation of any bankruptcy or insolvency law. This section
15 (~~shall~~) is not be applicable to any child support collection action
16 taken under chapter 26.18, 26.23, or 74.20A RCW. Benefits under this
17 chapter (~~shall be~~) are payable to a spouse or ex-spouse to the extent
18 expressly provided for in any court decree of dissolution or legal
19 separation or in any court order or court-approved property settlement
20 agreement incident to any court decree of dissolution or legal
21 separation.

22 (2) Nothing in this chapter (~~shall~~) may be construed to deprive
23 any participant, eligible to receive a pension hereunder, from
24 receiving a pension under any other act to which that participant may
25 become eligible by reason of services other than or in addition to his
26 or her services under this chapter.

27 (3) Subsection (1) of this section does not exempt any pension or
28 other benefit received under this chapter from tax under Title 82A RCW
29 (sections 101 through 809 of this act), nor does it prohibit the
30 department of retirement systems from complying with the tax
31 withholding requirements of that title.

32 **Sec. 1006.** RCW 41.32.052 and 1991 c 365 s 21 and 1991 c 35 s 63
33 are each reenacted and amended to read as follows:

34 (1) Subject to subsections (2) (~~and~~), (3), and (4) of this
35 section, the right of a person to a pension, an annuity, a retirement
36 allowance, or disability allowance, to the return of contributions, any

1 optional benefit or death benefit, any other right accrued or accruing
2 to any person under the provisions of this chapter and the moneys in
3 the various funds created by this chapter (~~(shall be)~~) are
4 unassignable, and are hereby exempt from any state, county, municipal
5 or other local tax, and shall not be subject to execution, garnishment,
6 attachment, the operation of bankruptcy or insolvency laws, or other
7 process of law whatsoever.

8 (2) This section (~~(shall not be deemed to)~~) does not prohibit a
9 beneficiary of a retirement allowance who is eligible:

10 (a) Under RCW 41.05.080 from authorizing monthly deductions
11 therefrom for payment of premiums due on any group insurance policy or
12 plan issued for the benefit of a group comprised of public employees of
13 the state of Washington or its political subdivisions;

14 (b) Under a group health care benefit plan approved pursuant to RCW
15 28A.400.350 or 41.05.065 from authorizing monthly deductions therefrom,
16 of the amount or amounts of subscription payments, premiums, or
17 contributions to any person, firm, or corporation furnishing or
18 providing medical, surgical, and hospital care or other health care
19 insurance; or

20 (c) Under this system from authorizing monthly deductions therefrom
21 for payment of dues and other membership fees to any retirement
22 association composed of retired teachers and/or public employees
23 pursuant to a written agreement between the director and the retirement
24 association.

25 Deductions under (a) and (b) of this subsection shall be made in
26 accordance with rules that may be adopted by the director.

27 (3) Subsection (1) of this section shall not prohibit the
28 department from complying with (a) a wage assignment order for child
29 support issued pursuant to chapter 26.18 RCW, (b) an order to withhold
30 and deliver issued pursuant to chapter 74.20A RCW, (c) a notice of
31 payroll deduction issued pursuant to RCW 26.23.060, (d) a mandatory
32 benefits assignment order issued by the department, (e) a court order
33 directing the department of retirement systems to pay benefits directly
34 to an obligee under a dissolution order as defined in RCW 41.50.500(3)
35 which fully complies with RCW 41.50.670 and 41.50.700, or (f) any
36 administrative or court order expressly authorized by federal law.

37 (4) Subsection (1) of this section does not exempt any pension or
38 other benefit received under this chapter from tax under Title 82A RCW

1 (sections 101 through 809 of this act), nor does it prohibit the
2 department of retirement systems from complying with the tax
3 withholding requirements of that title.

4 **Sec. 1007.** RCW 41.35.100 and 1998 c 341 s 11 are each amended to
5 read as follows:

6 (1) Subject to subsections (2) ~~((and))~~, (3), and (4) of this
7 section, the right of a person to a pension, an annuity, or retirement
8 allowance, any optional benefit, any other right accrued or accruing to
9 any person under the provisions of this chapter, the various funds
10 created by this chapter, and all moneys and investments and income
11 thereof, are ~~((hereby))~~ exempt from any state, county, municipal, or
12 other local tax, and ~~((shall))~~ are not ~~((be))~~ subject to execution,
13 garnishment, attachment, the operation of bankruptcy or insolvency
14 laws, or other process of law whatsoever, and ~~((shall-be))~~ are
15 unassignable.

16 (2) This section does not prohibit a beneficiary of a retirement
17 allowance from authorizing deductions therefrom for payment of premiums
18 due on any group insurance policy or plan issued for the benefit of a
19 group comprised of public employees of the state of Washington or its
20 political subdivisions and which has been approved for deduction in
21 accordance with rules that may be adopted by the state health care
22 authority and/or the department. This section also does not prohibit
23 a beneficiary of a retirement allowance from authorizing deductions
24 therefrom for payment of dues and other membership fees to any
25 retirement association or organization the membership of which is
26 composed of retired public employees, if a total of three hundred or
27 more of such retired employees have authorized such deduction for
28 payment to the same retirement association or organization.

29 (3) Subsection (1) of this section does not prohibit the department
30 from complying with (a) a wage assignment order for child support
31 issued pursuant to chapter 26.18 RCW, (b) an order to withhold and
32 deliver issued pursuant to chapter 74.20A RCW, (c) a notice of payroll
33 deduction issued pursuant to RCW 26.23.060, (d) a mandatory benefits
34 assignment order issued by the department, (e) a court order directing
35 the department of retirement systems to pay benefits directly to an
36 obligee under a dissolution order as defined in RCW 41.50.500(3) which

1 fully complies with RCW 41.50.670 and 41.50.700, or (f) any
2 administrative or court order expressly authorized by federal law.

3 (4) Subsection (1) of this section does not exempt any pension or
4 other benefit received under this chapter from tax under Title 82A RCW
5 (sections 101 through 809 of this act), nor does it prohibit the
6 department of retirement systems from complying with the tax
7 withholding requirements of that title.

8 **Sec. 1008.** RCW 41.40.052 and 1999 c 83 s 1 are each amended to
9 read as follows:

10 (1) Subject to subsections (2) ~~((and))~~, (3), and (4) of this
11 section, the right of a person to a pension, an annuity, or retirement
12 allowance, any optional benefit, any other right accrued or accruing to
13 any person under the provisions of this chapter, the various funds
14 created by this chapter, and all moneys and investments and income
15 thereof, are ~~((hereby))~~ exempt from any state, county, municipal, or
16 other local tax, and ~~((shall))~~ are not ~~((be))~~ subject to execution,
17 garnishment, attachment, the operation of bankruptcy or insolvency
18 laws, or other process of law whatsoever, and ~~((shall-be))~~ are
19 unassignable.

