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**SUBSTITUTE HOUSE BILL 2823**

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**State of Washington                      62nd Legislature                      2012 1st Special Session**

**By House Ways & Means (originally sponsored by Representative Hunter)**

READ FIRST TIME 04/05/12.

1            AN ACT Relating to redirecting existing state revenues into the  
2 state general fund; amending RCW 43.135.045, 82.18.040, 82.08.160,  
3 82.08.170, 43.110.030, 66.08.190, 66.08.196, 66.08.200, 66.08.210,  
4 43.63A.190, and 82.16.020; reenacting and amending RCW 82.45.060;  
5 creating a new section; repealing RCW 43.110.050 and 43.110.060;  
6 providing an effective date; providing an expiration date; and  
7 declaring an emergency.

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

9            **Sec. 1.** RCW 43.135.045 and 2011 1st sp.s. c 50 s 950 are each  
10 amended to read as follows:

11            The education construction fund is hereby created in the state  
12 treasury.

13            (1) Funds may be appropriated from the education construction fund  
14 exclusively for common school construction or higher education  
15 construction. During the 2007-2009 fiscal biennium, funds may also be  
16 used for higher education facilities preservation and maintenance.  
17 During the 2009-2011 and 2011-2013 fiscal biennia, the legislature may  
18 transfer from the education construction fund to the state general fund  
19 such amounts as reflect the excess fund balance of the fund.

1 (2) Funds may be appropriated for any other purpose only if  
2 approved by a two-thirds vote of each house of the legislature and if  
3 approved by a vote of the people at the next general election. An  
4 appropriation approved by the people under this subsection (~~shall~~)  
5 must result in an adjustment to the state expenditure limit only for  
6 the fiscal period for which the appropriation is made and (~~shall~~)  
7 does not affect any subsequent fiscal period.

8 (3) Funds for the student achievement program in RCW 28A.505.210  
9 and 28A.505.220 (~~shall~~) must be appropriated to the superintendent of  
10 public instruction strictly for distribution to school districts to  
11 meet the provisions set out in the student achievement act.  
12 Allocations (~~shall~~) must be made on an equal per full-time equivalent  
13 student basis to each school district.

14 (4) After July 1, 2010, the state treasurer (~~shall~~) must transfer  
15 one hundred two million dollars from the general fund to the education  
16 construction fund by June 30th of each year. However, the transfers  
17 may not take place in the fiscal biennium ending June 30, 2015.

18 **Sec. 2.** RCW 82.18.040 and 2011 1st sp.s. c 48 s 7034 are each  
19 amended to read as follows:

20 (1) Taxes collected under this chapter (~~shall~~) must be held in  
21 trust until paid to the state. Taxes received by the state (~~shall~~)  
22 must be deposited in the public works assistance account created in RCW  
23 43.155.050(~~÷ PROVIDED, That during the fiscal year 2011~~). However,  
24 for the period beginning July 1, 2011, and ending June 30, 2015, taxes  
25 received by the state under this chapter must be deposited in the  
26 general fund for general purpose expenditures. Any person collecting  
27 the tax who appropriates or converts the tax collected (~~shall be~~) is  
28 guilty of a gross misdemeanor if the money required to be collected is  
29 not available for payment on the date payment is due. If a taxpayer  
30 fails to pay the tax imposed by this chapter to the person charged with  
31 collection of the tax and the person charged with collection fails to  
32 pay the tax to the department, the department may, in its discretion,  
33 proceed directly against the taxpayer for collection of the tax.

34 (2) The tax (~~shall be~~) is due from the taxpayer within twenty-  
35 five days from the date the taxpayer is billed by the person collecting  
36 the tax.

1       (3) The tax (~~shall be~~) is due from the person collecting the tax  
2 at the end of the tax period in which the tax is received from the  
3 taxpayer. If the taxpayer remits only a portion of the total amount  
4 billed for taxes, consideration, and related charges, the amount  
5 remitted (~~shall~~) must be applied first to payment of the solid waste  
6 collection tax and this tax (~~shall have~~) has priority over all other  
7 claims to the amount remitted.

