



**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, 2012.

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. 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. 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 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.



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 (the new title  
31 created in section 1302 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 (the new title created in section 1302 of this act), nor does it  
21 prohibit the department of retirement systems from complying with the  
22 tax 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 (the new title created in section 1302 of this act), nor does it  
19 prohibit the department of retirement systems from complying with the  
20 tax 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 2011 c 162 s 3 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 (the new title created in section 1302 of this  
21 act).

22           (3) The right of a person to a pension, annuity, or retirement  
23 allowance or disability allowance, or death benefits, or any optional  
24 benefit, or any other right accrued or accruing to any citizen of the  
25 state of Washington under any employee benefit plan, and any fund  
26 created by such a plan or arrangement, (~~shall be~~) is exempt from  
27 execution, attachment, garnishment, or seizure by or under any legal  
28 process whatever. This subsection (~~shall~~) does not apply to child  
29 support collection actions issued under chapter 26.18, 26.23, or 74.20A  
30 RCW if otherwise permitted by federal law, or to collection actions for  
31 taxes imposed under Title 82A RCW (the new title created in section  
32 1302 of this act). This subsection (~~shall~~) permits benefits under  
33 any such plan or arrangement to be payable to a spouse, former spouse,  
34 child, or other dependent of a participant in such plan to the extent  
35 expressly provided for in a qualified domestic relations order that  
36 meets the requirements for such orders under the plan, or, in the case  
37 of benefits payable under a plan described in 26 U.S.C. Sec. 403(b) or  
38 408 of the internal revenue code of 1986, as amended, or section 409 of

1 such code as in effect before January 1, 1984, to the extent provided  
2 in any order issued by a court of competent jurisdiction that provides  
3 for maintenance or support. This subsection does not prohibit actions  
4 against an employee benefit plan, or fund for valid obligations  
5 incurred by the plan or fund for the benefit of the plan or fund.

6 (4) For the purposes of this section, the term "employee benefit  
7 plan" means any plan or arrangement that is described in RCW 49.64.020,  
8 including any Keogh plan, whether funded by a trust or by an annuity  
9 contract, and in 26 U.S.C. Sec. 401(a) or 403(a) of the internal  
10 revenue code of 1986, as amended; or that is a tax-sheltered annuity or  
11 a custodial account described in section 403(b) of such code or an  
12 individual retirement account or an individual retirement annuity  
13 described in section 408 of such code; or a Roth individual retirement  
14 account described in section 408A of such code; or a medical savings  
15 account or a health savings account described in sections 220 and 223,  
16 respectively, of such code; or a retirement bond described in section  
17 409 of such code as in effect before January 1, 1984. The term  
18 "employee benefit plan" (~~shall~~) does not include any employee benefit  
19 plan that is established or maintained for its employees by the  
20 government of the United States, by the state of Washington under  
21 chapter 2.10, 2.12, 41.26, 41.32, 41.34, 41.35, 41.37, 41.40, or 43.43  
22 RCW or RCW 41.50.770, or by any agency or instrumentality of the  
23 government of the United States.

24 (5) An employee benefit plan (~~shall be~~) is deemed to be a  
25 spendthrift trust, regardless of the source of funds, the relationship  
26 between the trustee or custodian of the plan and the beneficiary, or  
27 the ability of the debtor to withdraw or borrow or otherwise become  
28 entitled to benefits from the plan before retirement. This subsection  
29 (~~shall~~) does not apply to child support collection actions issued  
30 under chapter 26.18, 26.23, or 74.20A RCW, if otherwise permitted by  
31 federal law, or to collection actions for taxes imposed under Title 82A  
32 RCW (the new title created in section 1302 of this act). This  
33 subsection (~~shall~~) permits benefits under any such plan or  
34 arrangement to be payable to a spouse, former spouse, child, or other  
35 dependent of a participant in such plan to the extent expressly  
36 provided for in a qualified domestic relations order that meets the  
37 requirements for such orders under the plan, or, in the case of  
38 benefits payable under a plan described in 26 U.S.C. Sec. 403(b) or 408

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

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

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

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

34 (i) "Nonparticipant, nonaccount holder spouse" means the spouse of  
35 the person who is a participant in an employee benefit plan or in whose  
36 name an individual retirement account is maintained. (~~As used in this~~  
37 ~~subsection,~~)

1        (ii) An order of a court of competent jurisdiction entered under  
2 chapter 11.96A RCW includes an agreement, as that term is used under  
3 RCW 11.96A.220.

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

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

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

24        (3) Subsection (1) of this section does not exempt any pension or  
25 other benefit received under this chapter from tax under Title 82A RCW  
26 (the new title created in section 1302 of this act), nor does it  
27 prohibit the department of retirement systems from complying with the  
28 tax withholding requirements of that title.

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

31        (1) Subject to subsections (2) (~~and~~), (3), and (4) of this  
32 section, the right of a person to a pension, an annuity, a retirement  
33 allowance, or disability allowance, to the return of contributions, any  
34 optional benefit or death benefit, any other right accrued or accruing  
35 to any person under the provisions of this chapter and the moneys in  
36 the various funds created by this chapter (~~shall be~~) are

1 unassignable, and are hereby exempt from any state, county, municipal  
2 or other local tax, and shall not be subject to execution, garnishment,  
3 attachment, the operation of bankruptcy or insolvency laws, or other  
4 process of law whatsoever.

