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**HOUSE BILL 2362**

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**State of Washington**

**66th Legislature**

**2020 Regular Session**

**By** Representatives Ramos, Callan, Ryu, Chapman, Doglio, Senn, Kloba, Gregerson, and Pollet

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1 AN ACT Relating to local transportation revenue options; amending  
2 RCW 35.21.870, 36.73.065, 82.14.0455, 82.80.010, and 82.80.080; and  
3 providing an effective date.

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

5 **Sec. 1.** RCW 35.21.870 and 2014 c 216 s 306 are each amended to  
6 read as follows:

7 (1) No city or town may impose a tax on the privilege of  
8 conducting an electrical energy, natural gas, steam energy, or  
9 telephone business at a rate which exceeds six percent unless the  
10 rate is first approved by a majority of the voters of the city or  
11 town voting on such a proposition, except as allowed under subsection  
12 (5) of this section.

13 (2)(a) If a city or town is imposing a rate of tax under  
14 subsection (1) of this section in excess of six percent on April 20,  
15 1982, the city or town must decrease the rate to a rate of six  
16 percent or less by reducing the rate each year on or before November  
17 1st by ordinances to be effective on January 1st of the succeeding  
18 year, by an amount equal to one-tenth the difference between the tax  
19 rate on April 20, 1982, and six percent.

1 (b) Nothing in this subsection prohibits a city or town from  
2 reducing its rates by amounts greater than the amounts required in  
3 this subsection.

4 (3) Voter approved rate increases under subsection (1) of this  
5 section may not be included in the computations under this  
6 subsection.

7 (4) No city or town may impose a tax on the privilege of  
8 conducting a natural gas business with respect to sales that are  
9 exempt from the tax imposed under chapter 82.16 RCW as provided in  
10 RCW 82.16.310 at a rate higher than its business and occupation tax  
11 rate on the sale of tangible personal property or, if the city or  
12 town does not impose a business and occupation tax on the sale of  
13 tangible personal property, at a rate greater than .002.

14 (5) (a) A city or town may impose a tax of up to two percent, in  
15 addition to the amount imposed pursuant to subsection (1) of this  
16 section, on the privilege of conducting an electrical energy, natural  
17 gas, steam energy, or telephone business.

18 (b) The proceeds of any tax imposed pursuant to this subsection  
19 (5) must be used exclusively for transportation improvements, which  
20 must be contained in the transportation plan of the state, a regional  
21 transportation planning organization, city, or county. A project may  
22 include investment in new or existing highways of statewide  
23 significance, principal arterials of regional significance, high  
24 capacity transportation, public transportation, and other  
25 transportation projects and programs of regional or statewide  
26 significance including transportation demand management. Projects may  
27 also include the operation, preservation, and maintenance of these  
28 facilities or programs.

29 **Sec. 2.** RCW 36.73.065 and 2015 3rd sp.s. c 44 s 309 are each  
30 amended to read as follows:

31 (1) Except as provided in subsection (4) of this section, taxes,  
32 fees, charges, and tolls may not be imposed by a district without  
33 approval of a majority of the voters in the district voting on a  
34 proposition at a general or special election. The proposition must  
35 include a specific description of: (a) The transportation improvement  
36 or improvements proposed by the district; (b) any rebate program  
37 proposed to be established under RCW 36.73.067; and (c) the proposed  
38 taxes, fees, charges, and the range of tolls imposed by the district

1 to raise revenue to fund the improvement or improvements or rebate  
2 program, as applicable.

3 (2) Voter approval under this section must be accorded  
4 substantial weight regarding the validity of a transportation  
5 improvement as defined in RCW 36.73.015.

6 (3) A district may not increase any taxes, fees, charges, or  
7 range of tolls imposed or change a rebate program under this chapter  
8 once the taxes, fees, charges, tolls, or rebate program takes effect,  
9 except:

10 (a) If authorized by the district voters pursuant to RCW  
11 36.73.160;

12 (b) With respect to a change in a rebate program, a material  
13 change policy adopted pursuant to RCW 36.73.160 is followed and the  
14 change does not reduce the percentage level or rebate amount;

15 (c) For up to forty dollars of the vehicle fee authorized in RCW  
16 82.80.140 by the governing board of the district if a vehicle fee of  
17 twenty dollars has been imposed for at least twenty-four months;  
18 ((~~or~~))

19 (d) For up to fifty dollars of the vehicle fee authorized in RCW  
20 82.80.140 by the governing board of the district if a vehicle fee of  
21 forty dollars has been imposed for at least twenty-four months and a  
22 district has met the requirements of subsection (6) of this section;  
23 or

24 (e) For up to four-tenths of one percent of the selling price, in  
25 the case of a sales tax, or value of the article used, in the case of  
26 a use tax, pursuant to the sales and use tax authorized in RCW  
27 82.14.0455.

