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HOUSE BILL 3183

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By Representatives Flannigan, Ericks, Pettigrew, Ormsby, Eddy, Chase, Appleton, Quall, Hunt, Sells, Nelson, Dickerson, Pedersen, Clibborn, Moeller, and Darneille

Read first time 02/12/10. Referred to Committee on Finance.

1 AN ACT Relating to excise taxes; amending RCW 82.08.020 and  
2 82.08.020; reenacting and amending RCW 43.84.092; adding a new section  
3 to chapter 82.04 RCW; adding a new section to chapter 46.68 RCW;  
4 creating a new section; providing effective dates; and providing an  
5 expiration date.

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

7 NEW SECTION. **Sec. 1.** An unprecedented shortfall in state general  
8 fund and transportation revenues has threatened the state's ability to  
9 fund vital services and provide adequate transportation infrastructure.  
10 Cities, counties, and public transportation systems have also been hurt  
11 by the downturn in the economy. For this reason, the legislature is  
12 enacting an excise tax equivalent to one percent that will be reduced  
13 to one-half of a percent when the state's unemployment decreases to six  
14 and five-tenths percent for four continuous months and is eliminated  
15 when the unemployment rate decreases to five percent for four  
16 continuous months. The additional funding will keep people working,  
17 strengthen the safety net for citizens by providing vital needed  
18 services, and adding jobs as the economy begins to rebound through  
19 investing in the state's economy and infrastructure. The intent is to

1 help people and the economy through the economic crisis, but when the  
2 economy has recovered, this tax will no longer be required and will be  
3 replaced by revenue being automatically generated through the  
4 revitalized economic growth in the state.

5 **Sec. 2.** RCW 82.08.020 and 2009 c 469 s 802 are each amended to  
6 read as follows:

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

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

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

22 (~~(4)~~) (b) For purposes of this subsection (3) (~~of this~~  
23 ~~section~~), "motor vehicle" has the meaning provided in RCW 46.04.320,  
24 but does not include farm tractors or farm vehicles as defined in RCW  
25 46.04.180 and 46.04.181, off-road and nonhighway vehicles as defined in  
26 RCW 46.09.020, and snowmobiles as defined in RCW 46.10.010.

27 (4)(a) Beginning June 30, 2010, there is levied and collected an  
28 additional tax of one percent of the selling price on each retail sale  
29 in this state. Of the revenue collected under this subsection:

30 (i) Eighty percent of the revenue must be deposited in the general  
31 fund;

32 (ii) Seventeen percent of the revenue must be deposited in the  
33 motor vehicle account and must be used for highway construction,  
34 preservation, and maintenance; and

35 (iii) Three percent of the revenue must be deposited into the  
36 multimodal account and must be used for public transportation systems,  
37 which include only those systems defined as a "municipality" in RCW

1 35.58.272. Department of transportation public transportation jointly  
2 with public transportation systems must develop a grant program. The  
3 program grants must be awarded based upon mutually agreed  
4 performance-based outcome criteria. The department of transportation  
5 at the end of each biennium must report to the house and senate  
6 transportation committees on the performance of the grant program.

7 (b)(i) When the state's unemployment rate decreases to six and  
8 five-tenths percent for four continuous months, the rate of one percent  
9 in this subsection (4) must be reduced to one-half of one percent.

10 (ii) When the state's unemployment rate decreases to five percent  
11 for four continuous months, no additional tax may be imposed under this  
12 subsection (4).

13 (5) Beginning on December 8, 2005, 0.16 percent of the taxes  
14 collected under subsection (1) of this section (~~shall~~) must be  
15 dedicated to funding comprehensive performance audits required under  
16 RCW 43.09.470. The revenue identified in this subsection (~~shall~~)  
17 must be deposited in the performance audits of government account  
18 created in RCW 43.09.475.