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

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

11 (b) Under a group health care benefit plan approved pursuant to RCW  
12 28A.400.350 or 41.05.065 from authorizing monthly deductions therefrom,  
13 of the amount or amounts of subscription payments, premiums, or  
14 contributions to any person, firm, or corporation furnishing or  
15 providing medical, surgical, and hospital care or other health care  
16 insurance; or

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

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

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

34 (4) Subsection (1) of this section does not exempt any pension or  
35 other benefit received under this chapter from tax under Title 82A RCW  
36 (the new title created in section 1302 of this act), nor does it  
37 prohibit the department of retirement systems from complying with the  
38 tax withholding requirements of that title.

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

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

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

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

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

1 (the new title created in section 1302 of this act), nor does it  
2 prohibit the department of retirement systems from complying with the  
3 tax withholding requirements of that title.

4 **Sec. 1008.** RCW 41.40.052 and 1999 c 83 s 1 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)(a) This section ~~((shall not be deemed to))~~ does not prohibit a  
17 beneficiary of a retirement allowance from authorizing deductions  
18 therefrom for payment of premiums due on any group insurance policy or  
19 plan issued for the benefit of a group comprised of public employees of  
20 the state of Washington or its political subdivisions and which has  
21 been approved for deduction in accordance with rules that may be  
22 adopted by the state health care authority and/or the department, and  
23 this section ~~((shall not be deemed to))~~ does not prohibit a beneficiary  
24 of a retirement allowance from authorizing deductions therefrom for  
25 payment of dues and other membership fees to any retirement association  
26 or organization the membership of which is composed of retired public  
27 employees, if a total of three hundred or more of such retired  
28 employees have authorized such deduction for payment to the same  
29 retirement association or organization.

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

34 (3) Subsection (1) of this section ~~((shall))~~ does not prohibit the  
35 department from complying with (a) a wage assignment order for child  
36 support issued pursuant to chapter 26.18 RCW, (b) an order to withhold  
37 and deliver issued pursuant to chapter 74.20A RCW, (c) a notice of

1 payroll deduction issued pursuant to RCW 26.23.060, (d) a mandatory  
2 benefits assignment order issued by the department, (e) a court order  
3 directing the department of retirement systems to pay benefits directly  
4 to an obligee under a dissolution order as defined in RCW 41.50.500(3)  
5 which fully complies with RCW 41.50.670 and 41.50.700, or (f) any  
6 administrative or court order expressly authorized by federal law.

7 (4) Subsection (1) of this section does not exempt any pension or  
8 other benefit received under this chapter from tax under Title 82A RCW  
9 (the new title created in section 1302 of this act), nor does it  
10 prohibit the department of retirement systems from complying with the  
11 tax withholding requirements of that title.

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

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

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

29 (3) Subsection (1) of this section does not exempt any pension or  
30 other benefit received under this chapter from tax under Title 82A RCW  
31 (the new title created in section 1302 of this act), nor does it  
32 prohibit the department of retirement systems from complying with the  
33 tax withholding requirements of that title.

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

36 (1) Subject to subsections (2) (~~and~~), (3), and (4) of this

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

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

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

29 (4) Subsection (1) of this section does not exempt any pension or  
30 other benefit received under this chapter from tax under Title 82A RCW  
31 (the new title created in section 1302 of this act), nor does it  
32 prohibit the department of retirement systems from complying with the  
33 tax withholding requirements of that title.

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

36 (1) Except as provided in subsections (2) (~~and~~), (3), and (4) of  
37 this section, the right of any person to a retirement allowance or

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

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

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

26 (4) Subsection (1) of this section does not exempt any pension or  
27 other benefit received under this chapter from tax under Title 82A RCW  
28 (the new title created in section 1302 of this act), nor does it  
29 prohibit the department of retirement systems from complying with the  
30 tax withholding requirements of that title.

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

34 **PART XI**  
35 **REDUCING THE STATE SALES TAX**

1       **Sec. 1101.** RCW 82.08.020 and 2011 c 171 s 120 are each amended to  
2 read as follows:

3       (1) There is levied and collected a tax equal to (~~six~~) three and  
4 five-tenths percent of the selling price on each retail sale in this  
5 state of:

6       (a) Tangible personal property, unless the sale is specifically  
7 excluded from the RCW 82.04.050 definition of retail sale;

8       (b) Digital goods, digital codes, and digital automated services,  
9 if the sale is included within the RCW 82.04.050 definition of retail  
10 sale;

11       (c) Services, other than digital automated services, included  
12 within the RCW 82.04.050 definition of retail sale;

13       (d) Extended warranties to consumers; and

14       (e) Anything else, the sale of which is included within the RCW  
15 82.04.050 definition of retail sale.

16       (2) There is levied and collected an additional tax on each retail  
17 car rental, regardless of whether the vehicle is licensed in this  
18 state, equal to five and nine-tenths percent of the selling price. The  
19 revenue collected under this subsection must be deposited in the  
20 multimodal transportation account created in RCW 47.66.070.