8       **Sec. 3.** RCW 82.08.160 and 2011 1st sp.s. c 50 s 969 are each  
9 amended to read as follows:

10       (1) On or before the twenty-fifth day of each month, all taxes  
11 collected under RCW 82.08.150 during the preceding month must be  
12 remitted to the state department of revenue, to be deposited with the  
13 state treasurer. Except as provided in subsections (2) and (3) of this  
14 section, upon receipt of such moneys the state treasurer must credit  
15 sixty-five percent of the sums collected and remitted under RCW  
16 82.08.150 (1) and (2) and one hundred percent of the sums collected and  
17 remitted under RCW 82.08.150 (3) and (4) to the state general fund and  
18 thirty-five percent of the sums collected and remitted under RCW  
19 82.08.150 (1) and (2) to a fund which is hereby created to be known as  
20 the "liquor excise tax fund."

21       (2) During the (~~2011-2013~~) 2012 fiscal (~~biennium~~) year, 66.19  
22 percent of the sums collected and remitted under RCW 82.08.150 (1) and  
23 (2) must be deposited in the state general fund and the remainder  
24 collected and remitted under RCW 82.08.150 (1) and (2) must be  
25 deposited in the liquor excise tax fund.

26       (3) During fiscal year 2013, all funds collected under RCW  
27 82.08.150 (1), (2), (3), and (4) must be deposited into the state  
28 general fund.

29       **Sec. 4.** RCW 82.08.170 and 2002 c 38 s 3 are each amended to read  
30 as follows:

31       (1) Except as provided in subsection (4) of this section, during  
32 the months of January, April, July, and October of each year, the state  
33 treasurer (~~shall~~) must make the transfers required under subsections  
34 (2) and (3) of this section from the liquor excise tax fund and then  
35 the apportionment and distribution of all remaining moneys in the  
36 liquor excise tax fund to the counties, cities, and towns in the

1 following proportions: (a) Twenty percent of the moneys in the liquor  
2 excise tax fund (~~shall~~) must be divided among and distributed to the  
3 counties of the state in accordance with the provisions of RCW  
4 66.08.200; and (b) eighty percent of the moneys in the liquor excise  
5 tax fund (~~shall~~) must be divided among and distributed to the cities  
6 and towns of the state in accordance with the provisions of RCW  
7 66.08.210.

8 (2) Each fiscal quarter and prior to making the twenty percent  
9 distribution to counties under subsection (1)(a) of this section, the  
10 treasurer shall transfer to the (~~county research services account~~  
11 ~~under RCW 43.110.050~~) liquor revolving fund created in RCW 66.08.170  
12 sufficient moneys to fund the allotments from any legislative  
13 appropriations (~~from the county research services account~~) for county  
14 research and services as provided under chapter 43.110 RCW.

15 (3) During the months of January, April, July, and October of each  
16 year, the state treasurer must transfer two million five hundred  
17 thousand dollars from the liquor excise tax fund to the state general  
18 fund.

19 (4) During calendar year 2012, the October distribution under  
20 subsection (1) of this section and transfers under subsections (2) and  
21 (3) of this section must not be made. During calendar year 2013, the  
22 January, April, and July distributions under subsection (1) of this  
23 section and transfers under subsections (2) and (3) of this section  
24 must not be made.

25 **Sec. 5.** RCW 43.110.030 and 2010 c 271 s 701 are each amended to  
26 read as follows:

27 (1) The department of commerce (~~shall~~) must contract for the  
28 provision of municipal research and services to cities, towns, and  
29 counties. Contracts for municipal research and services (~~shall~~) must  
30 be made with state agencies, educational institutions, or private  
31 consulting firms, that in the judgment of the department are qualified  
32 to provide such research and services. Contracts for staff support may  
33 be made with state agencies, educational institutions, or private  
34 consulting firms that in the judgment of the department are qualified  
35 to provide such support.

