

EHB 1948 - S COMM AMD  
By Committee on Ways & Means

ADOPTED 03/07/2020

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature recognizes that changes  
4 in sales tax sourcing laws created a significant negative fiscal  
5 impact on communities with a concentration of warehousing,  
6 manufacturing, and shipping. These communities are vital job centers  
7 to our state economy. Furthermore, the infrastructure demands to  
8 support these industries are significant. The legislature hereby  
9 creates the warehousing and manufacturing job center assistance  
10 program to provide these communities with revenue to mitigate for the  
11 negative fiscal impact of changes in sales tax sourcing laws, and  
12 fund important infrastructure to maintain these key job centers.

13 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.14  
14 RCW to read as follows:

15 (1) In order to mitigate local sales tax revenue net losses as a  
16 result of the sourcing provisions of the streamlined sales and use  
17 tax agreement under this title, the state treasurer, on July 1, 2020,  
18 and each July 1st thereafter through July 1, 2026, must transfer into  
19 the manufacturing and warehousing job centers account from the  
20 general fund the sum required to mitigate actual net losses as  
21 determined under this section.

22 (2) The department must determine each qualified local taxing  
23 jurisdiction's annual loss. The department must determine annual  
24 losses by comparing at least twelve months of data from tax return  
25 information and tax collections for each qualified local taxing  
26 jurisdiction before and after July 1, 2008. The department is not  
27 required to determine annual losses on a recurring basis, but may  
28 make any adjustments to annual losses as it deems proper as a result  
29 of the annual reviews. Each calendar quarter, distributions must be  
30 made from the manufacturing and warehousing job centers account by  
31 the state treasurer on the last working day of the calendar quarter,

1 as directed by the department, to each qualified local taxing  
2 jurisdiction, for losses in respect to taxes imposed under the  
3 authority of RCW 82.14.390, in an amount representing one-fourth of  
4 the jurisdiction's annual loss reduced by voluntary compliance  
5 revenue reported during the previous calendar quarter and marketplace  
6 facilitator/remote seller revenue reported during the previous  
7 calendar quarter.

8 (3) The definitions in this subsection apply throughout this  
9 section unless the context clearly requires otherwise.

10 (a) "Loss" or "losses" means the local sales and use tax revenue  
11 reduction to a local taxing jurisdiction resulting from the sourcing  
12 provisions in RCW 82.14.490 and section 502, chapter 6, Laws of 2007.

13 (b) "Marketplace facilitator/remote seller revenue" means the  
14 local sales and use tax revenue gain, including taxes voluntarily  
15 remitted and taxes collected from consumers, to each local taxing  
16 jurisdiction from part II of chapter 28, Laws of 2017 3rd sp. sess.  
17 as estimated by the department in RCW 82.14.500(6).

18 (c) "Net loss" or "net losses" means a loss offset by any  
19 voluntary compliance revenue and marketplace facilitator/remote  
20 seller revenue.

21 (d) "Qualified local taxing district" means a city:

22 (i) That was eligible for streamlined sales tax mitigation  
23 payments of at least one hundred fifty thousand dollars under RCW  
24 82.14.500 in calendar year 2018, based on the calculation and  
25 analysis required under RCW 82.14.500(3)(a); and

26 (ii) That has a continued local sales tax revenue loss as a  
27 result of the sourcing provision of the streamlined sales and use tax  
28 agreement under this title, as determined by the department.

29 (e) "Voluntary compliance revenue" means the local sales tax  
30 revenue gain to each local taxing jurisdiction reported to the  
31 department from persons registering through the central registration  
32 system authorized under the agreement.

33 (4) This section expires January 1, 2026.

34 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.14  
35 RCW to read as follows:

36 The manufacturing and warehousing job centers account is created  
37 in the state treasury. All receipts from section 2 of this act must  
38 be deposited into the account. Moneys in the account may be spent  
39 only after appropriation. Expenditures from the account may be used

1 only for the purpose of mitigating the negative fiscal impacts to  
2 local taxing jurisdictions as a result of RCW 82.14.490 and section  
3 502, chapter 6, Laws of 2007."

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4 On page 1, line 2 of the title, after "centers;" strike the  
5 remainder of the title and insert "adding new sections to chapter  
6 82.14 RCW; creating a new section; and providing an expiration date."

EFFECT: Shortens the time frame for the annual loss payments by five years. Increases the threshold to qualify for annual loss payments from \$50,000 to \$150,000.

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