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

27       (4) For purposes of subsection (3) of this section, "motor vehicle"  
28 has the meaning provided in RCW 46.04.320, but does not include farm  
29 tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181,  
30 off-road vehicles as defined in RCW 46.04.365, nonhighway vehicles as  
31 defined in RCW 46.09.310, and snowmobiles as defined in RCW 46.04.546.

32       (5) Beginning on December 8, 2005, 0.16 percent of the taxes  
33 collected under subsection (1) of this section must be dedicated to  
34 funding comprehensive performance audits required under RCW 43.09.470.  
35 The revenue identified in this subsection must be deposited in the  
36 performance audits of government account created in RCW 43.09.475.

37       (6) The taxes imposed under this chapter apply to successive retail  
38 sales of the same property.

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

3 **PART XII**  
4 **ELIMINATING THE STATE PROPERTY TAX**

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

7 Subject to the limitations in RCW 84.55.010, in each year through  
8 calendar year 2012 the state (~~(shall)~~) must levy for collection in the  
9 following year for the support of common schools of the state a tax of  
10 three dollars and sixty cents per thousand dollars of assessed value  
11 upon the assessed valuation of all taxable property within the state  
12 adjusted to the state equalized value in accordance with the indicated  
13 ratio fixed by the state department of revenue. The state may not levy  
14 a tax for collection in calendar year 2014.

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

18 **Sec. 1202.** RCW 84.52.043 and 2011 c 275 s 2 are each amended to  
19 read as follows:

20 Within and subject to the limitations imposed by RCW 84.52.050 as  
21 amended, the regular ad valorem tax levies upon real and personal  
22 property by the taxing districts hereafter named are as follows:

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

1 one-half cents per thousand dollars of assessed value for general  
2 county purposes if the total levies for both the county and any road  
3 district within the county do not exceed four dollars and five cents  
4 per thousand dollars of assessed value, and no other taxing district  
5 has its levy reduced as a result of the increased county levy.

6 (2) The aggregate levies of junior taxing districts and senior  
7 taxing districts(~~(, other than the state,)~~) may not exceed five dollars  
8 and ninety cents per thousand dollars of assessed valuation. The term  
9 "junior taxing districts" includes all taxing districts other than the  
10 state, counties, road districts, cities, towns, port districts, and  
11 public utility districts. The limitations provided in this subsection  
12 do not apply to: (a) Levies at the rates provided by existing law by  
13 or for any port or public utility district; (b) excess property tax  
14 levies authorized in Article VII, section 2 of the state Constitution;  
15 (c) levies for acquiring conservation futures as authorized under RCW  
16 84.34.230; (d) levies for emergency medical care or emergency medical  
17 services imposed under RCW 84.52.069; (e) levies to finance affordable  
18 housing for very low-income housing imposed under RCW 84.52.105; (f)  
19 the portions of levies by metropolitan park districts that are  
20 protected under RCW 84.52.120; (g) levies imposed by ferry districts  
21 under RCW 36.54.130; (h) levies for criminal justice purposes under RCW  
22 84.52.135; (i) the portions of levies by fire protection districts that  
23 are protected under RCW 84.52.125; (j) levies by counties for transit-  
24 related purposes under RCW 84.52.140; and (k) the protected portion of  
25 the levies imposed under RCW 86.15.160 by flood control zone districts  
26 in a county with a population of seven hundred seventy-five thousand or  
27 more that are coextensive with a county.

28 **Sec. 1203.** RCW 84.52.043 and 2009 c 551 s 6 are each amended to  
29 read as follows:

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

34 (1) Levies of the senior taxing districts (~~(shall be)~~) are as  
35 follows: (a) The (~~levy by the state shall not exceed three dollars~~  
36 ~~and sixty cents per thousand dollars of assessed value adjusted to the~~  
37 ~~state equalized value in accordance with the indicated ratio fixed by~~

1 ~~the state department of revenue to be used exclusively for the support~~  
2 ~~of the common schools; (b) the~~) levy by any county (~~(shall not)~~) may  
3 exceed one dollar and eighty cents per thousand dollars of assessed  
4 value; (~~(c)~~) (b) the levy by any road district (~~(shall)~~) may not  
5 exceed two dollars and twenty-five cents per thousand dollars of  
6 assessed value; and (~~(d)~~) (c) the levy by any city or town shall not  
7 exceed three dollars and thirty-seven and one-half cents per thousand  
8 dollars of assessed value. However any county is hereby authorized to  
9 increase its levy from one dollar and eighty cents to a rate not to  
10 exceed two dollars and forty-seven and one-half cents per thousand  
11 dollars of assessed value for general county purposes if the total  
12 levies for both the county and any road district within the county do  
13 not exceed four dollars and five cents per thousand dollars of assessed  
14 value, and no other taxing district has its levy reduced as a result of  
15 the increased county levy.

