
HOUSE BILL 2734

State of Washington 62nd Legislature 2012 Regular Session

By Representatives Sullivan, Chandler, and Takko

Read first time 01/27/12. Referred to Committee on Ways & Means.

1 AN ACT Relating to taxation of heavy equipment; reenacting and
2 amending RCW 43.84.092; adding a new section to chapter 84.36 RCW;
3 adding a new chapter to Title 84 RCW; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.36 RCW
6 to read as follows:

7 (1) All heavy equipment, including attachments, owned by a heavy
8 equipment rental business for the purpose of leasing or renting at
9 retail is exempt from property taxes.

10 (2) The definitions in section 2 of this act apply to this section.

11 NEW SECTION. **Sec. 2.** (1) Beginning January 1, 2013, a county may
12 impose a tax on persons leasing or renting heavy equipment at retail
13 from a heavy equipment rental business. The rate of tax equals five
14 dollars and twenty-five cents per invoice for the lease or rental of
15 heavy equipment.

16 (2) The tax authorized under this section is sourced to the county
17 where the heavy equipment rental business from which the heavy
18 equipment is leased or rented is located.

1 (3) The heavy equipment rental business must collect the tax
2 imposed under this section from the lessee and remit it in the manner
3 prescribed by this chapter. The heavy equipment rental business must
4 report taxes imposed under this section on a state tax return in the
5 manner provided in section 3 of this act. However, a county may have
6 the business report the tax authorized under this section directly to
7 the county in lieu of the state administering the tax.

8 (4) On an annual basis, a county imposing the tax under this
9 section must distribute thirty-three and one-third percent of the
10 proceeds derived under this chapter on a pro rata basis with cities and
11 towns within the county based on population. However, a city or town
12 is not eligible for any distribution under this subsection, and the
13 county may retain such distribution, if the amount of the distribution
14 would be less than one hundred dollars. The population determination
15 for the county includes only the unincorporated areas.

16 (5) The definitions in this subsection apply to this chapter unless
17 the context clearly requires otherwise.

18 (a) "Person" and "retail sale" have the same meanings as provided
19 in chapter 82.04 RCW.

20 (b) "Heavy equipment" means earthmoving, construction, or
21 industrial equipment that is mobile, weighs at least five hundred
22 pounds, and meets either of the following requirements:

23 (i) The equipment is a self-propelled vehicle that is not designed
24 to be driven on a highway; or

25 (ii) The equipment is industrial lift equipment, industrial
26 material handling equipment, industrial electrical generation
27 equipment, or a similar piece of industrial equipment.

28 (c) "Heavy equipment rental business" means a person primarily
29 engaged in the short-term renting or leasing of heavy equipment.

30 NEW SECTION. **Sec. 3.** (1) Counties opting to have the department
31 administer and collect the county tax authorized under section 2 of
32 this act must contract, no less than seventy-five days prior to the
33 effective date of an ordinance or resolution imposing the tax
34 authorized, for the administration and collection of the tax by the
35 department. A county must provide the department with at least
36 seventy-five days' notice prior to the imposition of the tax authorized
37 under section 2 of this act and the department must make reasonable

1 efforts to notify affected taxpayers before the tax is imposed. The
2 department may deduct an amount, as provided by contract, not to exceed
3 one percent of the taxes collected for administration and collection
4 expenses incurred by the department. The remainder of any portion of
5 any tax authorized by this chapter that is collected by the department
6 must be deposited in the county heavy equipment tax account hereby
7 created in the state treasury.

8 (2) Monthly, the state treasurer must distribute moneys in the
9 county heavy equipment tax account to counties imposing the tax
10 authorized in section 2 of this act. Except as provided in RCW
11 43.08.190, all earnings of investments of balances in the county heavy
12 equipment tax account must be credited to the county heavy equipment
13 tax account and distributed monthly to the counties imposing the tax.

