S-2048.2

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**SUBSTITUTE SENATE BILL 5899**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** Senate Financial Institutions, Economic Development & Trade (originally sponsored by Senators Mullet, Walsh, Cleveland, Ericksen, Wilson, L., and Takko)

AN ACT Relating to sales and use tax for public facilities in rural or border counties; amending RCW 82.14.370; and providing an effective date.

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

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

(1) The legislative authority of a rural or border county may impose a sales and use tax in accordance with the terms of this chapter. The tax is in addition to other taxes authorized by law and must be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within the county. The rate of tax may not exceed 0.09 percent of the selling price in the case of a sales tax or value of the article used in the case of a use tax, except that for rural counties with population densities between sixty and one hundred persons per square mile, the rate ((~~shall~~)) may not exceed 0.04 percent before January 1, 2000. The tax collected by border counties must be phased in as set forth in subsection (5) of this section.

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

(3)(a) Moneys collected under this section may only be used to finance public facilities serving economic development purposes in rural ((~~counties and finance personnel in economic development offices. The public facility must be listed as an item in the officially adopted county overall economic development plan, or the economic development section of the county's comprehensive plan, or the comprehensive plan of a city or town located within the county for those counties planning under RCW 36.70A.040. For those counties that do not have an adopted overall economic development plan and do not plan under the growth management act, the public facility must be listed in the county's capital facilities plan or the capital facilities plan of a city or town located within the county~~)) and border counties intended to create or retain private sector employment, and to finance economic development offices. The public facility must be listed as an item in the officially adopted county overall economic development plan, or the county's capital facilities plan, or the capital facilities plan of a city or town located within the county.

(b) In implementing this section, the county must consult with cities, towns, and port districts located within the county and the associate development organization serving the county to ensure that the expenditure meets the goals of chapter 130, Laws of 2004 and the requirements of (a) of this subsection. Each county collecting money under this section must report, as follows, to the office of the state auditor, within one hundred fifty days after the close of each fiscal year: (i) A list of new projects begun during the fiscal year, showing that the county has used the funds for those projects consistent with the goals of chapter 130, Laws of 2004 and the requirements of (a) of this subsection; and (ii) expenditures during the fiscal year on projects begun in a previous year. Any projects financed prior to June 10, 2004, from the proceeds of obligations to which the tax imposed under subsection (1) of this section has been pledged may not be deemed to be new projects under this subsection. No new projects funded with money collected under this section may be for justice system facilities.

(c) Counties may delegate their role under this section to the associate development organization serving the county. The associate development organization must present an annual budget to the county legislative authority for approval, consistent with (b) of this subsection. The proposed budget must allocate funds to be used for economic development purposes, including amounts to finance the economic development office of the associate development organization and the amounts to finance public facilities. The proposed budget must also delineate the allocation of funds to be used as grants to fund economic development purposes to organizations other than the associate development organization.

(d) The definitions in this section apply throughout this section unless the context clearly requires otherwise.

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

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

~~(iii)~~)) "Border county" means a county contiguous with a state or foreign country.

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

(iii) "Economic development purposes" means those purposes that facilitate the creation or retention of businesses and jobs in a county.

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

(v) "Rural county" means a county with a population density of less than one hundred persons per square mile or a county smaller than two hundred twenty-five square miles as determined by the office of financial management and published each year by the department for the period July 1st to June 30th.

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

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

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

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

(5) Collection of the tax imposed under subsection (1) of this section by border counties must be phased in as follows:

(a) The rate of tax may not exceed 0.02 percent before July 1, 2021;

(b) The rate of tax may not exceed 0.03 percent before July 1, 2023;

(c) The rate of tax may not exceed 0.05 percent before July 1, 2025;

(d) The rate of tax may not exceed 0.07 percent before July 1, 2027; and

(e) The rate of tax may not exceed 0.09 percent before July 1, 2029.

(6) The tax collected under this section is authorized through December 31, 2045.

NEW SECTION. **Sec.**  This act takes effect July 1, 2021.

**--- END ---**