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

35 **Sec. 1204.** RCW 84.52.050 and 1973 1st ex.s. c 194 s 1 are each  
36 amended to read as follows:

37 (1) Except as (~~(hereinafter)~~) provided in this section, the

1 aggregate of all tax levies upon real and personal property by the  
2 state and all taxing districts, now existing or hereafter created,  
3 (~~shall~~) may not in any year exceed (~~one percentum~~) sixty-four one-  
4 hundredths of one percent of the true and fair value of such property  
5 in money(~~PROVIDED, HOWEVER, That~~).

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

10 (3) Nothing (~~herein shall~~) in this section:

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

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

18 (4) The term "taxing district" for the purposes of this section  
19 (~~shall~~) means any political subdivision, municipal corporation,  
20 district, or other governmental agency authorized by law to levy, or  
21 have levied for it, ad valorem taxes on property, other than a port or  
22 public utility district. (~~Such aggregate limitation or any specific~~  
23 ~~limitation imposed by law in conformity therewith may be exceeded only~~  
24 ~~as authorized by law and in conformity with the provisions of Article~~  
25 ~~VII, section 2(a), (b), or (c) of the Constitution of the state of~~  
26 ~~Washington.~~

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

32 **Sec. 1205.** RCW 36.58.150 and 1984 c 186 s 25 are each amended to  
33 read as follows:

34 (1) A solid waste disposal district (~~shall~~) does not have the  
35 power to levy an annual levy without voter approval, but it (~~shall~~  
36 ~~have~~) has the power to levy a tax, in excess of the (~~one percent~~)  
37 limitation in RCW 84.52.050, upon the property within the district for

1 a one year period to be used for operating or capital purposes whenever  
2 authorized by the electors of the district pursuant to RCW 84.52.052  
3 and Article VII, section 2(a) of the state Constitution.

4 (a) A solid waste disposal district may issue general obligation  
5 bonds for capital purposes only, subject to the limitations prescribed  
6 in RCW 39.36.020(1), and may provide for the retirement of the bonds by  
7 voter-approved bond retirement tax levies pursuant to Article VII,  
8 section 2(b) of the state Constitution and RCW 84.52.056. Such general  
9 obligation bonds (~~(shall)~~) must be issued and sold in accordance with  
10 chapter 39.46 RCW.

11 (b) A solid waste disposal district may issue revenue bonds to fund  
12 its activities. Such revenue bonds may be in any form, including  
13 bearer bonds or registered bonds as provided in RCW 39.46.030.

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

16 **Sec. 1206.** RCW 36.60.040 and 1983 c 303 s 11 are each amended to  
17 read as follows:

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

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

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

30 **Sec. 1207.** RCW 36.69.145 and 2010 c 106 s 303 are each amended to  
31 read as follows:

32 (1) A park and recreation district may impose regular property tax  
33 levies in an amount equal to sixty cents or less per thousand dollars  
34 of assessed value of property in the district in each year for six  
35 consecutive years when specifically authorized so to do by a majority  
36 of at least three-fifths of the voters thereof approving a proposition

1 authorizing the levies submitted at a special election or at the  
2 regular election of the district, at which election the number of  
3 voters voting "yes" on the proposition must constitute three-fifths of  
4 a number equal to forty per centum of the number of voters voting in  
5 such district at the last preceding general election when the number of  
6 voters voting on the proposition does not exceed forty per centum of  
7 the number of voters voting in such taxing district in the last  
8 preceding general election; or by a majority of at least three-fifths  
9 of the voters thereof voting on the proposition if the number of voters  
10 voting on the proposition exceeds forty per centum of the number of  
11 voters voting in such taxing district in the last preceding general  
12 election. A proposition authorizing the tax levies may not be  
13 submitted by a park and recreation district more than twice in any  
14 twelve-month period. Ballot propositions must conform with RCW  
15 29A.36.210. In the event a park and recreation district is levying  
16 property taxes, which in combination with property taxes levied by  
17 other taxing districts subject to the one percent limitation provided  
18 for in (~~Article 7, section 2, of our state Constitution~~) RCW  
19 84.52.050 that result in taxes in excess of the limitation provided for  
20 in RCW 84.52.043(2), the park and recreation district property tax levy  
21 must be reduced or eliminated as provided in RCW 84.52.010.

22 (2) The limitation in RCW 84.55.010 does not apply to the first  
23 levy imposed under this section following the approval of the levies by  
24 the voters under subsection (1) of this section.

25 **Sec. 1208.** RCW 36.73.060 and 2005 c 336 s 6 are each amended to  
26 read as follows:

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

32 (2) A district may provide for the retirement of voter-approved  
33 general obligation bonds, issued for capital purposes only, by levying  
34 bond retirement ad valorem property tax levies in excess of the one  
35 percent limitation whenever authorized by the voters of the district  
36 pursuant to Article VII, section 2(b) of the state Constitution and RCW  
37 84.52.056.

1           **Sec. 1209.** RCW 36.83.030 and 1983 c 130 s 3 are each amended to  
2 read as follows:

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

8           (2) A service district may provide for the retirement of voter  
9 approved general obligation bonds, issued for capital purposes only, by  
10 levying bond retirement ad valorem property tax levies, in excess of  
11 the one percent limitation, whenever authorized by the voters of the  
12 district pursuant to Article VII, section 2(b) of the state  
13 Constitution and RCW 84.52.056.