20 (2)(a) This section ~~((shall not be deemed to))~~ does not prohibit a
21 beneficiary of a retirement allowance from authorizing deductions
22 therefrom for payment of premiums due on any group insurance policy or
23 plan issued for the benefit of a group comprised of public employees of
24 the state of Washington or its political subdivisions and which has
25 been approved for deduction in accordance with rules that may be
26 adopted by the state health care authority and/or the department, and
27 this section ~~((shall not be deemed to))~~ does not prohibit a beneficiary
28 of a retirement allowance from authorizing deductions therefrom for
29 payment of dues and other membership fees to any retirement association
30 or organization the membership of which is composed of retired public
31 employees, if a total of three hundred or more of such retired
32 employees have authorized such deduction for payment to the same
33 retirement association or organization.

34 (b) This section does not prohibit a beneficiary of a retirement
35 allowance from authorizing deductions from that allowance for
36 charitable purposes on the same terms as employees and public officers
37 under RCW 41.04.035 and 41.04.036.

1 (3) Subsection (1) of this section (~~shall~~) does not prohibit the
2 department from complying with (a) a wage assignment order for child
3 support issued pursuant to chapter 26.18 RCW, (b) an order to withhold
4 and deliver issued pursuant to chapter 74.20A RCW, (c) a notice of
5 payroll deduction issued pursuant to RCW 26.23.060, (d) a mandatory
6 benefits assignment order issued by the department, (e) a court order
7 directing the department of retirement systems to pay benefits directly
8 to an obligee under a dissolution order as defined in RCW 41.50.500(3)
9 which fully complies with RCW 41.50.670 and 41.50.700, or (f) any
10 administrative or court order expressly authorized by federal law.

11 (4) Subsection (1) of this section does not exempt any pension or
12 other benefit received under this chapter from tax under Title 82A RCW
13 (sections 101 through 809 of this act), nor does it prohibit the
14 department of retirement systems from complying with the tax
15 withholding requirements of that title.

16 **Sec. 1009.** RCW 41.44.240 and 1989 c 360 s 28 are each amended to
17 read as follows:

18 (1) The right of a person to a pension, annuity or a retirement
19 allowance, to the return of contribution, the pension, annuity or
20 retirement allowance itself, any optional benefit, any other right
21 accrued or accruing to any person under the provisions of this chapter,
22 and the moneys in the fund created under this chapter (~~shall~~) are not
23 (~~be~~) subject to execution, garnishment, or any other process
24 whatsoever.

25 (2) This section (~~shall~~) does not apply to child support
26 collection actions taken under chapter 26.18, 26.23, or 74.20A RCW
27 against benefits payable under any such plan or arrangement. Benefits
28 under this chapter (~~shall be~~) are payable to a spouse or ex-spouse to
29 the extent expressly provided for in any court decree of dissolution or
30 legal separation or in any court order or court-approved property
31 settlement agreement incident to any court decree of dissolution or
32 legal separation.

33 (3) Subsection (1) of this section does not exempt any pension or
34 other benefit received under this chapter from tax under Title 82A RCW
35 (sections 101 through 809 of this act), nor does it prohibit the
36 department of retirement systems from complying with the tax
37 withholding requirements of that title.

1 **Sec. 1010.** RCW 41.26.053 and 1991 c 365 s 20 and 1991 c 35 s 25
2 are each reenacted and amended to read as follows:

3 (1) Subject to subsections (2) (~~and~~), (3), and (4) of this
4 section, the right of a person to a retirement allowance, disability
5 allowance, or death benefit, to the return of accumulated
6 contributions, the retirement, disability or death allowance itself,
7 any optional benefit, any other right accrued or accruing to any person
8 under the provisions of this chapter, and the moneys in the fund
9 created under this chapter, are hereby exempt from any state, county,
10 municipal, or other local tax and (~~shall~~) are not (~~be~~) subject to
11 execution, garnishment, attachment, the operation of bankruptcy or
12 insolvency laws, or any other process of law whatsoever, and (~~shall~~
13 ~~be~~) are unassignable.

14 (2) On the written request of any person eligible to receive
15 benefits under this section, the department may deduct from such
16 payments the premiums for life, health, or other insurance. The
17 request on behalf of any child or children (~~shall~~) must be made by
18 the legal guardian of such child or children. The department may
19 provide for such persons one or more plans of group insurance, through
20 contracts with regularly constituted insurance carriers or health care
21 service contractors.

22 (3) Subsection (1) of this section (~~shall~~) does not prohibit the
23 department from complying with (a) a wage assignment order for child
24 support issued pursuant to chapter 26.18 RCW, (b) an order to withhold
25 and deliver issued pursuant to chapter 74.20A RCW, (c) a notice of
26 payroll deduction issued pursuant to RCW 26.23.060, (d) a mandatory
27 benefits assignment order issued by the department, (e) a court order
28 directing the department of retirement systems to pay benefits directly
29 to an obligee under a dissolution order as defined in RCW 41.50.500(3)
30 which fully complies with RCW 41.50.670 and 41.50.700, or (f) any
31 administrative or court order expressly authorized by federal law.

32 (4) Subsection (1) of this section does not exempt any pension or
33 other benefit received under this chapter from tax under Title 82A RCW
34 (sections 101 through 809 of this act), nor does it prohibit the
35 department of retirement systems from complying with the tax
36 withholding requirements of that title.

1 **Sec. 1011.** RCW 43.43.310 and 1991 c 365 s 23 are each amended to
2 read as follows:

3 (1) Except as provided in subsections (2) (~~and~~), (3), and (4) of
4 this section, the right of any person to a retirement allowance or
5 optional retirement allowance under (~~the provisions hereof~~) this
6 section and all moneys and investments and income thereof are exempt
7 from any state, county, municipal, or other local tax and (~~shall~~) are
8 not (~~be~~) subject to execution, garnishment, attachment, the operation
9 of bankruptcy or the insolvency laws, or other processes of law
10 whatsoever and (~~shall be~~) are unassignable except as herein
11 specifically provided.

12 (2) Subsection (1) of this section (~~shall~~) does not prohibit the
13 department of retirement systems from complying with (a) a wage
14 assignment order for child support issued pursuant to chapter 26.18
15 RCW, (b) an order to withhold and deliver issued pursuant to chapter
16 74.20A RCW, (c) a notice of payroll deduction issued pursuant to RCW
17 26.23.060, (d) a mandatory benefits assignment order issued pursuant to
18 chapter 41.50 RCW, (e) a court order directing the department of
19 retirement systems to pay benefits directly to an obligee under a
20 dissolution order as defined in RCW 41.50.500(3) which fully complies
21 with RCW 41.50.670 and 41.50.700, or (f) any administrative or court
22 order expressly authorized by federal law.