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

21 (7)(a) Until January 1, 2011, the tax imposed in subsection (3) of  
22 this section and the dedication of revenue provided for in subsection  
23 (5) of this section(~~7~~) do not apply with respect to the sales of new  
24 passenger cars, light duty trucks, and medium duty passenger vehicles,  
25 which utilize hybrid technology and have a United States environmental  
26 protection agency estimated highway gasoline mileage rating of at least  
27 forty miles per gallon.

28 (b) As used in this subsection, "hybrid technology" means  
29 propulsion units powered by both electricity and gasoline.

30 (8) The rates provided in this section apply to taxes imposed under  
31 chapter 82.12 RCW as provided in RCW 82.12.020.

32 **Sec. 3.** RCW 82.08.020 and 2006 c 1 s 3 are each amended to read as  
33 follows:

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

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

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

13 (~~(4)~~) (b) For purposes of this subsection (3) (~~of this~~  
14 ~~section~~), "motor vehicle" has the meaning provided in RCW 46.04.320,  
15 but does not include farm tractors or farm vehicles as defined in RCW  
16 46.04.180 and 46.04.181, off-road and nonhighway vehicles as defined in  
17 RCW 46.09.020, and snowmobiles as defined in RCW 46.10.010.

18 (4)(a) Beginning June 30, 2010, there is levied and collected an  
19 additional tax of one percent of the selling price on each retail sale  
20 in this state. Of the revenue collected under this subsection:

21 (i) Eighty percent of the revenue must be deposited in the general  
22 fund;

23 (ii) Seventeen percent of the revenue must be deposited in the  
24 motor vehicle account and must be used for highway construction,  
25 preservation, and maintenance; and

26 (iii) Three percent of the revenue must be deposited into the  
27 multimodal account and must be used for public transportation systems,  
28 which include only those systems defined as a "municipality" in RCW  
29 35.58.272. Department of transportation public transportation jointly  
30 with public transportation systems must develop a grant program. The  
31 program grants must be awarded based upon mutually agreed  
32 performance-based outcome criteria. The department of transportation  
33 at the end of each biennium must report to the house and senate  
34 transportation committees on the performance of the grant program.

35 (b)(i) When the state's unemployment rate decreases to six and  
36 five-tenths percent for four continuous months, the rate of one percent  
37 in this subsection (4) must be reduced to one-half of one percent.

1        (ii) When the state's unemployment rate decreases to five percent  
2 for four continuous months, no additional tax may be imposed under this  
3 subsection (4).

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

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

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

14        NEW SECTION. Sec. 4. A new section is added to chapter 82.04 RCW  
15 to read as follows:

16        (1) Upon every person engaging within this state in the business of  
17 making sales at retail of motor vehicle fuel or special fuel; as to  
18 such persons the amount of tax with respect to the business is equal to  
19 the gross proceeds of sales of the business multiplied by the rate of  
20 1.5 percent.

21        (2) For the purposes of this section, the following definitions  
22 apply:

23        (a) "Motor vehicle fuel" has the same meaning as provided in  
24 chapter 82.36 RCW; and

25        (b) "Special fuel" has the same meaning as provided in chapter  
26 82.38 RCW.

27        (3)(a) 0.314 percent received from the excise tax imposed in this  
28 section must be distributed to the general fund and 0.686 percent must  
29 be distributed to the local government transportation account created  
30 in section 5 of this act and must be distributed as follows:

31        (i) Fifty percent must be distributed to cities and towns monthly  
32 by the state treasurer based on the office of financial management's  
33 official population forecast. Funds must be used for transportation  
34 with a minimum of fifty percent of the funds dedicated to roadway  
35 preservation and maintenance;

36        (ii) Fifty percent must be distributed to counties monthly by the  
37 state treasurer based on county road miles recognized by the county

1 road administration board. Funds must be used for transportation with  
2 a minimum of fifty percent of the funds dedicated to roadway  
3 preservation and maintenance.

4 (b)(i) When the state's unemployment rate decreases to six and  
5 five-tenths percent for four continuous months, the rate of one percent  
6 in this subsection (3) must be reduced to one-half of one percent.