36 (2) Municipal research and services (~~shall~~) consists of:

1 (a) Studying and researching city, town, and county government and  
2 issues relating to city, town, and county government;

3 (b) Acquiring, preparing, and distributing publications related to  
4 city, town, and county government and issues relating to city, town,  
5 and county government;

6 (c) Providing educational conferences relating to city, town, and  
7 county government and issues relating to city, town, and county  
8 government; and

9 (d) Furnishing legal, technical, consultative, and field services  
10 to cities, towns, and counties concerning planning, public health,  
11 utility services, fire protection, law enforcement, public works, and  
12 other issues relating to city, town, and county government.

13 (3) Requests for legal services by county officials (~~shall~~) must  
14 be sent to the office of the county prosecuting attorney. Responses by  
15 the department of commerce to county requests for legal services  
16 (~~shall~~) must be provided to the requesting official and the county  
17 prosecuting attorney.

18 (4) The department of commerce (~~shall~~) must coordinate with the  
19 association of Washington cities and the Washington state association  
20 of counties in carrying out the activities in this section. (~~Services~~  
21 ~~to cities and towns shall be based upon the moneys appropriated to the~~  
22 ~~department from the city and town research services account under RCW~~  
23 ~~43.110.060. Services to counties shall be based upon the moneys~~  
24 ~~appropriated to the department from the county research services~~  
25 ~~account under RCW 43.110.050.))~~

26 NEW SECTION. Sec. 6. The following acts or parts of acts are each  
27 repealed:

28 (1) RCW 43.110.050 (County research services account) and 2002 c 38  
29 s 1 & 1997 c 437 s 3; and

30 (2) RCW 43.110.060 (City and town research services account) and  
31 2010 c 271 s 702, 2002 c 38 s 4, & 2000 c 227 s 1.

32 NEW SECTION. Sec. 7. All moneys remaining in the county research  
33 services account and city and town research services account on July 1,  
34 2012, must be deposited by the state treasurer into the general fund.

1       **Sec. 8.** RCW 66.08.190 and 2011 1st sp.s. c 50 s 960 are each  
2 amended to read as follows:

3       (1) ~~((Except for revenues generated by the 2003 surcharge of~~  
4 ~~\$0.42/liter on retail sales of spirits that must be distributed to the~~  
5 ~~state general fund during the 2003-2005 biennium,)) Prior to making~~  
6 ~~distributions described in subsection (2) of this section, amounts must~~  
7 ~~be retained to support allotments under RCW 43.88.110 from any~~  
8 ~~legislative appropriation for municipal research and services. The~~  
9 ~~legislative appropriation for such services must be in the amount~~  
10 ~~specified under RCW 66.24.065.~~

11       (2) When excess funds are distributed during the months of June,  
12 September, December, and March of each year, all moneys subject to  
13 distribution must be disbursed ~~((as follows:~~

14       ~~(a) Three tenths of one percent to border areas under RCW~~  
15 ~~66.08.195; and~~

16       ~~(b) Except as provided in subsection (4) of this section, from the~~  
17 ~~amount remaining after distribution under (a) of this subsection, (i)~~  
18 ~~fifty percent to the general fund of the state, (ii) ten percent to the~~  
19 ~~counties of the state, and (iii) forty percent to the incorporated~~  
20 ~~cities and towns of the state.~~

21       ~~(2) During the months of June, September, December, and March of~~  
22 ~~each year, prior to disbursing the distribution to incorporated cities~~  
23 ~~and towns under subsection (1)(b) of this section, the treasurer must~~  
24 ~~deduct from that distribution an amount that will fund that quarter's~~  
25 ~~allotments under RCW 43.88.110 from any legislative appropriation from~~  
26 ~~the city and town research services account. The treasurer must~~  
27 ~~deposit the amount deducted into the city and town research services~~  
28 ~~account.~~

29       ~~(3) The governor may notify and direct the state treasurer to~~  
30 ~~withhold the revenues to which the counties and cities are entitled~~  
31 ~~under this section if the counties or cities are found to be in~~  
32 ~~noncompliance pursuant to RCW 36.70A.340.~~

33       ~~(4) During the 2011-2013 fiscal biennium, from the amount remaining~~  
34 ~~after distribution under subsection (1)(a) of this section, (a) 51.7~~  
35 ~~percent to the general fund of the state, (b) 9.7 percent to the~~  
36 ~~counties of the state, and (c) 38.6 percent to the incorporated cities~~  
37 ~~and towns of the state)) to border areas, counties, cities, and towns~~  
38 ~~as provided in RCW 66.24.065.~~

1       (3) The amount remaining after distributions under subsections (1)  
2 and (2) of this section must be deposited into the general fund.