23 (3) Subsection (1) of this section (~~shall not be deemed to~~) does
24 not prohibit a beneficiary of a retirement allowance from authorizing
25 deductions therefrom for payment of premiums due on any group insurance
26 policy or plan issued for the benefit of a group comprised of members
27 of the Washington state patrol or other public employees of the state
28 of Washington, or for contributions to the Washington state patrol
29 memorial foundation.

30 (4) Subsection (1) of this section does not exempt any pension or
31 other benefit received under this chapter from tax under Title 82A RCW
32 (sections 101 through 809 of this act), nor does it prohibit the
33 department of retirement systems from complying with the tax
34 withholding requirements of that title.

35 NEW SECTION. **Sec. 1012.** RCW 6.15.025 (Exemption of pension or
36 retirement plan benefits from execution for judgment for out-of-state
37 income tax) and 1991 c 123 s 3 are each repealed.

1 PART XI

2 REDUCING THE STATE SALES TAX

3 Sec. 1101. RCW 82.08.020 and 2006 c 1 s 3 are each amended to read
4 as follows:

5 (1) There is levied and (~~there shall be~~) collected a tax on each
6 retail sale in this state equal to (~~six~~) three and five-tenths
7 percent of the selling price.

8 (2) There is levied and (~~there shall be~~) collected an additional
9 tax on each retail car rental, regardless of whether the vehicle is
10 licensed in this state, equal to five and nine-tenths percent of the
11 selling price. The revenue collected under this subsection (~~shall~~)
12 must be deposited in the multimodal transportation account created in
13 RCW 47.66.070.

14 (3) Beginning July 1, 2003, there is levied and collected an
15 additional tax of three-tenths of one percent of the selling price on
16 each retail sale of a motor vehicle in this state, other than retail
17 car rentals taxed under subsection (2) of this section. The revenue
18 collected under this subsection (~~shall~~) must be deposited in the
19 multimodal transportation account created in RCW 47.66.070.

20 (4) For purposes of subsection (3) of this section, "motor vehicle"
21 has the meaning provided in RCW 46.04.320, but does not include farm
22 tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181,
23 off-road and nonhighway vehicles as defined in RCW 46.09.020, and
24 snowmobiles as defined in RCW 46.10.010.

25 (5) Beginning on December 8, 2005, 0.16 percent of the taxes
26 collected under subsection (1) of this section (~~shall~~) must be
27 dedicated to funding comprehensive performance audits required under
28 RCW 43.09.470. The revenue identified in this subsection (~~shall~~)
29 must be deposited in the performance audits of government account
30 created in RCW 43.09.475.

31 (6) The taxes imposed under this chapter (~~shall~~) apply to
32 successive retail sales of the same property.

33 (7) The rates provided in this section apply to taxes imposed under
34 chapter 82.12 RCW as provided in RCW 82.12.020.

35 PART XII

36 ELIMINATING THE STATE PROPERTY TAX

1 **Sec. 1201.** RCW 84.52.065 and 1991 sp.s. c 31 s 16 are each amended
2 to read as follows:

3 Subject to the limitations in RCW 84.55.010, in each year through
4 calendar year 2010 the state (~~(shall)~~) must levy for collection in the
5 following year for the support of common schools of the state a tax of
6 three dollars and sixty cents per thousand dollars of assessed value
7 upon the assessed valuation of all taxable property within the state
8 adjusted to the state equalized value in accordance with the indicated
9 ratio fixed by the state department of revenue. The state may not levy
10 a tax for collection in calendar year 2012.

11 As used in this section, "the support of common schools" includes
12 the payment of the principal and interest on bonds issued for capital
13 construction projects for the common schools.

14 **Sec. 1202.** RCW 84.52.043 and 2009 c 551 s 6 are each amended to
15 read as follows:

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

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

1 of assessed value, and no other taxing district has its levy reduced as
2 a result of the increased county levy.

3 (2) The aggregate levies of junior taxing districts and senior
4 taxing districts(~~(, other than the state, shall)~~) may not exceed five
5 dollars and ninety cents per thousand dollars of assessed valuation.
6 The term "junior taxing districts" includes all taxing districts other
7 than the state, counties, road districts, cities, towns, port
8 districts, and public utility districts. The limitations provided in
9 this subsection shall not apply to: (a) Levies at the rates provided
10 by existing law by or for any port or public utility district; (b)
11 excess property tax levies authorized in Article VII, section 2 of the
12 state Constitution; (c) levies for acquiring conservation futures as
13 authorized under RCW 84.34.230; (d) levies for emergency medical care
14 or emergency medical services imposed under RCW 84.52.069; (e) levies
15 to finance affordable housing for very low-income housing imposed under
16 RCW 84.52.105; (f) the portions of levies by metropolitan park
17 districts that are protected under RCW 84.52.120; (g) levies imposed by
18 ferry districts under RCW 36.54.130; (h) levies for criminal justice
19 purposes under RCW 84.52.135; (i) the portions of levies by fire
20 protection districts that are protected under RCW 84.52.125; and (j)
21 levies by counties for transit-related purposes under RCW 84.52.140.

22 **Sec. 1203.** RCW 84.52.050 and 1973 1st ex.s. c 194 s 1 are each
23 amended to read as follows:

24 (1) Except as ((hereinafter)) provided in this section, the
25 aggregate of all tax levies upon real and personal property by the
26 state and all taxing districts, now existing or hereafter created,
27 ~~((shall))~~ may not in any year exceed ~~((one percentum))~~ sixty-four one-
28 hundredths of one percent of the true and fair value of such property
29 in money(~~(: PROVIDED, HOWEVER, That)~~).

30 (2) Such aggregate limitation or any specific limitation imposed by
31 law in conformity therewith may be exceeded only as authorized by law
32 and in conformity with the provisions of Article VII, section 2 (a),
33 (b), or (c) of the Constitution of the state of Washington.

34 (3) Nothing ((herein shall)) in this section:

35 (a) Prevents levies at the rates now provided by law by or for any
36 port or public utility district.

1 (b) Nothing herein contained prohibits the legislature from
2 allocating or reallocating the authority to levy taxes between the
3 taxing districts of the state and its political subdivisions in a
4 manner which complies with the aggregate tax limitation set forth in
5 this section.

6 (4) The term "taxing district" for the purposes of this section
7 ((shall)) means any political subdivision, municipal corporation,
8 district, or other governmental agency authorized by law to levy, or
9 have levied for it, ad valorem taxes on property, other than a port or
10 public utility district. ((Such aggregate limitation or any specific
11 limitation imposed by law in conformity therewith may be exceeded only
12 as authorized by law and in conformity with the provisions of Article
13 VII, section 2(a), (b), or (c) of the Constitution of the state of
14 Washington.