14 NEW SECTION. **Sec. 4.** If the county opts to have the state
15 administer the tax authorized in section 2 of this act, chapter 82.32
16 RCW applies to the tax authorized in section 2 of this act. The
17 department or a county may adopt any administrative rules necessary for
18 the effective administration of this chapter.

19 **Sec. 5.** RCW 43.84.092 and 2011 1st sp.s. c 16 s 6, 2011 1st sp.s.
20 c 7 s 22, 2011 c 369 s 6, 2011 c 339 s 1, 2011 c 311 s 9, 2011 c 272 s
21 3, 2011 c 120 s 3, and 2011 c 83 s 7 are each reenacted and amended to
22 read as follows:

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

26 (2) The treasury income account shall be utilized to pay or receive
27 funds associated with federal programs as required by the federal cash
28 management improvement act of 1990. The treasury income account is
29 subject in all respects to chapter 43.88 RCW, but no appropriation is
30 required for refunds or allocations of interest earnings required by
31 the cash management improvement act. Refunds of interest to the
32 federal treasury required under the cash management improvement act
33 fall under RCW 43.88.180 and shall not require appropriation. The
34 office of financial management shall determine the amounts due to or
35 from the federal government pursuant to the cash management improvement
36 act. The office of financial management may direct transfers of funds

1 between accounts as deemed necessary to implement the provisions of the
2 cash management improvement act, and this subsection. Refunds or
3 allocations shall occur prior to the distributions of earnings set
4 forth in subsection (4) of this section.

5 (3) Except for the provisions of RCW 43.84.160, the treasury income
6 account may be utilized for the payment of purchased banking services
7 on behalf of treasury funds including, but not limited to, depository,
8 safekeeping, and disbursement functions for the state treasury and
9 affected state agencies. The treasury income account is subject in all
10 respects to chapter 43.88 RCW, but no appropriation is required for
11 payments to financial institutions. Payments shall occur prior to
12 distribution of earnings set forth in subsection (4) of this section.

13 (4) Monthly, the state treasurer shall distribute the earnings
14 credited to the treasury income account. The state treasurer shall
15 credit the general fund with all the earnings credited to the treasury
16 income account except:

17 (a) The following accounts and funds shall receive their
18 proportionate share of earnings based upon each account's and fund's
19 average daily balance for the period: The aeronautics account, the
20 aircraft search and rescue account, the budget stabilization account,
21 the capital vessel replacement account, the capitol building
22 construction account, the Cedar River channel construction and
23 operation account, the Central Washington University capital projects
24 account, the charitable, educational, penal and reformatory
25 institutions account, the cleanup settlement account, the Columbia
26 river basin water supply development account, the Columbia river basin
27 taxable bond water supply development account, the Columbia river basin
28 water supply revenue recovery account, the common school construction
29 fund, the county arterial preservation account, the county criminal
30 justice assistance account, the county heavy equipment tax account, the
31 county sales and use tax equalization account, the deferred
32 compensation administrative account, the deferred compensation
33 principal account, the department of licensing services account, the
34 department of retirement systems expense account, the developmental
35 disabilities community trust account, the drinking water assistance
36 account, the drinking water assistance administrative account, the
37 drinking water assistance repayment account, the Eastern Washington
38 University capital projects account, the Interstate 405 express toll

