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HOUSE BILL 2749

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State of Washington

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2018 Regular Session

By Representatives Orcutt, Chapman, Nealey, Tarleton, Eslick, Morris, Muri, Gregerson, Doglio, Smith, Wilcox, Griffey, Slatter, Young, and McDonald

Read first time 01/15/18. Referred to Committee on Technology & Economic Development.

1 AN ACT Relating to allowing a local sales and use tax as a credit  
2 against the state sales tax for rural high-speed internet  
3 infrastructure without increasing the total sales and use tax rate;  
4 and amending RCW 82.14.370.

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

6 **Sec. 1.** RCW 82.14.370 and 2012 c 225 s 4 are each amended to  
7 read as follows:

8 (1)(a) The legislative authority of a rural county may impose a  
9 sales and use tax in accordance with the terms of this chapter. The  
10 tax is in addition to other taxes authorized by law and must be  
11 collected from those persons who are taxable by the state under  
12 chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event  
13 within the county. Except as provided in (b) of this subsection, the  
14 rate of tax may not exceed 0.09 percent of the selling price in the  
15 case of a sales tax or value of the article used in the case of a use  
16 tax, except that for rural counties with population densities between  
17 sixty and one hundred persons per square mile, the rate ((shall)) may  
18 not exceed 0.04 percent before January 1, 2000.

19 (b) An additional 0.05 percent may be imposed to be available and  
20 used exclusively to support the development of infrastructure to  
21 bring high-speed internet access to unserved regions throughout the

1 county as defined by the federal communications commission. To the  
2 extent possible, additional funds collected under this subsection  
3 (1)(b) must be used for the development of last-mile infrastructure  
4 where it has not been commercially feasible for the private sector to  
5 build. The additional funds may not be used for government operation  
6 or for the provision of retail broadband service by public entities.

7 (2) The tax imposed under subsection (1) of this section must be  
8 deducted from the amount of tax otherwise required to be collected or  
9 paid over to the department of revenue under chapter 82.08 or 82.12  
10 RCW. The department of revenue must perform the collection of such  
11 taxes on behalf of the county at no cost to the county.

12 (3)(a) Except for the moneys collected pursuant to subsection  
13 (1)(b) of this section, moneys collected under this section may only  
14 be used to finance public facilities serving economic development  
15 purposes in rural counties and finance personnel in economic  
16 development offices. The public facility must be listed as an item in  
17 the officially adopted county overall economic development plan, or  
18 the economic development section of the county's comprehensive plan,  
19 or the comprehensive plan of a city or town located within the county  
20 for those counties planning under RCW 36.70A.040. For those counties  
21 that do not have an adopted overall economic development plan and do  
22 not plan under the growth management act, the public facility must be  
23 listed in the county's capital facilities plan or the capital  
24 facilities plan of a city or town located within the county.

25 (b) In implementing this section, the county must consult with  
26 cities, towns, and port districts located within the county and the  
27 associate development organization serving the county to ensure that  
28 the expenditure meets the goals of chapter 130, Laws of 2004 and the  
29 requirements of (a) of this subsection. Each county collecting money  
30 under this section must report, as follows, to the office of the  
31 state auditor, within one hundred fifty days after the close of each  
32 fiscal year: (i) A list of new projects begun during the fiscal year,  
33 showing that the county has used the funds for those projects  
34 consistent with the goals of chapter 130, Laws of 2004 and the  
35 requirements of (a) of this subsection; and (ii) expenditures during  
36 the fiscal year on projects begun in a previous year. Any projects  
37 financed prior to June 10, 2004, from the proceeds of obligations to  
38 which the tax imposed under subsection (1) of this section has been  
39 pledged may not be deemed to be new projects under this subsection.

1 No new projects funded with money collected under this section may be  
2 for justice system facilities.

3 (c) The definitions in this (~~section~~) subsection apply  
4 throughout this section unless the context clearly requires  
5 otherwise.

6 (i) "Public facilities" means bridges, roads, domestic and  
7 industrial water facilities, sanitary sewer facilities, earth  
8 stabilization, storm sewer facilities, railroads, electrical  
9 facilities, natural gas facilities, research, testing, training, and  
10 incubation facilities in innovation partnership zones designated  
11 under RCW 43.330.270, buildings, structures, telecommunications  
12 infrastructure, transportation infrastructure, or commercial  
13 infrastructure, and port facilities in the state of Washington.

14 (ii) "Economic development purposes" means those purposes which  
15 facilitate the creation or retention of businesses and jobs in a  
16 county.

17 (iii) "Economic development office" means an office of a county,  
18 port districts, or an associate development organization as defined  
19 in RCW 43.330.010, which promotes economic development purposes  
20 within the county.

21 (4) No tax may be collected under this section before July 1,  
22 1998.

23 (a) Except as provided in (b) of this subsection, no tax may be  
24 collected under this section by a county more than twenty-five years  
25 after the date that a tax is first imposed under this section.

26 (b) For counties imposing the tax at the rate of 0.09 percent  
27 before August 1, 2009, the tax expires on the date that is twenty-  
28 five years after the date that the 0.09 percent tax rate was first  
29 imposed by that county.

30 (5) For purposes of this section, "rural county" means a county  
31 with a population density of less than one hundred persons per square  
32 mile or a county smaller than two hundred twenty-five square miles as  
33 determined by the office of financial management and published each  
34 year by the department for the period July 1st to June 30th.

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