15 ~~Nothing herein contained shall prohibit the legislature from~~
16 ~~allocating or reallocating the authority to levy taxes between the~~
17 ~~taxing districts of the state and its political subdivisions in a~~
18 ~~manner which complies with the aggregate tax limitation set forth in~~
19 ~~this section.))~~

20 **Sec. 1204.** RCW 36.58.150 and 1984 c 186 s 25 are each amended to
21 read as follows:

22 (1) A solid waste disposal district ~~((shall))~~ does not have the
23 power to levy an annual levy without voter approval, but it ~~((shall~~
24 ~~have))~~ has the power to levy a tax, in excess of the ~~((one percent))~~
25 limitation in RCW 84.52.050, upon the property within the district for
26 a one year period to be used for operating or capital purposes whenever
27 authorized by the electors of the district pursuant to RCW 84.52.052
28 and Article VII, section 2(a) of the state Constitution.

29 A solid waste disposal district may issue general obligation bonds
30 for capital purposes only, subject to the limitations prescribed in RCW
31 39.36.020(1), and may provide for the retirement of the bonds by voter-
32 approved bond retirement tax levies pursuant to Article VII, section
33 2(b) of the state Constitution and RCW 84.52.056. Such general
34 obligation bonds ~~((shall))~~ must be issued and sold in accordance with
35 chapter 39.46 RCW.

36 A solid waste disposal district may issue revenue bonds to fund its

1 activities. Such revenue bonds may be in any form, including bearer
2 bonds or registered bonds as provided in RCW 39.46.030.

3 (2) Notwithstanding subsection (1) of this section, such revenue
4 bonds may be issued and sold in accordance with chapter 39.46 RCW.

5 **Sec. 1205.** RCW 36.60.040 and 1983 c 303 s 11 are each amended to
6 read as follows:

7 A county rail district is not authorized to impose a regular ad
8 valorem property tax levy but may:

9 (1) Levy an ad valorem property tax, in excess of the (~~one~~
10 ~~percent~~) limitation in RCW 84.52.050, upon the property within the
11 district for a one-year period to be used for operating or capital
12 purposes whenever authorized by the voters of the district pursuant to
13 RCW 84.52.052 and Article VII, section 2(a) of the state Constitution.

14 (2) Provide for the retirement of voter approved general obligation
15 bonds, issued for capital purposes only, by levying bond retirement ad
16 valorem property tax levies, in excess of the one percent limitation,
17 whenever authorized by the voters of the district pursuant to Article
18 VII, section 2(b) of the state Constitution and RCW 84.52.056.

19 **Sec. 1206.** RCW 36.69.145 and 1994 c 156 s 3 are each amended to
20 read as follows:

21 (1) A park and recreation district may impose regular property tax
22 levies in an amount equal to sixty cents or less per thousand dollars
23 of assessed value of property in the district in each year for six
24 consecutive years when specifically authorized so to do by a majority
25 of at least three-fifths of the voters thereof approving a proposition
26 authorizing the levies submitted at a special election or at the
27 regular election of the district, at which election the number of
28 voters voting "yes" on the proposition (~~shall~~) constitutes three-
29 fifths of a number equal to forty per centum of the number of voters
30 voting in such district at the last preceding general election when the
31 number of voters voting on the proposition does not exceed forty per
32 centum of the number of voters voting in such taxing district in the
33 last preceding general election; or by a majority of at least three-
34 fifths of the voters thereof voting on the proposition if the number of
35 voters voting on the proposition exceeds forty per centum of the number
36 of voters voting in such taxing district in the last preceding general

1 election. A proposition authorizing the tax levies (~~shall~~) may not
2 be submitted by a park and recreation district more than twice in any
3 twelve-month period. Ballot propositions (~~shall~~) must conform with
4 RCW (~~29.30.111~~) 29A.36.210. In the event a park and recreation
5 district is levying property taxes, which in combination with property
6 taxes levied by other taxing districts subject to the (~~one percent~~)
7 limitation provided for in (~~Article 7, section 2, of our state~~
8 ~~Constitution~~) RCW 84.52.050 that result in taxes in excess of the
9 limitation provided for in RCW 84.52.043, the park and recreation
10 district property tax levy (~~shall~~) must be reduced or eliminated
11 before the property tax levies of other taxing districts are reduced.

12 (2) The limitation in RCW 84.55.010 (~~shall~~) does not apply to the
13 first levy imposed under this section following the approval of the
14 levies by the voters under subsection (1) of this section.

15 **Sec. 1207.** RCW 36.73.060 and 2005 c 336 s 6 are each amended to
16 read as follows:

17 (1) A district may levy an ad valorem property tax in excess of the
18 (~~one percent~~) limitation in RCW 84.52.050 upon the property within
19 the district for a one-year period whenever authorized by the voters of
20 the district pursuant to RCW 84.52.052 and Article VII, section 2(a) of
21 the state Constitution.

22 (2) A district may provide for the retirement of voter-approved
23 general obligation bonds, issued for capital purposes only, by levying
24 bond retirement ad valorem property tax levies in excess of the one
25 percent limitation whenever authorized by the voters of the district
26 pursuant to Article VII, section 2(b) of the state Constitution and RCW
27 84.52.056.

28 **Sec. 1208.** RCW 36.83.030 and 1983 c 130 s 3 are each amended to
29 read as follows:

30 (1) A service district may levy an ad valorem property tax, in
31 excess of the (~~one percent~~) limitation in RCW 84.52.050, upon the
32 property within the district for a one-year period whenever authorized
33 by the voters of the district pursuant to RCW 84.52.052 and Article
34 VII, section 2(a) of the state Constitution.

35 (2) A service district may provide for the retirement of voter
36 approved general obligation bonds, issued for capital purposes only, by

1 levying bond retirement ad valorem property tax levies, in excess of
2 the one percent limitation, whenever authorized by the voters of the
3 district pursuant to Article VII, section 2(b) of the state
4 Constitution and RCW 84.52.056.

5 **Sec. 1209.** RCW 36.100.050 and 1988 ex.s. c 1 s 15 are each amended
6 to read as follows:

7 (1) A public facilities district may levy an ad valorem property
8 tax, in excess of the (~~one percent~~) limitation in RCW 84.52.050, upon
9 the property within the district for a one-year period to be used for
10 operating or capital purposes whenever authorized by the voters of the
11 district pursuant to RCW 84.52.052 and Article VII, section 2(a) of the
12 state Constitution.

13 (2) A public facilities district may provide for the retirement of
14 voter-approved general obligation bonds, issued for capital purposes
15 only, by levying bond retirement ad valorem property tax levies, in
16 excess of the one percent limitation, whenever authorized by the voters
17 of the district pursuant to Article VII, section 2(b) of the state
18 Constitution and RCW 84.52.056.