3       **Sec. 9.** RCW 66.08.196 and 2001 c 8 s 2 are each amended to read as  
4 follows:

5       (1) Distribution of funds to border areas under RCW 66.08.190 and  
6 66.24.290 (1)((+a)) (c) and (4) ((shall-be)) is as follows:

7       ((+1)) (a) Sixty-five percent of the funds ((shall)) must be  
8 distributed to border areas ratably based on border area traffic  
9 totals;

10       ((+2)) (b) Twenty-five percent of the funds ((shall)) must be  
11 distributed to border areas ratably based on border-related crime  
12 statistics; and

13       ((+3)) (c) Ten percent of the funds ((shall)) must be distributed  
14 to border areas ratably based upon border area per capita law  
15 enforcement spending.

16       (2) Distributions to an unincorporated area ((shall)) must be made  
17 to the county in which such an area is located and may only be spent on  
18 services provided to that area.

19       **Sec. 10.** RCW 66.08.200 and 1979 c 151 s 167 are each amended to  
20 read as follows:

21       With respect to the ((ten-percent-share-coming)) distribution of  
22 funds to the counties, the computations for distribution ((shall)) must  
23 be made by the state agency responsible for collecting the same as  
24 follows:

25       (1) The share coming to each eligible county ((shall)) must be  
26 determined by a division among the eligible counties according to the  
27 relation which the population of the unincorporated area of such  
28 eligible county, as last determined by the office of financial  
29 management, bears to the population of the total combined  
30 unincorporated areas of all eligible counties, as determined by the  
31 office of financial management ((+PROVIDED, That)). However, no  
32 county in which the sale of liquor is forbidden in the unincorporated  
33 area thereof as the result of an election ((shall-be)) is entitled to  
34 share in such distribution. "Unincorporated area" means all that  
35 portion of any county not included within the limits of incorporated  
36 cities and towns.

1       (2) When a special county census has been conducted for the purpose  
2 of determining the population base of a county's unincorporated area  
3 for use in the distribution of liquor funds, the census figure  
4 (~~shall~~) becomes effective for the purpose of distributing funds as of  
5 the official census date once the census results have been certified by  
6 the office of financial management and officially submitted to the  
7 office of the secretary of state.

8       **Sec. 11.** RCW 66.08.210 and 1979 c 151 s 168 are each amended to  
9 read as follows:

10       (1) With respect to the (~~forty percent share coming~~) distribution  
11 of funds to the incorporated cities and towns under RCW  
12 66.24.290(1)(c), the computations for distribution (~~shall~~) must be  
13 made by the state agency responsible for collecting the same as  
14 (~~follows~~) provided in subsection (2) of this section.

15       (2) The share coming to each eligible city or town (~~shall~~) must  
16 be determined by a division among the eligible cities and towns within  
17 the state ratably on the basis of population as last determined by the  
18 office of financial management( ~~AND PROVIDED, That~~). However, no  
19 city or town in which the sale of liquor is forbidden as the result of  
20 an election (~~shall be~~) is entitled to any share in such distribution.

21       **Sec. 12.** RCW 43.63A.190 and 1995 c 159 s 5 are each amended to  
22 read as follows:

23       Funds appropriated by the legislature as supplemental resources for  
24 border areas (~~shall~~) must be distributed by the state treasurer  
25 pursuant to the formula for distributing funds (~~from the liquor~~  
26 ~~revolving fund~~) to border areas, and expenditure requirements for such  
27 distributions, under RCW 66.08.196.