28 (4) (a) A district that includes all the territory within the  
29 boundaries of the jurisdiction, or jurisdictions, establishing the  
30 district may impose by a majority vote of the governing board of the  
31 district the following fees, taxes, and charges:

32 (i) Up to twenty dollars of the vehicle fee authorized in RCW  
33 82.80.140;

34 (ii) Up to forty dollars of the vehicle fee authorized in RCW  
35 82.80.140 if a vehicle fee of twenty dollars has been imposed for at  
36 least twenty-four months;

37 (iii) Up to fifty dollars of the vehicle fee authorized in RCW  
38 82.80.140 if a vehicle fee of forty dollars has been imposed for at  
39 least twenty-four months and a district has met the requirements of  
40 subsection (6) of this section; ((~~or~~))

1 (iv) A fee or charge in accordance with RCW 36.73.120; or  
2 (v) A sales and use tax in accordance with RCW 82.14.0455.

3 (b) The vehicle fee authorized in (a) of this subsection may only  
4 be imposed for a passenger-only ferry transportation improvement if  
5 the vehicle fee is first approved by a majority of the voters within  
6 the jurisdiction of the district.

7 (c)(i) A district solely comprised of a city or cities may not  
8 impose the fees or charges identified in (a) of this subsection  
9 within one hundred eighty days after July 22, 2007, unless the county  
10 in which the city or cities reside, by resolution, declares that it  
11 will not impose the fees or charges identified in (a) of this  
12 subsection within the one hundred eighty-day period; or

13 (ii) A district solely comprised of a city or cities identified  
14 in RCW 36.73.020(6)(b) may not impose the fees or charges until after  
15 May 22, 2008, unless the county in which the city or cities reside,  
16 by resolution, declares that it will not impose the fees or charges  
17 identified in (a) of this subsection through May 22, 2008.

18 (5) If the interlocal agreement in RCW 82.80.140(2)(a) cannot be  
19 reached, a district that includes only the unincorporated territory  
20 of a county may impose by a majority vote of the governing body of  
21 the district up to: (a) Twenty dollars of the vehicle fee authorized  
22 in RCW 82.80.140, (b) forty dollars of the vehicle fee authorized in  
23 RCW 82.80.140 if a fee of twenty dollars has been imposed for at  
24 least twenty-four months, or (c) fifty dollars of the vehicle fee  
25 authorized in RCW 82.80.140 if a vehicle fee of forty dollars has  
26 been imposed for at least twenty-four months and a district has met  
27 the requirements of subsection (6) of this section.

28 (6) If a district intends to impose a vehicle fee of more than  
29 forty dollars by a majority vote of the governing body of the  
30 district, the governing body must publish notice of this intention,  
31 in one or more newspapers of general circulation within the district,  
32 by April 1st of the year in which the vehicle fee is to be imposed.  
33 If within ninety days of the date of publication a petition is filed  
34 with the county auditor containing the signatures of eight percent of  
35 the number of voters registered and voting in the district for the  
36 office of the governor at the last preceding gubernatorial election,  
37 the county auditor must canvass the signatures in the same manner as  
38 prescribed in RCW 29A.72.230 and certify their sufficiency to the  
39 governing body within two weeks. The proposition to impose the  
40 vehicle fee must then be submitted to the voters of the district at a

1 special election, called for this purpose, no later than the date on  
2 which a primary election would be held under RCW 29A.04.311. The  
3 vehicle fee may then be imposed only if approved by a majority of the  
4 voters of the district voting on the proposition.

5 **Sec. 3.** RCW 82.14.0455 and 2010 c 105 s 3 are each amended to  
6 read as follows:

7 (1) Subject to the provisions in RCW 36.73.065, a transportation  
8 benefit district under chapter 36.73 RCW may fix and impose a sales  
9 and use tax in accordance with the terms of this chapter. The tax  
10 authorized in this section is in addition to any other taxes  
11 authorized by law and shall be collected from those persons who are  
12 taxable by the state under chapters 82.08 and 82.12 RCW upon the  
13 occurrence of any taxable event within the boundaries of the  
14 district. The rate of tax shall not exceed (~~two-tenths~~) four-tenths  
15 of one percent of the selling price in the case of a sales tax, or  
16 value of the article used, in the case of a use tax. Except as  
17 provided in subsection (2) of this section, the tax may not be  
18 imposed for a period exceeding (~~ten~~) twenty years. This tax, if not  
19 imposed under the conditions of subsection (2) of this section, may  
20 be extended for a period not exceeding ten years with an affirmative  
21 vote of the voters voting at the election or a majority vote of the  
22 governing board of the district.