14           **Sec. 1210.** RCW 36.100.050 and 1988 ex.s. c 1 s 15 are each amended  
15 to read as follows:

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

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

28           **Sec. 1211.** RCW 67.38.130 and 1984 c 131 s 4 are each amended to  
29 read as follows:

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

32           (~~(1)~~) (a)(i) Regular ad valorem property tax levies in an amount  
33 equal to twenty-five cents or less per thousand dollars of the assessed  
34 value of property in the district in each year for six consecutive  
35 years when specifically authorized so to do by a majority of at least  
36 three-fifths of the electors thereof approving a proposition

1 authorizing the levies submitted at a general or special election, at  
2 which election the number of persons voting "yes" on the proposition  
3 (~~shall~~) constitutes three-fifths of a number equal to forty percentum  
4 of the total votes cast in such taxing district at the last preceding  
5 general election; or by a majority of at least three-fifths of the  
6 electors thereof voting on the proposition when the number of electors  
7 voting yes on the proposition exceeds forty percentum of the total  
8 votes cast in such taxing district in the last preceding general  
9 election. Ballot propositions (~~shall~~) must conform with RCW  
10 (~~29.30.111~~) 29A.36.210.

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

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

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

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

30 (~~(+2)~~) (b) An annual excess ad valorem property tax for general  
31 district purposes when authorized by the district voters in the manner  
32 prescribed by (~~section 2,~~) Article VII, section 2 of the state  
33 Constitution and by RCW 84.52.052.

34 (~~(+3)~~) (c) Multiyear excess ad valorem property tax levies used to  
35 retire general obligation bond issues when authorized by the district  
36 voters in the manner prescribed by (~~section 2,~~) Article VII, section  
37 2 of the state Constitution and by RCW 84.52.056.

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

6       **Sec. 1212.** RCW 84.52.010 and 2011 1st sp.s. c 28 s 2 are each  
7 amended to read as follows:

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

10       (2) The rate percent of all taxes for state and county purposes,  
11 and purposes of taxing districts coextensive with the county, must be  
12 determined, calculated and fixed by the county assessors of the  
13 respective counties, within the limitations provided by law, upon the  
14 assessed valuation of the property of the county, as shown by the  
15 completed tax rolls of the county, and the rate percent of all taxes  
16 levied for purposes of taxing districts within any county must be  
17 determined, calculated and fixed by the county assessors of the  
18 respective counties, within the limitations provided by law, upon the  
19 assessed valuation of the property of the taxing districts  
20 respectively.

21       (3) When a county assessor finds that the aggregate rate of tax  
22 levy on any property, that is subject to the limitations set forth in  
23 RCW 84.52.043 or 84.52.050, exceeds the limitations provided in either  
24 of these sections, the assessor must recompute and establish a  
25 consolidated levy in the following manner:

26       (a) The full certified rates of tax levy for state, county, county  
27 road district, and city or town purposes must be extended on the tax  
28 rolls in amounts not exceeding the limitations established by law;  
29 however any state levy takes precedence over all other levies and may  
30 not be reduced for any purpose other than that required by RCW  
31 84.55.010. If, as a result of the levies imposed under RCW 36.54.130,  
32 84.34.230, 84.52.069, 84.52.105, the portion of the levy by a  
33 metropolitan park district that was protected under RCW 84.52.120,  
34 84.52.125, 84.52.135, 84.52.140, and the protected portion of the levy  
35 under RCW 86.15.160 by flood control zone districts in a county with a  
36 population of seven hundred seventy-five thousand or more that are  
37 coextensive with a county, the combined rate of regular property tax

1 levies that are subject to the (~~one percent~~) limitation under RCW  
2 84.52.050 exceeds (~~one percent of the true and fair value of any~~  
3 ~~property~~) the limitation under RCW 84.52.050, then these levies must  
4 be reduced as follows:

5 (i) The portion of the levy by a metropolitan park district that  
6 has a population of less than one hundred fifty thousand and is located  
7 in a county with a population of one million five hundred thousand or  
8 more that is protected under RCW 84.52.120 must be reduced until the  
9 combined rate no longer exceeds (~~one percent of the true and fair~~  
10 ~~value of any property~~) the limitation under RCW 84.52.050 or must be  
11 eliminated;

12 (ii) If the combined rate of regular property tax levies that are  
13 subject to the (~~one percent~~) limitation under RCW 84.52.050 still  
14 exceeds (~~one percent of the true and fair value of any property~~) the  
15 limitation under RCW 84.52.050, the protected portion of the levy  
16 imposed under RCW 86.15.160 by a flood control zone district in a  
17 county with a population of seven hundred seventy-five thousand or more  
18 that is coextensive with a county must be reduced until the combined  
19 rate no longer exceeds (~~one percent of the true and fair value of any~~  
20 ~~property~~) the limitation under RCW 84.52.050 or must be eliminated;

21 (iii) If the combined rate of regular property tax levies that are  
22 subject to the (~~one percent~~) limitation under RCW 84.52.050 still  
23 exceeds (~~one percent of the true and fair value of any property~~) the  
24 limitation under RCW 84.52.050, the levy imposed by a county under RCW  
25 84.52.140 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 must be eliminated;

