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SENATE BILL 5585

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State of Washington

64th Legislature

2015 Regular Session

By Senators Dansel, Mullet, and Braun

Read first time 01/26/15. Referred to Committee on Government Operations & State Security.

1 AN ACT Relating to granting counties and cities greater  
2 flexibility with real estate excise tax proceeds; and amending RCW  
3 82.46.010 and 82.46.035.

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

5 **Sec. 1.** RCW 82.46.010 and 2014 c 44 s 1 are each amended to read  
6 as follows:

7 (1) The legislative authority of any county or city must identify  
8 in the adopted budget the capital projects funded in whole or in part  
9 from the proceeds of the tax authorized in this section, and must  
10 indicate that such tax is intended to be in addition to other funds  
11 that may be reasonably available for such capital projects.

12 (2)(a) The legislative authority of any county or any city may  
13 impose an excise tax on each sale of real property in the  
14 unincorporated areas of the county for the county tax and in the  
15 corporate limits of the city for the city tax at a rate not exceeding  
16 one-quarter of one percent of the selling price. The revenues  
17 generated from ((this tax must be used)) the tax imposed under this  
18 subsection (2) of this section by any city or county with a  
19 population of five thousand or less, and any city or county that does  
20 not plan under RCW 36.70A.040, may only be used for: (i) Any capital  
21 purpose identified in a capital improvements plan and local capital

1 improvements, including those listed in RCW 35.43.040; or (ii) the  
2 maintenance and operation of capital projects.

3 (b)(i) Except as provided otherwise by (b)(ii) of this  
4 subsection, after April 30, 1992, revenues generated from the tax  
5 imposed under this subsection (2) in counties (~~over~~) with a  
6 population greater than five thousand (~~population~~), and cities  
7 (~~over~~) with a population greater than five thousand (~~population~~)  
8 that are required or choose to plan under RCW 36.70A.040 (~~must be~~  
9 used solely), may only be used for financing, maintaining, and  
10 operating capital projects specified in a capital facilities plan  
11 element of a comprehensive plan and housing relocation assistance  
12 under RCW 59.18.440 and 59.18.450. (~~However,~~)

13 (ii) Revenues (~~+~~) generated from the tax imposed under this  
14 subsection (2) that are: (A) Pledged by (~~such~~) counties and cities  
15 to debt retirement prior to April 30, 1992, may continue to be used  
16 for that purpose until the original debt for which the revenues were  
17 pledged is retired(~~+~~); or (~~+~~) (B) committed prior to April 30,  
18 1992, by (~~such~~) counties or cities to a project may continue to be  
19 used for that purpose until the project is completed.

20 (3) In lieu of imposing the tax authorized in RCW 82.14.030(2),  
21 the legislative authority of any county or any city may impose an  
22 additional excise tax on each sale of real property in the  
23 unincorporated areas of the county for the county tax and in the  
24 corporate limits of the city for the city tax at a rate not exceeding  
25 one-half of one percent of the selling price.

26 (4) Taxes imposed under this section must be collected from  
27 persons who are taxable by the state under chapter 82.45 RCW upon the  
28 occurrence of any taxable event within the unincorporated areas of  
29 the county or within the corporate limits of the city, as the case  
30 may be.

31 (5) Taxes imposed under this section must comply with all  
32 applicable rules, regulations, laws, and court decisions regarding  
33 real estate excise taxes as imposed by the state under chapter 82.45  
34 RCW.

35 (6) (~~As used~~) The definitions in this subsection(~~+~~) apply  
36 throughout this section unless the context clearly requires  
37 otherwise.

38 (a) "City" means any city or town (~~and~~).

39 (b) "Capital project" means those public works projects of a  
40 local government for planning, acquisition, construction,

1 reconstruction, repair, replacement, rehabilitation, or improvement  
2 of streets; roads; highways; sidewalks; street and road lighting  
3 systems; traffic signals; bridges; domestic water systems; storm and  
4 sanitary sewer systems; parks; recreational facilities; law  
5 enforcement facilities; fire protection facilities; trails;  
6 libraries; administrative ~~((and/or))~~ facilities; judicial facilities;  
7 river ~~((and/or))~~ flood control projects or waterway flood control  
8 projects, or both by those jurisdictions that, prior to June 11,  
9 1992, have expended funds derived from the tax authorized by this  
10 section for such purposes; ~~((and,))~~ until December 31, 1995, housing  
11 projects for those jurisdictions that, prior to June 11, 1992, have  
12 expended or committed to expend funds derived from the tax authorized  
13 by this section or the tax authorized by RCW 82.46.035 for such  
14 purposes; and technology infrastructure that is integral to the  
15 capital project.

