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SENATE BILL 5249

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State of Washington

64th Legislature

2015 Regular Session

By Senators Darneille, Conway, and Miloscia

Read first time 01/16/15. Referred to Committee on Government Operations & State Security.

1 AN ACT Relating to creating a bond issuance exemption for  
2 qualifying local revitalization financing projects; and amending RCW  
3 82.14.510 and 82.14.515.

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

5 **Sec. 1.** RCW 82.14.510 and 2010 c 164 s 9 are each amended to  
6 read as follows:

7 (1) Any city or county that has been approved for a project award  
8 under RCW 39.104.100 may impose a sales and use tax under the  
9 authority of this section in accordance with the terms of this  
10 chapter. Except as provided in this section, the tax is in addition  
11 to other taxes authorized by law and must be collected from those  
12 persons who are taxable by the state under chapters 82.08 and 82.12  
13 RCW upon the occurrence of any taxable event within the taxing  
14 jurisdiction of the city or county.

15 (2) The tax authorized under subsection (1) of this section is  
16 credited against the state taxes imposed under RCW 82.08.020(1) and  
17 82.12.020 at the rate provided in RCW 82.08.020(1). The department  
18 must perform the collection of such taxes on behalf of the city or  
19 county at no cost to the city or county. The taxes must be  
20 distributed to cities and counties as provided in RCW 82.14.060.

1 (3) The rate of tax imposed by a city or county may not exceed  
2 the lesser of:

3 (a) The rate provided in RCW 82.08.020(1), less:

4 (i) The aggregate rates of all other local sales and use taxes  
5 imposed by any taxing authority on the same taxable events;

6 (ii) The aggregate rates of all taxes under RCW 82.14.465 and  
7 82.14.475 and this section that are authorized but have not yet been  
8 imposed on the same taxable events by a city or county that has been  
9 approved to receive a state contribution by the department or the  
10 community economic revitalization board under chapter 39.104, 39.100,  
11 or 39.102 RCW; and

12 (iii) The percentage amount of distributions required under RCW  
13 82.08.020(5) multiplied by the rate of state taxes imposed under RCW  
14 82.08.020(1); and

15 (b) The rate, as determined by the city or county in consultation  
16 with the department, reasonably necessary to receive the project  
17 award under RCW 39.104.100 over ten months.

18 (4) The department, upon request, must assist a city or county in  
19 establishing its tax rate in accordance with subsection (3) of this  
20 section. Once the rate of tax is selected through the application  
21 process and approved under RCW 39.104.100, it may not be increased.

22 (5)(a) Except as provided in (c) and (d) of this subsection, no  
23 tax may be imposed under the authority of this section before:

24 (i) July 1, 2011;

25 (ii) July 1st of the second calendar year following the year in  
26 which the department approved the application made under RCW  
27 39.104.100;

28 (iii) The state sales and use tax increment and state property  
29 tax increment for the preceding calendar year equal or exceed the  
30 amount of the project award approved by the department under RCW  
31 39.104.100; and

32 (iv) Bonds have been issued according to RCW 39.104.110.

33 (b) The tax imposed under this section expires the earlier of the  
34 date that the bonds issued under the authority of RCW 39.104.110 are  
35 retired or twenty-five years after the tax is first imposed.

36 (c) For a demonstration project described in RCW 82.14.505(1)(a)  
37 except as provided in (d) of this subsection (5), no tax may be  
38 imposed under the authority of this section before:

39 (i) July 1, 2010; and

40 (ii) Bonds have been issued according to RCW 39.104.110.

1       (d) The requirement to issue bonds in (a)(iv) or (c)(ii) of this  
2 subsection (5) does not apply to demonstration projects authorized by  
3 RCW 82.14.505(1)(a)(iii), or any city receiving a project award under  
4 RCW 39.104.100 of less than one hundred fifty thousand dollars.