28 (iv) If the combined rate of regular property tax levies that are  
29 subject to the (~~one percent~~) limitation under RCW 84.52.050 still  
30 exceeds (~~one percent of the true and fair value of any property~~) the  
31 limitation under RCW 84.52.050, the portion of the levy by a fire  
32 protection district that is protected under RCW 84.52.125 must be  
33 reduced until the combined rate no longer exceeds (~~one percent of the~~  
34 ~~true and fair value of any property~~) the limitation under RCW  
35 84.52.050 or must be eliminated;

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

1 limitation under RCW 84.52.050, the levy imposed by a county under RCW  
2 84.52.135 must be reduced until the combined rate no longer exceeds  
3 ~~((one percent of the true and fair value of any property))~~ the  
4 limitation under RCW 84.52.050 or must be eliminated;

5 (vi) If the combined rate of regular property tax levies that are  
6 subject to the ~~((one percent))~~ limitation under RCW 84.52.050 still  
7 exceeds ~~((one percent of the true and fair value of any property))~~ the  
8 limitation under RCW 84.52.050, the levy imposed by a ferry district  
9 under RCW 36.54.130 must be reduced until the combined rate no longer  
10 exceeds ~~((one percent of the true and fair value of any property))~~ the  
11 limitation under RCW 84.52.050 or must be eliminated;

12 (vii) If the combined rate of regular property tax levies that are  
13 subject to the ~~((one percent))~~ limitation under RCW 84.52.050 still  
14 exceeds ~~((one percent of the true and fair value of any property))~~ the  
15 limitation under RCW 84.52.050, the portion of the levy by a  
16 metropolitan park district with a population of one hundred fifty  
17 thousand or more that is protected under RCW 84.52.120 must be reduced  
18 until the combined rate no longer exceeds ~~((one percent of the true and~~  
19 ~~fair value of any property))~~ the limitation under RCW 84.52.050 or must  
20 be eliminated;

21 (viii) If the combined rate of regular property tax levies that are  
22 subject to the ~~((one percent))~~ limitation under RCW 84.52.050 still  
23 exceeds ~~((one percent of the true and fair value of any property))~~ the  
24 limitation under RCW 84.52.050, then the levies imposed under RCW  
25 84.34.230, 84.52.105, and any portion of the levy imposed under RCW  
26 84.52.069 that is in excess of thirty cents per thousand dollars of  
27 assessed value, must be reduced on a pro rata basis until the combined  
28 rate no longer exceeds ~~((one percent of the true and fair value of any~~  
29 ~~property))~~ the limitation under RCW 84.52.050 or must be eliminated;  
30 and

31 (ix) If the combined rate of regular property tax levies that are  
32 subject to the ~~((one percent))~~ limitation under RCW 84.52.050 still  
33 exceeds ~~((one percent of the true and fair value of any property))~~ the  
34 limitation under RCW 84.52.050, then the thirty cents per thousand  
35 dollars of assessed value of tax levy imposed under RCW 84.52.069 must  
36 be reduced until the combined rate no longer exceeds ~~((one percent of~~  
37 ~~the true and fair value of any property))~~ the limitation under RCW  
38 84.52.050 or must be eliminated.

1 (b) The certified rates of tax levy subject to these limitations by  
2 all junior taxing districts imposing taxes on such property must be  
3 reduced or eliminated as follows to bring the consolidated levy of  
4 taxes on such property within the provisions of these limitations:

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

8 (ii) Second, if the consolidated tax levy rate still exceeds these  
9 limitations, the certified property tax levy rates of flood control  
10 zone districts other than the portion of a levy protected under RCW  
11 84.52.815 must be reduced on a pro rata basis or eliminated;

12 (iii) Third, if the consolidated tax levy rate still exceeds these  
13 limitations, the certified property tax levy rates of all other junior  
14 taxing districts, other than fire protection districts, regional fire  
15 protection service authorities, library districts, the first fifty cent  
16 per thousand dollars of assessed valuation levies for metropolitan park  
17 districts, and the first fifty cent per thousand dollars of assessed  
18 valuation levies for public hospital districts, must be reduced on a  
19 pro rata basis or eliminated;

20 (iv) Fourth, if the consolidated tax levy rate still exceeds these  
21 limitations, the first fifty cent per thousand dollars of assessed  
22 valuation levies for metropolitan park districts created on or after  
23 January 1, 2002, must be reduced on a pro rata basis or eliminated;

24 (v) Fifth, if the consolidated tax levy rate still exceeds these  
25 limitations, the certified property tax levy rates authorized to fire  
26 protection districts under RCW 52.16.140 and 52.16.160 and regional  
27 fire protection service authorities under RCW 52.26.140(1) (b) and (c)  
28 must be reduced on a pro rata basis or eliminated; and

29 (vi) Sixth, if the consolidated tax levy rate still exceeds these  
30 limitations, the certified property tax levy rates authorized for fire  
31 protection districts under RCW 52.16.130, regional fire protection  
32 service authorities under RCW 52.26.140(1)(a), library districts,  
33 metropolitan park districts created before January 1, 2002, under their  
34 first fifty cent per thousand dollars of assessed valuation levy, and  
35 public hospital districts under their first fifty cent per thousand  
36 dollars of assessed valuation levy, must be reduced on a pro rata basis  
37 or eliminated.

