**2084.E AMS GOS S2887.1 - NOT FOR FLOOR USE**

**EHB 2084** - S COMM AMD

By Committee on Government Operations & Security

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec.**  A new section is added to chapter 43.09 RCW to read as follows:

(1)(a) By October 1, 2015, and by October 1st of every year thereafter, the state auditor must notify the state and county treasurers of any special purpose districts that have not timely filed the annual financial report required under RCW 43.09.230 for the current year. Except as provided in subsection (4) of this section, noncompliant special purpose districts are subject to withholding of funds under subsections (2) and (3) of this section.

(b) If a special purpose district files the annual financial report after the state auditor has notified the state and county treasurers pursuant to (a) of this subsection, the state auditor must, within thirty days after the district has filed the report, notify the state and county treasurers that the district is compliant.

(2) Beginning with distributions made in October, the state treasurer may not distribute any local sales and use taxes imposed by the special purpose district to the district until the state treasurer is notified by the state auditor that the district is compliant as provided in subsection (1) of this section. The state treasurer must remit all withheld funds; however, the distribution may not include interest.

(3) Beginning with distributions made in October, county treasurers may not distribute any regular property taxes imposed by the special purpose district, or any other charges that the county collects on behalf of the district, to the district until the county treasurer is notified by the state auditor that the district is compliant as provided in subsection (1) of this section. A county treasurer must remit all withheld funds; however, the distribution may not include interest.

(4) Subsection (1) of this section does not apply to special purpose districts with annual budgets of less than one million dollars.

(5) For the purpose of this section, "special purpose district" means cemetery districts, metropolitan park districts, water-sewer districts, fire protection districts, port districts, public utility districts, county park and recreation service areas, park and recreation districts, flood control zone districts, diking districts, drainage improvement districts, solid waste collection districts, mosquito control districts, and transportation benefit areas."

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On page 1, line 3 of the title, after "reports;" strike the remainder of the title and insert "and adding a new section to chapter 43.09 RCW."

EFFECT: Provides that the withholding penalty does not apply to special purpose districts (SPDs) with annual budgets of less than $1 million. Technical amendments clarify notification provisions.