19 **Sec. 1210.** RCW 67.38.130 and 1984 c 131 s 4 are each amended to
20 read as follows:

21 (1) The governing body of a cultural arts, stadium and convention
22 district may levy or cause to levy the following ad valorem taxes:

23 (~~(1)~~) (a)(i) Regular ad valorem property tax levies in an amount
24 equal to twenty-five cents or less per thousand dollars of the assessed
25 value of property in the district in each year for six consecutive
26 years when specifically authorized so to do by a majority of at least
27 three-fifths of the electors thereof approving a proposition
28 authorizing the levies submitted at a general or special election, at
29 which election the number of persons voting "yes" on the proposition
30 (~~shall~~) constitutes three-fifths of a number equal to forty percentum
31 of the total votes cast in such taxing district at the last preceding
32 general election; or by a majority of at least three-fifths of the
33 electors thereof voting on the proposition when the number of electors
34 voting yes on the proposition exceeds forty percentum of the total
35 votes cast in such taxing district in the last preceding general

1 election. Ballot propositions (~~shall~~) must conform with RCW
2 (~~29.30.111~~) 29A.36.210.

3 (ii)(A) In the event a cultural arts, stadium and convention
4 district is levying property taxes, which in combination with property
5 taxes levied by other taxing districts subject to the (~~one percent~~)
6 limitation provided for in (~~Article VII, section 2, of our state~~
7 ~~Constitution~~) RCW 84.52.050 result in taxes in excess of the
8 limitation provided for in RCW 84.52.043, the cultural arts, stadium
9 and convention district property tax levy (~~shall~~) must be reduced or
10 eliminated before the property tax levies of other taxing districts are
11 reduced(~~:-PROVIDED, That no~~).

12 (B) Cultural arts, stadium, and convention districts may pledge
13 anticipated revenues derived from the property tax herein authorized as
14 security for payments of bonds issued pursuant to (~~subsection (1)~~)
15 (a)(i) of this (~~section: PROVIDED, FURTHER, That such~~) subsection.

16 (C) The limitation (~~shall~~) in (a)(ii)(A) of this subsection does
17 not apply to property taxes approved pursuant to (~~subsections (2) and~~
18 ~~(3)~~) (b) and (c) of this (~~section~~) subsection.

19 (iii) The limitation in RCW 84.55.010 (~~shall apply~~) applies to
20 levies after the first levy authorized under this section following the
21 approval of such levy by voters pursuant to this section.

22 (~~(2)~~) (b) An annual excess ad valorem property tax for general
23 district purposes when authorized by the district voters in the manner
24 prescribed by (~~section 2,~~) Article VII, section 2 of the state
25 Constitution and by RCW 84.52.052.

26 (~~(3)~~) (c) Multiyear excess ad valorem property tax levies used to
27 retire general obligation bond issues when authorized by the district
28 voters in the manner prescribed by (~~section 2,~~) Article VII, section
29 2 of the state Constitution and by RCW 84.52.056.

30 (2) The district (~~shall~~) must include in its regular property tax
31 levy for each year a sum sufficient to pay the interest and principal
32 on all outstanding general obligation bonds issued without voter
33 approval pursuant to RCW 67.38.110 and may include a sum sufficient to
34 create a sinking fund for the redemption of all outstanding bonds.

35 **Sec. 1211.** RCW 84.52.010 and 2009 c 551 s 7 are each amended to
36 read as follows:

1 (1) Except as is permitted under RCW 84.55.050, all taxes (~~shall~~)
2 must be levied or voted in specific amounts.

3 (2) The rate percent of all taxes for state and county purposes,
4 and purposes of taxing districts coextensive with the county, (~~shall~~)
5 must be determined, calculated and fixed by the county assessors of the
6 respective counties, within the limitations provided by law, upon the
7 assessed valuation of the property of the county, as shown by the
8 completed tax rolls of the county, and the rate percent of all taxes
9 levied for purposes of taxing districts within any county (~~shall~~)
10 must be determined, calculated and fixed by the county assessors of the
11 respective counties, within the limitations provided by law, upon the
12 assessed valuation of the property of the taxing districts
13 respectively.

14 (3) When a county assessor finds that the aggregate rate of tax
15 levy on any property, that is subject to the limitations set forth in
16 RCW 84.52.043 or 84.52.050, exceeds the limitations provided in either
17 of these sections, the assessor (~~shall~~) must recompute and establish
18 a consolidated levy in the following manner:

19 (~~(1)~~) (a) The full certified rates of tax levy for state, county,
20 county road district, and city or town purposes (~~shall~~) must be
21 extended on the tax rolls in amounts not exceeding the limitations
22 established by law; however any state levy (~~shall~~) takes precedence
23 over all other levies and shall not be reduced for any purpose other
24 than that required by RCW 84.55.010. If, as a result of the levies
25 imposed under RCW 36.54.130, 84.34.230, 84.52.069, 84.52.105, the
26 portion of the levy by a metropolitan park district that was protected
27 under RCW 84.52.120, 84.52.125, 84.52.135, and 84.52.140, the combined
28 rate of regular property tax levies that are subject to the (~~one~~
29 ~~percent~~) limitation under RCW 84.52.050 exceeds (~~one percent of the~~
30 ~~true and fair value of any property~~) the limitation under RCW
31 84.52.050, then these levies (~~shall~~) must be reduced as follows:

32 (~~(a)~~) (i) The levy imposed by a county under RCW 84.52.140
33 (~~shall~~) must be reduced until the combined rate no longer exceeds
34 (~~one percent of the true and fair value of any property~~) the
35 limitation under RCW 84.52.050 or (~~shall~~) must be eliminated;

36 (~~(b)~~) (ii) If the combined rate of regular property tax levies
37 that are subject to the (~~one percent~~) limitation under RCW 84.52.050
38 still exceeds (~~one percent of the true and fair value of any~~

1 ~~property))~~ the limitation under RCW 84.52.050, the portion of the levy
2 by a fire protection district that is protected under RCW 84.52.125
3 ~~((shall))~~ must be reduced until the combined rate no longer exceeds
4 ~~((one percent of the true and fair value of any property))~~ the
5 limitation under RCW 84.52.050 or ~~((shall))~~ must be eliminated;

6 ~~((e))~~ (iii) If the combined rate of regular property tax levies
7 that are subject to the ~~((one percent))~~ limitation under RCW 84.52.050
8 still exceeds ~~((one percent of the true and fair value of any~~
9 ~~property))~~ the limitation under RCW 84.52.050, the levy imposed by a
10 county under RCW 84.52.135 must be reduced until the combined rate no
11 longer exceeds ~~((one percent of the true and fair value of any~~
12 ~~property))~~ the limitation under RCW 84.52.050 or must be eliminated;

13 ~~((d))~~ (iv) If the combined rate of regular property tax levies
14 that are subject to the ~~((one percent))~~ limitation under RCW 84.52.050
15 still exceeds ~~((one percent of the true and fair value of any~~
16 ~~property))~~ the limitation under RCW 84.52.050, the levy imposed by a
17 ferry district under RCW 36.54.130 must be reduced until the combined
18 rate no longer exceeds ~~((one percent of the true and fair value of any~~
19 ~~property))~~ the limitation under RCW 84.52.050 or must be eliminated;