7 (ii) When the state's unemployment rate decreases to five percent  
8 for four continuous months, no additional tax may be imposed under this  
9 subsection (3).

10 NEW SECTION. **Sec. 5.** A new section is added to chapter 46.68 RCW  
11 to read as follows:

12 The local government transportation account is created in the motor  
13 vehicle fund. Expenditures from the account must be used by cities,  
14 towns, and counties for transportation purposes only.

15 **Sec. 6.** RCW 43.84.092 and 2009 c 479 s 31, 2009 c 472 s 5, and  
16 2009 c 451 s 8 are each reenacted and amended to read as follows:

17 (1) All earnings of investments of surplus balances in the state  
18 treasury shall be deposited to the treasury income account, which  
19 account is hereby established in the state treasury.

20 (2) The treasury income account shall be utilized to pay or receive  
21 funds associated with federal programs as required by the federal cash  
22 management improvement act of 1990. The treasury income account is  
23 subject in all respects to chapter 43.88 RCW, but no appropriation is  
24 required for refunds or allocations of interest earnings required by  
25 the cash management improvement act. Refunds of interest to the  
26 federal treasury required under the cash management improvement act  
27 fall under RCW 43.88.180 and shall not require appropriation. The  
28 office of financial management shall determine the amounts due to or  
29 from the federal government pursuant to the cash management improvement  
30 act. The office of financial management may direct transfers of funds  
31 between accounts as deemed necessary to implement the provisions of the  
32 cash management improvement act, and this subsection. Refunds or  
33 allocations shall occur prior to the distributions of earnings set  
34 forth in subsection (4) of this section.

35 (3) Except for the provisions of RCW 43.84.160, the treasury income  
36 account may be utilized for the payment of purchased banking services

1 on behalf of treasury funds including, but not limited to, depository,  
2 safekeeping, and disbursement functions for the state treasury and  
3 affected state agencies. The treasury income account is subject in all  
4 respects to chapter 43.88 RCW, but no appropriation is required for  
5 payments to financial institutions. Payments shall occur prior to  
6 distribution of earnings set forth in subsection (4) of this section.

7 (4) Monthly, the state treasurer shall distribute the earnings  
8 credited to the treasury income account. The state treasurer shall  
9 credit the general fund with all the earnings credited to the treasury  
10 income account except:

11 The following accounts and funds shall receive their proportionate  
12 share of earnings based upon each account's and fund's average daily  
13 balance for the period: The aeronautics account, the aircraft search  
14 and rescue account, the budget stabilization account, the capitol  
15 building construction account, the Cedar River channel construction and  
16 operation account, the Central Washington University capital projects  
17 account, the charitable, educational, penal and reformatory  
18 institutions account, the cleanup settlement account, the Columbia  
19 river basin water supply development account, the common school  
20 construction fund, the county arterial preservation account, the county  
21 criminal justice assistance account, the county sales and use tax  
22 equalization account, the data processing building construction  
23 account, the deferred compensation administrative account, the deferred  
24 compensation principal account, the department of licensing services  
25 account, the department of retirement systems expense account, the  
26 developmental disabilities community trust account, the drinking water  
27 assistance account, the drinking water assistance administrative  
28 account, the drinking water assistance repayment account, the Eastern  
29 Washington University capital projects account, the education  
30 construction fund, the education legacy trust account, the election  
31 account, the energy freedom account, the energy recovery act account,  
32 the essential rail assistance account, The Evergreen State College  
33 capital projects account, the federal forest revolving account, the  
34 ferry bond retirement fund, the freight congestion relief account, the  
35 freight mobility investment account, the freight mobility multimodal  
36 account, the grade crossing protective fund, the public health services  
37 account, the health system capacity account, the personal health  
38 services account, the high capacity transportation account, the state