1       **Sec. 1213.** RCW 84.52.010 and 2009 c 551 s 7 are each amended to  
2 read as follows:

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

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

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

21       (~~(1)~~) (a) The full certified rates of tax levy for state, county,  
22 county road district, and city or town purposes (~~shall~~) must be  
23 extended on the tax rolls in amounts not exceeding the limitations  
24 established by law; however any state levy (~~shall~~) takes precedence  
25 over all other levies and (~~shall~~) may not be reduced for any purpose  
26 other than that required by RCW 84.55.010. If, as a result of the  
27 levies imposed under RCW 36.54.130, 84.34.230, 84.52.069, 84.52.105,  
28 the portion of the levy by a metropolitan park district that was  
29 protected under RCW 84.52.120, 84.52.125, 84.52.135, and 84.52.140, the  
30 combined rate of regular property tax levies that are subject to the  
31 (~~one percent~~) limitation under RCW 84.52.050 exceeds (~~one percent of~~  
32 ~~the true and fair value of any property~~) the limitation under RCW  
33 84.52.050, then these levies (~~shall~~) must be reduced as follows:

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

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

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

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

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

31       ~~((f))~~ (vi) If the combined rate of regular property tax levies  
32 that are subject to the ~~((one percent))~~ limitation under RCW 84.52.050  
33 still exceeds ~~((one percent of the true and fair value of any  
34 property))~~ the limitation under RCW 84.52.050, then the levies imposed  
35 under RCW 84.34.230, 84.52.105, and any portion of the levy imposed  
36 under RCW 84.52.069 that is in excess of thirty cents per thousand  
37 dollars of assessed value, ~~((shall))~~ must be reduced on a pro rata

1 basis until the combined rate no longer exceeds (~~one percent of the~~  
2 ~~true and fair value of any property~~) the limitation under RCW  
3 84.52.050 or (~~shall~~) must be eliminated; and

4 (~~g~~) (vii) If the combined rate of regular property tax levies  
5 that are subject to the (~~one percent~~) limitation under RCW 84.52.050  
6 still exceeds (~~one percent of the true and fair value of any~~  
7 ~~property~~) the limitation under RCW 84.52.050, then the thirty cents  
8 per thousand dollars of assessed value of tax levy imposed under RCW  
9 84.52.069 (~~shall~~) must be reduced until the combined rate no longer  
10 exceeds (~~one percent of the true and fair value of any property~~) the  
11 limitation under RCW 84.52.050 or must be eliminated.

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

17 (~~a~~) (i) First, the certified property tax levy rates of those  
18 junior taxing districts authorized under RCW 36.68.525, 36.69.145,  
19 35.95A.100, and 67.38.130 (~~shall~~) must be reduced on a pro rata basis  
20 or eliminated;

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

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

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

1       (~~(e)~~) (v) Fifth, if the consolidated tax levy rate still exceeds  
2 these limitations, the certified property tax levy rates authorized to  
3 fire protection districts under RCW 52.16.140 and 52.16.160 and  
4 regional fire protection service authorities under RCW 52.26.140(1) (b)  
5 and (c) (~~(shall)~~) must be reduced on a pro rata basis or eliminated;  
6 and

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

16       **Sec. 1214.** RCW 84.69.020 and 2005 c 502 s 9 are each amended to  
17 read as follows:

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

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

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

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

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

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

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

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

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

1 ((+9)) (i) Paid on the basis of an assessed valuation which was  
2 appealed to the county board of equalization and ordered reduced by the  
3 board;

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

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

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

26 ((+13)) (m) Paid on property acquired under RCW 84.60.050, and  
27 canceled under RCW 84.60.050(2);

28 ((+14)) (n) Paid on the basis of an assessed valuation that was  
29 reduced under RCW 84.48.065;

30 ((+15)) (o) Paid on the basis of an assessed valuation that was  
31 reduced under RCW 84.40.039; or

32 ((+16)) (p) Abated under RCW 84.70.010.

33 (2) No refunds under the provisions of this section (~~(shall)~~) may  
34 be made because of any error in determining the valuation of property,  
35 except as authorized in subsection(~~(s (9), (10), (11), and (12))~~)  
36 (1)(i), (j), (k), and (l) of this section nor may any refunds be made  
37 if a bona fide purchaser has acquired rights that would preclude the  
38 assessment and collection of the refunded tax from the property that

1 should properly have been charged with the tax. Any refunds made on  
2 delinquent taxes (~~shall~~) must include the proportionate amount of  
3 interest and penalties paid. However, no refunds as a result of an  
4 incorrect payment authorized under subsection (~~(+8)~~) (1)(h) of this  
5 section made by a third party payee (~~shall~~) may be granted. The  
6 county treasurer may deduct from moneys collected for the benefit of  
7 the state's levy, refunds of the state levy including interest on the  
8 levy as provided by this section and chapter 84.68 RCW.