20 ~~((e))~~ (v) If the combined rate of regular property tax levies
21 that are subject to the ~~((one percent))~~ limitation under RCW 84.52.050
22 still exceeds ~~((one percent of the true and fair value of any~~
23 ~~property))~~ the limitation under RCW 84.52.050, the portion of the levy
24 by a metropolitan park district that is protected under RCW 84.52.120
25 ~~((shall))~~ must be reduced until the combined rate no longer exceeds
26 ~~((one percent of the true and fair value of any property))~~ the
27 limitation under RCW 84.52.050 or ~~((shall))~~ must be eliminated;

28 ~~((f))~~ (vi) If the combined rate of regular property tax levies
29 that are subject to the ~~((one percent))~~ limitation under RCW 84.52.050
30 still exceeds ~~((one percent of the true and fair value of any~~
31 ~~property))~~ the limitation under RCW 84.52.050, then the levies imposed
32 under RCW 84.34.230, 84.52.105, and any portion of the levy imposed
33 under RCW 84.52.069 that is in excess of thirty cents per thousand
34 dollars of assessed value, ~~((shall))~~ must be reduced on a pro rata
35 basis until the combined rate no longer exceeds ~~((one percent of the~~
36 ~~true and fair value of any property))~~ the limitation under RCW
37 84.52.050 or ~~((shall))~~ must be eliminated; and

1 ~~((g))~~ (vii) If the combined rate of regular property tax levies
2 that are subject to the ~~((one percent))~~ limitation under RCW 84.52.050
3 still exceeds ~~((one percent of the true and fair value of any~~
4 ~~property))~~ the limitation under RCW 84.52.050, then the thirty cents
5 per thousand dollars of assessed value of tax levy imposed under RCW
6 84.52.069 ~~((shall))~~ must be reduced until the combined rate no longer
7 exceeds ~~((one percent of the true and fair value of any property))~~ the
8 limitation under RCW 84.52.050 or must be eliminated.

9 ~~((2))~~ (b) The certified rates of tax levy subject to these
10 limitations by all junior taxing districts imposing taxes on such
11 property ~~((shall))~~ must be reduced or eliminated as follows to bring
12 the consolidated levy of taxes on such property within the provisions
13 of these limitations:

14 ~~((a))~~ (i) First, the certified property tax levy rates of those
15 junior taxing districts authorized under RCW 36.68.525, 36.69.145,
16 35.95A.100, and 67.38.130 ~~((shall))~~ must be reduced on a pro rata basis
17 or eliminated;

18 ~~((b))~~ (ii) Second, if the consolidated tax levy rate still
19 exceeds these limitations, the certified property tax levy rates of
20 flood control zone districts ~~((shall))~~ must be reduced on a pro rata
21 basis or eliminated;

22 ~~((c))~~ (iii) Third, if the consolidated tax levy rate still
23 exceeds these limitations, the certified property tax levy rates of all
24 other junior taxing districts, other than fire protection districts,
25 regional fire protection service authorities, library districts, the
26 first fifty cent per thousand dollars of assessed valuation levies for
27 metropolitan park districts, and the first fifty cent per thousand
28 dollars of assessed valuation levies for public hospital districts,
29 ~~((shall))~~ must be reduced on a pro rata basis or eliminated;

30 ~~((d))~~ (iv) Fourth, if the consolidated tax levy rate still
31 exceeds these limitations, the first fifty cent per thousand dollars of
32 assessed valuation levies for metropolitan park districts created on or
33 after January 1, 2002, ~~((shall))~~ must be reduced on a pro rata basis or
34 eliminated;

35 ~~((e))~~ (v) Fifth, if the consolidated tax levy rate still exceeds
36 these limitations, the certified property tax levy rates authorized to
37 fire protection districts under RCW 52.16.140 and 52.16.160 and

1 regional fire protection service authorities under RCW 52.26.140(1) (b)
2 and (c) (~~shall~~) must be reduced on a pro rata basis or eliminated;
3 and

4 (~~(f)~~) (vi) Sixth, if the consolidated tax levy rate still exceeds
5 these limitations, the certified property tax levy rates authorized for
6 fire protection districts under RCW 52.16.130, regional fire protection
7 service authorities under RCW 52.26.140(1)(a), library districts,
8 metropolitan park districts created before January 1, 2002, under their
9 first fifty cent per thousand dollars of assessed valuation levy, and
10 public hospital districts under their first fifty cent per thousand
11 dollars of assessed valuation levy, (~~shall~~) must be reduced on a pro
12 rata basis or eliminated.

13 **Sec. 1212.** RCW 84.69.020 and 2005 c 502 s 9 are each amended to
14 read as follows:

15 (1) On the order of the county treasurer, ad valorem taxes paid
16 before or after delinquency (~~shall~~) must be refunded if they were:

17 (~~(1)~~) (a) Paid more than once;

18 (~~(2)~~) (b) Paid as a result of manifest error in description;

19 (~~(3)~~) (c) Paid as a result of a clerical error in extending the
20 tax rolls;

21 (~~(4)~~) (d) Paid as a result of other clerical errors in listing
22 property;

23 (~~(5)~~) (e) Paid with respect to improvements which did not exist
24 on assessment date;

25 (~~(6)~~) (f) Paid under levies or statutes adjudicated to be illegal
26 or unconstitutional;

27 (~~(7)~~) (g) Paid as a result of mistake, inadvertence, or lack of
28 knowledge by any person exempted from paying real property taxes or a
29 portion thereof pursuant to RCW 84.36.381 through 84.36.389, as now or
30 hereafter amended;

31 (~~(8)~~) (h) Paid as a result of mistake, inadvertence, or lack of
32 knowledge by either a public official or employee or by any person with
33 respect to real property in which the person paying the same has no
34 legal interest;

35 (~~(9)~~) (i) Paid on the basis of an assessed valuation which was
36 appealed to the county board of equalization and ordered reduced by the
37 board;

1 ~~((10))~~ (j) Paid on the basis of an assessed valuation which was
2 appealed to the state board of tax appeals and ordered reduced by the
3 board~~((:—PROVIDED, That))~~. However, the amount refunded under
4 ~~((subsections (9) and (10))~~ (i) and (j) of this ~~((section shall))~~
5 subsection may only be for the difference between the tax paid on the
6 basis of the appealed valuation and the tax payable on the valuation
7 adjusted in accordance with the board's order;

8 ~~((11))~~ (k) Paid as a state property tax levied upon property, the
9 assessed value of which has been established by the state board of tax
10 appeals for the year of such levy~~((:—PROVIDED, HOWEVER, That))~~.
11 However, the amount refunded ~~((shall))~~ may only be for the difference
12 between the state property tax paid and the amount of state property
13 tax which would, when added to all other property taxes within the
14 ~~((one percent))~~ limitation of Article VII, section 2 of the state
15 Constitution equal ~~((one percent))~~ the percentage under RCW 84.52.050
16 of the assessed value established by the board;

17 ~~((12))~~ (l) Paid on the basis of an assessed valuation which was
18 adjudicated to be unlawful or excessive~~((:—PROVIDED, That))~~. However,
19 the amount refunded ~~((shall be))~~ is for the difference between the
20 amount of tax which was paid on the basis of the valuation adjudged
21 unlawful or excessive and the amount of tax payable on the basis of the
22 assessed valuation determined as a result of the proceeding;

23 ~~((13))~~ (m) Paid on property acquired under RCW 84.60.050, and
24 canceled under RCW 84.60.050(2);

25 ~~((14))~~ (n) Paid on the basis of an assessed valuation that was
26 reduced under RCW 84.48.065;

27 ~~((15))~~ (o) Paid on the basis of an assessed valuation that was
28 reduced under RCW 84.40.039; or

29 ~~((16))~~ (p) Abated under RCW 84.70.010.