1 higher education construction account, the higher education  
2 construction account, the highway bond retirement fund, the highway  
3 infrastructure account, the highway safety account, the high occupancy  
4 toll lanes operations account, the industrial insurance premium refund  
5 account, the judges' retirement account, the judicial retirement  
6 administrative account, the judicial retirement principal account, the  
7 local government transportation account, the local leasehold excise tax  
8 account, the local real estate excise tax account, the local sales and  
9 use tax account, the medical aid account, the mobile home park  
10 relocation fund, the motor vehicle fund, the motorcycle safety  
11 education account, the multimodal transportation account, the municipal  
12 criminal justice assistance account, the municipal sales and use tax  
13 equalization account, the natural resources deposit account, the oyster  
14 reserve land account, the pension funding stabilization account, the  
15 perpetual surveillance and maintenance account, the public employees'  
16 retirement system plan 1 account, the public employees' retirement  
17 system combined plan 2 and plan 3 account, the public facilities  
18 construction loan revolving account beginning July 1, 2004, the public  
19 health supplemental account, the public transportation systems account,  
20 the public works assistance account, the Puget Sound capital  
21 construction account, the Puget Sound ferry operations account, the  
22 Puyallup tribal settlement account, the real estate appraiser  
23 commission account, the recreational vehicle account, the regional  
24 mobility grant program account, the resource management cost account,  
25 the rural arterial trust account, the rural Washington loan fund, the  
26 site closure account, the small city pavement and sidewalk account, the  
27 special category C account, the special wildlife account, the state  
28 employees' insurance account, the state employees' insurance reserve  
29 account, the state investment board expense account, the state  
30 investment board commingled trust fund accounts, the state patrol  
31 highway account, the state route number 520 corridor account, the  
32 supplemental pension account, the Tacoma Narrows toll bridge account,  
33 the teachers' retirement system plan 1 account, the teachers'  
34 retirement system combined plan 2 and plan 3 account, the tobacco  
35 prevention and control account, the tobacco settlement account, the  
36 transportation 2003 account (nickel account), the transportation  
37 equipment fund, the transportation fund, the transportation improvement  
38 account, the transportation improvement board bond retirement account,



1 the transportation infrastructure account, the transportation  
2 partnership account, the traumatic brain injury account, the tuition  
3 recovery trust fund, the University of Washington bond retirement fund,  
4 the University of Washington building account, the urban arterial trust  
5 account, the volunteer firefighters' and reserve officers' relief and  
6 pension principal fund, the volunteer firefighters' and reserve  
7 officers' administrative fund, the Washington fruit express account,  
8 the Washington judicial retirement system account, the Washington law  
9 enforcement officers' and firefighters' system plan 1 retirement  
10 account, the Washington law enforcement officers' and firefighters'  
11 system plan 2 retirement account, the Washington public safety  
12 employees' plan 2 retirement account, the Washington school employees'  
13 retirement system combined plan 2 and 3 account, the Washington state  
14 health insurance pool account, the Washington state patrol retirement  
15 account, the Washington State University building account, the  
16 Washington State University bond retirement fund, the water pollution  
17 control revolving fund, and the Western Washington University capital  
18 projects account. Earnings derived from investing balances of the  
19 agricultural permanent fund, the normal school permanent fund, the  
20 permanent common school fund, the scientific permanent fund, and the  
21 state university permanent fund shall be allocated to their respective  
22 beneficiary accounts. All earnings to be distributed under this  
23 subsection (4) shall first be reduced by the allocation to the state  
24 treasurer's service fund pursuant to RCW 43.08.190.

25 (5) In conformance with Article II, section 37 of the state  
26 Constitution, no treasury accounts or funds shall be allocated earnings  
27 without the specific affirmative directive of this section.

28 NEW SECTION. **Sec. 7.** Sections 1, 2, and 4 through 6 of this act  
29 take effect July 1, 2010.

30 NEW SECTION. **Sec. 8.** Section 2 of this act expires January 1,  
31 2011.

32 NEW SECTION. **Sec. 9.** Section 3 of this act takes effect January  
33 1, 2011.

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