5       (6) An ordinance or resolution adopted by the legislative  
6 authority of the city or county imposing a tax under this section  
7 must provide that:

8       (a) The tax will first be imposed on the first day of a fiscal  
9 year;

10       (b) The cumulative amount of tax received by the city or county,  
11 in any fiscal year, may not exceed the amount approved by the  
12 department under subsection (10) of this section;

13       (c) The department must cease distributing the tax for the  
14 remainder of any fiscal year in which either:

15       (i) The amount of tax received by the city or county equals the  
16 amount of distributions approved by the department for the fiscal  
17 year under subsection (10) of this section; or

18       (ii) The amount of revenue distributed to all sponsoring and  
19 cosponsoring local governments from taxes imposed under this section  
20 equals the annual state contribution limit;

21       (d) The tax will be distributed again, should it cease to be  
22 distributed for any of the reasons provided in (c) of this  
23 subsection, at the beginning of the next fiscal year, subject to the  
24 restrictions in this section; and

25       (e) The state is entitled to any revenue generated by the tax in  
26 excess of the amounts specified in (c) of this subsection.

27       (7) If a city or county receives approval for more than one  
28 revitalization area within its jurisdiction, the city or county may  
29 impose a sales and use tax under this section for each revitalization  
30 area.

31       (8) The department must determine the amount of tax receipts  
32 distributed to each city and county imposing a sales and use tax  
33 under the authority of this section and must advise a city or county  
34 when tax distributions for the fiscal year equal the amount  
35 determined by the department in subsection (10) of this section.  
36 Determinations by the department of the amount of tax distributions  
37 attributable to a city or county are not appealable. The department  
38 must remit any tax receipts in excess of the amounts specified in  
39 subsection (6)(c) of this section to the state treasurer who must  
40 deposit the money in the general fund.

1 (9) If a city or county fails to comply with RCW 82.32.765, no  
2 tax may be distributed in the subsequent fiscal year until such time  
3 as the city or county complies and the department calculates the  
4 state contribution amount according to subsection (10) of this  
5 section for the fiscal year.

6 (10)(a) For each fiscal year that a city or county imposes the  
7 tax under the authority of this section, the department must approve  
8 the amount of taxes that may be distributed to the city or county.  
9 The amount approved by the department under this subsection is the  
10 lesser of:

11 (i) The state contribution;

12 (ii) The amount of project award granted by the department as  
13 provided in RCW 39.104.100; or

14 (iii) The total amount of revenues from local public sources  
15 dedicated or, in the case of carry forward revenues, deemed dedicated  
16 in the preceding calendar year, as reported in the required annual  
17 report under RCW 82.32.765.

18 (b) A city or county may not receive, in any fiscal year, more  
19 revenues from taxes imposed under the authority of this section than  
20 the amount approved annually by the department.

21 (11) The amount of tax distributions received from taxes imposed  
22 under the authority of this section by all cities and counties is  
23 limited annually to not more than the amount of annual state  
24 contribution limit.

25 (12) The definitions in RCW 39.104.020 apply to this section  
26 subject to subsection (13) of this section and unless the context  
27 clearly requires otherwise.

28 (13) For purposes of this section, the following definitions  
29 apply:

30 (a) "Local sales and use taxes" means sales and use taxes imposed  
31 by cities, counties, public facilities districts, and other local  
32 governments under the authority of this chapter(~~(7)~~) or chapter 67.28  
33 (~~(or 67.40)~~) RCW, or any other chapter, and that are credited against  
34 the state sales and use taxes.

35 (b) "State sales and use taxes" means the taxes imposed in RCW  
36 82.08.020(1) and 82.12.020.

37 **Sec. 2.** RCW 82.14.515 and 2009 c 270 s 602 are each amended to  
38 read as follows:

1       (1) Money collected from the taxes imposed under RCW 82.14.510  
2 may be used only for the purpose of paying debt service on bonds  
3 issued under the authority in RCW 39.104.110.

4       (2) Subsection (1) of this section does not apply to cities that  
5 qualify for the bond issuance exemption established in RCW  
6 82.14.510(5)(d).

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