30 (2) No refunds under the provisions of this section ~~((shall))~~ may
31 be made because of any error in determining the valuation of property,
32 except as authorized in subsection~~((s (9), (10), (11), and (12))~~
33 (1)(i), (j), (k), and (l) of this section nor may any refunds be made
34 if a bona fide purchaser has acquired rights that would preclude the
35 assessment and collection of the refunded tax from the property that
36 should properly have been charged with the tax. Any refunds made on
37 delinquent taxes ~~((shall))~~ must include the proportionate amount of
38 interest and penalties paid. However, no refunds as a result of an

1 incorrect payment authorized under subsection (~~(+8)~~) (1)(h) of this
2 section made by a third party payee (~~(shall)~~) may be granted. The
3 county treasurer may deduct from moneys collected for the benefit of
4 the state's levy, refunds of the state levy including interest on the
5 levy as provided by this section and chapter 84.68 RCW.

6 (3) The county treasurer of each county (~~(shall)~~) must make all
7 refunds determined to be authorized by this section, and by the first
8 Monday in February of each year, report to the county legislative
9 authority a list of all refunds made under this section during the
10 previous year. The list is to include the name of the person receiving
11 the refund, the amount of the refund, and the reason for the refund.

12 **Sec. 1213.** RCW 39.89.020 and 2001 c 212 s 2 are each amended to
13 read as follows:

14 The definitions in this section apply throughout this chapter
15 unless the context clearly requires otherwise.

16 (1) "Assessed value of real property" means the valuation of real
17 property as placed on the last completed assessment roll.

18 (2) "Local government" means any city, town, county, port district,
19 or any combination thereof.

20 (3) "Ordinance" means any appropriate method of taking legislative
21 action by a local government.

22 (4) "Public improvements" means:

23 (a) Infrastructure improvements within the increment area that
24 include:

- 25 (i) Street and road construction and maintenance;
- 26 (ii) Water and sewer system construction and improvements;
- 27 (iii) Sidewalks and streetlights;
- 28 (iv) Parking, terminal, and dock facilities;
- 29 (v) Park and ride facilities of a transit authority;
- 30 (vi) Park facilities and recreational areas; and
- 31 (vii) Storm water and drainage management systems; and

32 (b) Expenditures for any of the following purposes:

- 33 (i) Providing environmental analysis, professional management,
34 planning, and promotion within the increment area, including the
35 management and promotion of retail trade activities in the increment
36 area;

1 (ii) Providing maintenance and security for common or public areas
2 in the increment area; or

3 (iii) Historic preservation activities authorized under RCW
4 35.21.395.

5 (5) "Public improvement costs" means the costs of: (a) Design,
6 planning, acquisition, site preparation, construction, reconstruction,
7 rehabilitation, improvement, and installation of public improvements;
8 (b) relocating, maintaining, and operating property pending
9 construction of public improvements; (c) relocating utilities as a
10 result of public improvements; (d) financing public improvements,
11 including interest during construction, legal and other professional
12 services, taxes, insurance, principal and interest costs on general
13 indebtedness issued to finance public improvements, and any necessary
14 reserves for general indebtedness; (e) assessments incurred in
15 revaluing real property for the purpose of determining the tax
16 allocation base value that are in excess of costs incurred by the
17 assessor in accordance with the revaluation plan under chapter 84.41
18 RCW, and the costs of apportioning the taxes and complying with this
19 chapter and other applicable law; and (f) administrative expenses and
20 feasibility studies reasonably necessary and related to these costs,
21 including related costs that may have been incurred before adoption of
22 the ordinance authorizing the public improvements and the use of
23 community revitalization financing to fund the costs of the public
24 improvements.

25 (6) "Regular property taxes" means regular property taxes as
26 defined in RCW 84.04.140, except(~~(a)~~) regular property taxes
27 levied by port districts or public utility districts specifically for
28 the purpose of making required payments of principal and interest on
29 general indebtedness(~~(b) regular property taxes levied by the~~
30 ~~state for the support of the common schools under RCW 84.52.065)~~).
31 Regular property taxes do not include excess property tax levies that
32 are exempt from the aggregate limits for junior and senior taxing
33 districts as provided in RCW 84.52.043.

34 (7) "Tax allocation base value" means the true and fair value of
35 real property located within an increment area for taxes imposed in the
36 year in which the increment area is created, plus twenty-five percent
37 of any increase in the true and fair value of real property located

1 within an increment area that is placed on the assessment rolls after
2 the increment area is created.

3 (8) "Tax allocation revenues" means those tax revenues derived from
4 the imposition of regular property taxes on the increment value and
5 distributed to finance public improvements.

6 (9) "Increment area" means the geographic area from which taxes are
7 to be appropriated to finance public improvements authorized under this
8 chapter.

9 (10) "Increment value" means seventy-five percent of any increase
10 in the true and fair value of real property in an increment area that
11 is placed on the tax rolls after the increment area is created.

12 (11) "Taxing districts" means a governmental entity that levies or
13 has levied for it regular property taxes upon real property located
14 within a proposed or approved increment area.

15 (12) "Value of taxable property" means the value of the taxable
16 property as defined in RCW 39.36.015.

17 **Sec. 1214.** RCW 43.99H.060 and 2009 c 500 s 8 and 2009 c 479 s 32
18 are each reenacted and amended to read as follows:

19 (1) For bonds issued for the purposes of RCW 43.99H.020(16), on
20 each date on which any interest or principal and interest payment is
21 due, the board of regents or the board of trustees of Washington State
22 University shall cause the amount computed in RCW 43.99H.040(1) to be
23 paid out of the appropriate building account or capital projects
24 account to the state treasurer for deposit into the general fund of the
25 state treasury.