16 ~~((7) From July 22, 2011, until December 31, 2016, a city or  
17 county may use the greater of one hundred thousand dollars or  
18 thirty-five percent of available funds under this section, but not to  
19 exceed one million dollars per year, for the operations and  
20 maintenance of existing capital projects as defined in subsection (6)  
21 of this section.))~~

22 **Sec. 2.** RCW 82.46.035 and 2011 c 354 s 3 are each amended to  
23 read as follows:

24 (1) The legislative authority of any county or city must identify  
25 in the adopted budget the capital projects funded in whole or in part  
26 from the proceeds of the tax authorized in this section, and must  
27 indicate that such tax is intended to be in addition to other funds  
28 that may be reasonably available for such capital projects.

29 (2) The legislative authority of any county or any city that  
30 plans under RCW 36.70A.040(1) may impose an additional excise tax on  
31 each sale of real property in the unincorporated areas of the county  
32 for the county tax and in the corporate limits of the city for the  
33 city tax at a rate not exceeding one-quarter of one percent of the  
34 selling price. Any county choosing to plan under RCW 36.70A.040(2)  
35 and any city within such a county may only adopt an ordinance  
36 imposing the excise tax authorized by this section if the ordinance  
37 is first authorized by a proposition approved by a majority of the  
38 voters of the taxing district voting on the proposition at a general  
39 election held within the district or at a special election within the

1 taxing district called by the district for the purpose of submitting  
2 such proposition to the voters. A city located within a county that  
3 has adopted a resolution under RCW 36.70A.040(2)(b) to remove the  
4 county and cities located within the county from the obligation to  
5 plan under RCW 36.70A.040 may continue to impose and collect the  
6 excise tax authorized under this section.

7 (3)(a)(i) Except as provided otherwise by (a)(ii) of this  
8 subsection, revenues generated from the tax imposed under subsection  
9 (2) of this section (~~must~~) may only be used by (~~such~~) counties  
10 and cities (~~solely~~) for: (A) Financing capital projects specified  
11 in a capital facilities plan element of a comprehensive plan; or (B)  
12 the maintenance and operation of capital projects. (~~However,~~)

13 (ii) Revenues (~~(a)~~) generated from the tax imposed under  
14 subsection (2) of this section that are: (A) Pledged by (~~such~~)  
15 counties and cities to debt retirement prior to March 1, 1992, may  
16 continue to be used for that purpose until the original debt for  
17 which the revenues were pledged is retired(~~(τ)~~); or (~~(b)~~) (B)  
18 committed prior to March 1, 1992, by (~~such~~) counties or cities to a  
19 project may continue to be used for that purpose until the project is  
20 completed.

21 (4) Revenues generated by the tax imposed by this section must be  
22 deposited in a separate account.

23 (5) (~~As used~~) The definitions in this subsection(~~(τ)~~) apply  
24 throughout this section unless the context clearly requires  
25 otherwise.

26 (a) "City" means any city or town (~~and~~).

27 (b) "Capital project" means those public works projects of a  
28 local government for planning, acquisition, construction,  
29 reconstruction, repair, replacement, rehabilitation, or improvement  
30 of streets(~~(τ)~~); roads(~~(τ)~~); highways(~~(τ)~~); sidewalks(~~(τ)~~); street  
31 and road lighting systems(~~(τ)~~); traffic signals(~~(τ)~~); bridges(~~(τ)~~);  
32 domestic water systems(~~(τ)~~); storm and sanitary sewer systems(~~(τ) and~~  
33 planning, construction, reconstruction, repair, rehabilitation, or  
34 improvement of parks)); parks; recreational facilities; law  
35 enforcement facilities; fire protection facilities; trails;  
36 libraries; administrative facilities; judicial facilities; river  
37 flood control projects; and waterway flood control projects.

38 (6) When the governor files a notice of noncompliance under RCW  
39 36.70A.340 with the secretary of state and the appropriate county or  
40 city, the county or city's authority to impose the additional excise

1 tax under this section is temporarily rescinded until the governor  
2 files a subsequent notice rescinding the notice of noncompliance.

3 (7) From June 30, 2012, until December 31, 2016, a city or county  
4 (~~may use the greater of one hundred thousand dollars or thirty-five~~  
5 ~~percent of available funds under this section, but not to exceed one~~  
6 ~~million dollars per year, for operations and maintenance of existing~~  
7 ~~capital projects as defined in subsection (5) of this section, and~~  
8 ~~counties)) may use available funds under this section for the payment  
9 of existing debt service incurred for capital projects as defined in  
10 RCW 82.46.010. ((~~If a county uses available funds for payment of~~  
11 ~~existing debt service under RCW 82.46.010, the total amount used for~~  
12 ~~payment of debt service and any amounts used for operations and~~  
13 ~~maintenance is subject to the limits in this subsection.))~~~~

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