28       **Sec. 13.** RCW 82.16.020 and 2011 1st sp.s. c 48 s 7032 are each  
29 amended to read as follows:

30       (1) There is levied and (~~there shall be~~) collected from every  
31 person a tax for the act or privilege of engaging within this state in  
32 any one or more of the businesses herein mentioned. The tax (~~shall~~  
33 ~~be~~) is equal to the gross income of the business, multiplied by the  
34 rate set out after the business, as follows:



1 (a) Express, sewerage collection, and telegraph businesses: Three  
2 and six-tenths percent;  
3 (b) Light and power business: Three and sixty-two one-hundredths  
4 percent;  
5 (c) Gas distribution business: Three and six-tenths percent;  
6 (d) Urban transportation business: Six-tenths of one percent;  
7 (e) Vessels under sixty-five feet in length, except tugboats,  
8 operating upon the waters within the state: Six-tenths of one percent;  
9 (f) Motor transportation, railroad, railroad car, and tugboat  
10 businesses, and all public service businesses other than ones mentioned  
11 above: One and eight-tenths of one percent;  
12 (g) Water distribution business: Four and seven-tenths percent;  
13 (h) Log transportation business: One and twenty-eight one-  
14 hundredths percent.

15 (2) An additional tax is imposed equal to the rate specified in RCW  
16 82.02.030 multiplied by the tax payable under subsection (1) of this  
17 section.

18 (3) Twenty percent of the moneys collected under subsection (1) of  
19 this section on water distribution businesses and sixty percent of the  
20 moneys collected under subsection (1) of this section on sewerage  
21 collection businesses (~~(shall)~~) must be deposited in the public works  
22 assistance account created in RCW 43.155.050(~~(:—PROVIDED, That)~~).  
23 However, during the (~~(fiscal year 2011, twenty percent of the moneys~~  
24 ~~collected under subsection (1) of this section on water distribution~~  
25 ~~businesses and sixty percent of the moneys collected under subsection~~  
26 ~~(1) of this section on sewerage collection businesses)~~) 2011-2013  
27 fiscal biennium, all moneys collected under subsection (1) of this  
28 section on water distribution businesses and sewerage collection  
29 businesses must be deposited in the general fund for general purpose  
30 expenditures.

31 **Sec. 14.** RCW 82.45.060 and 2011 1st sp.s. c 50 s 975 and 2011 1st  
32 sp.s. c 48 s 7035 are each reenacted and amended to read as follows:

33 There is imposed an excise tax upon each sale of real property at  
34 the rate of one and twenty-eight one-hundredths percent of the selling  
35 price. Except as otherwise provided in this section, an amount equal  
36 to six and one-tenth percent of the proceeds of this tax to the state  
37 treasurer must be deposited in the public works assistance account

1 created in RCW 43.155.050(~~(: PROVIDED, That)~~). During the ((fiscal  
2 year 2011, six and one tenth percent of the proceeds of this tax))  
3 2011-2013 fiscal biennium, all moneys that would otherwise be deposited  
4 in the public works assistance account must be deposited in the general  
5 fund for general purpose expenditures. Except as otherwise provided in  
6 this section, an amount equal to one and six-tenths percent of the  
7 proceeds of this tax to the state treasurer must be deposited in the  
8 city-county assistance account created in RCW 43.08.290. During the  
9 2011-2013 fiscal biennium, 1.546 percent of the proceeds of this tax to  
10 the state treasurer must be deposited in the city-county assistance  
11 account.

12 NEW SECTION. **Sec. 15.** Section 13 of this act expires June 30,  
13 2013.

14 NEW SECTION. **Sec. 16.** Sections 2, 13, and 14 of this act are  
15 necessary for the immediate preservation of the public peace, health,  
16 or safety, or support of the state government and its existing public  
17 institutions, and take effect immediately.

18 NEW SECTION. **Sec. 17.** Sections 1 and 3 through 12 of this act are  
19 necessary for the immediate preservation of the public peace, health,  
20 or safety, or support of the state government and its existing public  
21 institutions, and take effect July 1, 2012.

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