26 (2) For bonds issued for the purposes of RCW 43.99H.020(15), on
27 each date on which any interest or principal and interest payment is
28 due, the state treasurer shall transfer the amount computed in RCW
29 43.99H.040(2) from the capitol campus reserve account, hereby created
30 in the state treasury, to the general fund of the state treasury. At
31 the time of sale of the bonds issued for the purposes of RCW
32 43.99H.020(15), and on or before June 30th of each succeeding year
33 while such bonds remain outstanding, the state finance committee shall
34 determine, based on current balances and estimated receipts and
35 expenditures from the capitol campus reserve account, that portion of
36 principal and interest on such RCW 43.99H.020(15) bonds which will, by

1 virtue of payments from the capitol campus reserve account, be
2 reimbursed from sources other than "general state revenues" as that
3 term is defined in Article VIII, section 1 of the state Constitution.

4 (3) For bonds issued for the purposes of RCW 43.99H.020(17), on
5 each date on which any interest or principal and interest payment is
6 due, the director of the department of labor and industries shall cause
7 fifty percent of the amount computed in RCW 43.99H.040(3) to be
8 transferred from the accident fund created in RCW 51.44.010 and fifty
9 percent of the amount computed in RCW 43.99H.040(3) to be transferred
10 from the medical aid fund created in RCW 51.44.020, to the general fund
11 of the state treasury.

12 (4) For bonds issued for the purposes of RCW 43.99H.020(18), on
13 each date on which any interest or principal and interest payment is
14 due, the board of regents of the University of Washington shall cause
15 the amount computed in RCW 43.99H.040(4) to be paid out of University
16 of Washington nonappropriated local funds to the state treasurer for
17 deposit into the general fund of the state treasury.

18 ~~((5) For bonds issued for the purposes of RCW 43.99H.020(4), on
19 each date on which any interest or principal and interest payment is
20 due, the state treasurer shall transfer from property taxes in the
21 state general fund levied for the support of the common schools under
22 RCW 84.52.065 to the general fund of the state treasury for
23 unrestricted use the amount computed in RCW 43.99H.040(6).))~~

24 **Sec. 1215.** RCW 43.99I.040 and 1997 c 456 s 39 are each amended to
25 read as follows:

26 (1) ~~((On each date on which any interest or principal and interest
27 payment is due on bonds issued for the purposes of RCW 43.99I.020(4),
28 the state treasurer shall transfer from property taxes in the state
29 general fund levied for this support of the common schools under RCW
30 84.52.065 to the general fund of the state treasury for unrestricted
31 use the amount computed in RCW 43.99I.030 for the bonds issued for the
32 purposes of RCW 43.99I.020(4).~~

33 ~~(2))~~ On each date on which any interest or principal and interest
34 payment is due on bonds issued for the purposes of RCW 43.99I.020(5),
35 the state treasurer shall transfer from higher education operating fees
36 deposited in the general fund to the general fund of the state treasury
37 for unrestricted use, or if chapter 231, Laws of 1992 (Senate Bill No.

1 6285) becomes law and changes the disposition of higher education
2 operating fees from the general fund to another account, the state
3 treasurer (~~shall~~) must transfer the proportional share from the
4 University of Washington operating fees account, the Washington State
5 University operating fees account, and the Central Washington
6 University operating fees account the amount computed in RCW 43.99I.030
7 for the bonds issued for the purposes of RCW 43.99I.020(6).

8 (~~(+3)~~) (2) On each date on which any interest or principal and
9 interest payment is due on bonds issued for the purposes of RCW
10 43.99I.020(6), the state treasurer (~~shall~~) must transfer from the
11 data processing revolving fund created in RCW 43.105.080 to the general
12 fund of the state treasury the amount computed in RCW 43.99I.030 for
13 the bonds issued for the purposes of RCW 43.99I.020(6).

14 (~~(+4)~~) (3) On each date on which any interest or principal and
15 interest payment is due on bonds issued for the purpose of RCW
16 43.99I.020(7), the Washington state dairy products commission (~~shall~~)
17 must cause the amount computed in RCW 43.99I.030 for the bonds issued
18 for the purposes of RCW 43.99I.020(7) to be paid out of the
19 commission's general operating fund to the state treasurer for deposit
20 into the general fund of the state treasury.

21 (~~(+5)~~) (4) The higher education operating fee accounts for the
22 University of Washington, Washington State University, and Central
23 Washington University established by chapter 231, Laws of 1992 and
24 repealed by chapter 18, Laws of 1993 1st sp. sess. are reestablished in
25 the state treasury for purposes of fulfilling debt service
26 reimbursement transfers to the general fund required by bond
27 resolutions and covenants for bonds issued for purposes of RCW
28 43.99I.020(5).

29 (~~(+6)~~) (5) For bonds issued for purposes of RCW 43.99I.020(5), on
30 each date on which any interest or principal and interest payment is
31 due, the board of regents or board of trustees of the University of
32 Washington, Washington State University, or Central Washington
33 University (~~shall~~) must cause the amount as determined by the state
34 treasurer to be paid out of the local operating fee account for deposit
35 by the universities into the state treasury higher education operating
36 fee accounts. The state treasurer (~~shall~~) must transfer the
37 proportional share from the University of Washington operating fees
38 account, the Washington State University operating fees account, and

1 the Central Washington University operating fees account the amount
2 computed in RCW 43.99I.030 for the bonds issued for the purposes of RCW
3 43.99I.020(6) to reimburse the general fund.

4 **PART XIII**
5 **MISCELLANEOUS**

6 NEW SECTION. **Sec. 1301.** SEVERABILITY. If any provision of this
7 act or its application to any person or circumstance is held invalid,
8 the remainder of the act or the application of the provision to other
9 persons or circumstances is not affected.

10 NEW SECTION. **Sec. 1302.** CODIFICATION. Sections 101 through 809
11 of this act constitute a new title in the Revised Code of Washington,
12 to be codified as Title 82A RCW.

13 NEW SECTION. **Sec. 1303.** CONTINGENT EFFECTIVE DATE. If the
14 proposed amendment to Article VII of the state Constitution authorizing
15 income taxes (SJR . . . (S-3300/10)) is validly submitted and is approved
16 and ratified by the voters at a general election held in November 2010,
17 then section 1201 of this act takes effect January 1, 2011, and the
18 remainder of this act takes effect January 1, 2012. If the proposed
19 amendment is not approved and ratified, this entire act is null and
20 void in its entirety.

21 NEW SECTION. **Sec. 1304.** Sections 1201 through 1215 of this act
22 apply to taxes levied for collection in 2012.

23 NEW SECTION. **Sec. 1305.** If any amendments in this act, or any
24 sections enacted or affected by chapter . . . , Laws of 2010 (this
25 act), are enacted in a 2010 legislative session that do not take
26 cognizance of chapter . . . , Laws of 2010 (this act), the code reviser
27 must prepare a bill for introduction in the 2011 or 2012 legislative
28 session that incorporates any such amendments into the reorganization
29 adopted by chapter . . . , Laws of 2010 (this act) and corrects any
30 incorrect cross-references.

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