1 lanes operations account, the education construction fund, the
2 education legacy trust account, the election account, the energy
3 freedom account, the energy recovery act account, the essential rail
4 assistance account, The Evergreen State College capital projects
5 account, the federal forest revolving account, the ferry bond
6 retirement fund, the freight congestion relief account, the freight
7 mobility investment account, the freight mobility multimodal account,
8 the grade crossing protective fund, the public health services account,
9 the health system capacity account, the high capacity transportation
10 account, the state higher education construction account, the higher
11 education construction account, the highway bond retirement fund, the
12 highway infrastructure account, the highway safety account, the high
13 occupancy toll lanes operations account, the hospital safety net
14 assessment fund, the industrial insurance premium refund account, the
15 judges' retirement account, the judicial retirement administrative
16 account, the judicial retirement principal account, the local leasehold
17 excise tax account, the local real estate excise tax account, the local
18 sales and use tax account, the marine resources stewardship trust
19 account, the medical aid account, the mobile home park relocation fund,
20 the motor vehicle fund, the motorcycle safety education account, the
21 multiagency permitting team account, the multimodal transportation
22 account, the municipal criminal justice assistance account, the
23 municipal sales and use tax equalization account, the natural resources
24 deposit account, the oyster reserve land account, the pension funding
25 stabilization account, the perpetual surveillance and maintenance
26 account, the public employees' retirement system plan 1 account, the
27 public employees' retirement system combined plan 2 and plan 3 account,
28 the public facilities construction loan revolving account beginning
29 July 1, 2004, the public health supplemental account, the public
30 transportation systems account, the public works assistance account,
31 the Puget Sound capital construction account, the Puget Sound ferry
32 operations account, the Puyallup tribal settlement account, the real
33 estate appraiser commission account, the recreational vehicle account,
34 the regional mobility grant program account, the resource management
35 cost account, the rural arterial trust account, the rural mobility
36 grant program account, the rural Washington loan fund, the site closure
37 account, the skilled nursing facility safety net trust fund, the small
38 city pavement and sidewalk account, the special category C account, the

1 special wildlife account, the state employees' insurance account, the
2 state employees' insurance reserve account, the state investment board
3 expense account, the state investment board commingled trust fund
4 accounts, the state patrol highway account, the state route number 520
5 civil penalties account, the state route number 520 corridor account,
6 the state wildlife account, the supplemental pension account, the
7 Tacoma Narrows toll bridge account, the teachers' retirement system
8 plan 1 account, the teachers' retirement system combined plan 2 and
9 plan 3 account, the tobacco prevention and control account, the tobacco
10 settlement account, the transportation 2003 account (nickel account),
11 the transportation equipment fund, the transportation fund, the
12 transportation improvement account, the transportation improvement
13 board bond retirement account, the transportation infrastructure
14 account, the transportation partnership account, the traumatic brain
15 injury account, the tuition recovery trust fund, the University of
16 Washington bond retirement fund, the University of Washington building
17 account, the volunteer firefighters' and reserve officers' relief and
18 pension principal fund, the volunteer firefighters' and reserve
19 officers' administrative fund, the Washington judicial retirement
20 system account, the Washington law enforcement officers' and
21 firefighters' system plan 1 retirement account, the Washington law
22 enforcement officers' and firefighters' system plan 2 retirement
23 account, the Washington public safety employees' plan 2 retirement
24 account, the Washington school employees' retirement system combined
25 plan 2 and 3 account, the Washington state economic development
26 commission account, the Washington state health insurance pool account,
27 the Washington state patrol retirement account, the Washington State
28 University building account, the Washington State University bond
29 retirement fund, the water pollution control revolving fund, and the
30 Western Washington University capital projects account. Earnings
31 derived from investing balances of the agricultural permanent fund, the
32 normal school permanent fund, the permanent common school fund, the
33 scientific permanent fund, and the state university permanent fund
34 shall be allocated to their respective beneficiary accounts.

35 (b) Any state agency that has independent authority over accounts
36 or funds not statutorily required to be held in the state treasury that
37 deposits funds into a fund or account in the state treasury pursuant to

1 an agreement with the office of the state treasurer shall receive its
2 proportionate share of earnings based upon each account's or fund's
3 average daily balance for the period.

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

7 NEW SECTION. **Sec. 6.** Sections 2 through 4 of this act constitute
8 a new chapter in Title 84 RCW.

9 NEW SECTION. **Sec. 7.** Section 1 of this act applies to taxes
10 levied for collection in 2013 and thereafter.

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