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

15 **Sec. 1215.** RCW 39.89.020 and 2001 c 212 s 2 are each amended to  
16 read as follows:

17 The definitions in this section apply throughout this chapter  
18 unless the context clearly requires otherwise.

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

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

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

25 (4) "Public improvements" means:

26 (a) Infrastructure improvements within the increment area that  
27 include:

28 (i) Street and road construction and maintenance;

29 (ii) Water and sewer system construction and improvements;

30 (iii) Sidewalks and streetlights;

31 (iv) Parking, terminal, and dock facilities;

32 (v) Park and ride facilities of a transit authority;

33 (vi) Park facilities and recreational areas; and

34 (vii) Storm water and drainage management systems; and

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

36 (i) Providing environmental analysis, professional management,

1 planning, and promotion within the increment area, including the  
2 management and promotion of retail trade activities in the increment  
3 area;

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

6 (iii) Historic preservation activities authorized under RCW  
7 35.21.395.

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

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

37 (7) "Tax allocation base value" means the true and fair value of  
38 real property located within an increment area for taxes imposed in the

1 year in which the increment area is created, plus twenty-five percent  
2 of any increase in the true and fair value of real property located  
3 within an increment area that is placed on the assessment rolls after  
4 the increment area is created.

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

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

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

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

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

19 **Sec. 1216.** RCW 43.99H.060 and 2009 c 500 s 8 and 2009 c 479 s 32  
20 are each reenacted and amended to read as follows:

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

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

1 principal and interest on such RCW 43.99H.020(15) bonds which will, by  
2 virtue of payments from the capitol campus reserve account, be  
3 reimbursed from sources other than "general state revenues" as that  
4 term is defined in Article VIII, section 1 of the state Constitution.

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

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

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

25 **Sec. 1217.** RCW 43.99I.040 and 2011 1st sp.s. c 43 s 612 are each  
26 amended to read as follows:

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

34 ~~(2))~~ On each date on which any interest or principal and interest  
35 payment is due on bonds issued for the purposes of RCW 43.99I.020(5),  
36 the state treasurer ~~((shall))~~ must transfer from higher education  
37 operating fees deposited in the general fund to the general fund of the

1 state treasury for unrestricted use, or if chapter 231, Laws of 1992  
2 (Senate Bill No. 6285) becomes law and changes the disposition of  
3 higher education operating fees from the general fund to another  
4 account, the state treasurer shall transfer the proportional share from  
5 the University of Washington operating fees account, the Washington  
6 State University operating fees account, and the Central Washington  
7 University operating fees account the amount computed in RCW 43.99I.030  
8 for the bonds issued for the purposes of RCW 43.99I.020(6).

9 ((+3)) (2) On each date on which any interest or principal and  
10 interest payment is due on bonds issued for the purposes of RCW  
11 43.99I.020(6), the state treasurer (~~shall~~) must transfer from the  
12 data processing revolving fund created in RCW 43.19.791 to the general  
13 fund of the state treasury the amount computed in RCW 43.99I.030 for  
14 the bonds issued for the purposes of RCW 43.99I.020(6).

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

22 ((+5)) (4) The higher education operating fee accounts for the  
23 University of Washington, Washington State University, and Central  
24 Washington University established by chapter 231, Laws of 1992 and  
25 repealed by chapter 18, Laws of 1993 1st sp. sess. are reestablished in  
26 the state treasury for purposes of fulfilling debt service  
27 reimbursement transfers to the general fund required by bond  
28 resolutions and covenants for bonds issued for purposes of RCW  
29 43.99I.020(5).

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

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

5 **PART XIII**  
6 **MISCELLANEOUS**

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

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

14 NEW SECTION. **Sec. 1303.** CONTINGENT EFFECTIVE DATE. If the  
15 proposed amendment to Article VII of the state Constitution authorizing  
16 income taxes (SJR . . . . (S-4023/12)) is validly submitted and is  
17 approved and ratified by the voters at a general election held in  
18 November 2012, then this act takes effect January 1, 2014, except as  
19 follows:

- 20 (1) Section 1201 takes effect January 1, 2013; and  
21 (2) Sections 1203 and 1213 take effect January 1, 2018.

22 NEW SECTION. **Sec. 1304.** EXPIRATION DATE. Sections 1202 and 1212  
23 of this act expire January 1, 2018.

24 NEW SECTION. **Sec. 1305.** APPLICATION. Sections 1201 through 1217  
25 of this act apply to taxes levied for collection in 2014.

26 NEW SECTION. **Sec. 1306.** CONFORMING AMENDMENTS. If any amendments  
27 in this act, or any sections enacted or affected by chapter . . . , Laws  
28 of 2012 (this act), are enacted in a 2012 legislative session that do  
29 not take cognizance of chapter . . . , Laws of 2012 (this act), the code  
30 reviser must prepare a bill for introduction in the 2013 or 2014

1 legislative session that incorporates any such amendments into the  
2 reorganization adopted by chapter . . . , Laws of 2012 (this act) and  
3 corrects any incorrect cross-references.

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