23 (2) The voter-approved sales tax initially imposed under this  
24 section after July 1, 2010, may be imposed for a period exceeding  
25 (~~ten~~) twenty years if the moneys received under this section are  
26 dedicated for the repayment of indebtedness incurred in accordance  
27 with the requirements of chapter 36.73 RCW.

28 (3) Money received from the tax imposed under this section must  
29 be spent in accordance with the requirements of chapter 36.73 RCW.

30 **Sec. 4.** RCW 82.80.010 and 2014 c 216 s 203 are each amended to  
31 read as follows:

32 (1) The definitions in this subsection apply throughout this  
33 section unless the context clearly requires otherwise.

34 (a) "Distributor" means every person who imports, refines,  
35 manufactures, produces, or compounds motor vehicle fuel and special  
36 fuel as defined in RCW 82.38.020 and sells or distributes the fuel  
37 into a city or county.

38 (b) "Person" has the same meaning as in RCW 82.04.030.

1 (2) Subject to the conditions of this section, any city or county  
2 may levy, by approval of its legislative body and a majority of the  
3 registered voters of the city or county voting on the proposition at  
4 a general or special election, additional excise taxes equal to no  
5 more than ten percent of the statewide fuel tax rates under RCW  
6 82.38.030 on motor vehicle fuel and special fuel as defined in RCW  
7 82.38.020 sold within the boundaries of the city or county. A city or  
8 county may levy, by approval of its legislative body, no more than  
9 fifty percent of the additional excise taxes described in this  
10 subsection. Vehicles paying an annual license fee under RCW 82.38.075  
11 are exempt from the city or county fuel excise tax. An election held  
12 under this section must be held not more than twelve months before  
13 the date on which the proposed tax is to be levied. The ballot  
14 setting forth the proposition must state the tax rate that is  
15 proposed and may indicate this tax rate in cents per gallon. ((The))  
16 A county's authority to levy additional excise taxes under this  
17 section includes the incorporated and unincorporated areas of the  
18 county. The additional excise taxes are subject to the same  
19 exceptions and rights of refund as applicable to other motor vehicle  
20 fuel and special fuel excise taxes levied under chapter 82.38 RCW.  
21 The proposed tax may not be levied less than one month from the date  
22 the election results are certified by the county election officer.  
23 The commencement date for the levy of any tax under this section must  
24 be the first day of January, April, July, or October.

25 (3) The local option motor vehicle fuel tax on motor vehicle fuel  
26 and on special fuel is imposed upon the distributor of the fuel.

27 (4) A taxable event for the purposes of this section occurs upon  
28 the first distribution of the fuel within the boundaries of a city or  
29 county to a retail outlet, bulk fuel user, or ultimate user of the  
30 fuel.

31 (5) All administrative provisions in chapters 82.01, 82.03, and  
32 82.32 RCW, insofar as they are applicable, apply to local option fuel  
33 taxes imposed under this section.

34 (6) Before the effective date of the imposition of the fuel taxes  
35 under this section, a city or county must contract with the  
36 department of revenue for the administration and collection of the  
37 taxes. The contract must provide that a percentage amount, not to  
38 exceed one percent of the taxes imposed under this section, will be  
39 deposited into the local tax administration account created in the  
40 custody of the state treasurer. The department of revenue may spend

1 money from this account, upon appropriation, for the administration  
2 of the local taxes imposed under this section.

3 (7) The state treasurer must distribute monthly to the levying  
4 city or county and cities contained therein the proceeds of the  
5 additional excise taxes collected under this section, after the  
6 deductions for payments and expenditures as provided in RCW  
7 46.68.090(1) (a) and (b) and under the conditions and limitations  
8 provided in RCW 82.80.080.

9 (8) The proceeds of the additional excise taxes levied under this  
10 section must be used strictly for transportation purposes in  
11 accordance with RCW 82.80.070.

12 (9) A county may not levy the tax under this section if they are  
13 levying the tax in RCW 82.80.110 or if they are a member of a  
14 regional transportation investment district levying the tax in RCW  
15 82.80.120.

16 **Sec. 5.** RCW 82.80.080 and 2002 c 56 s 414 are each amended to  
17 read as follows:

18 (1) The state treasurer shall distribute revenues, less  
19 authorized deductions, generated by the local option taxes authorized  
20 in RCW 82.80.010 (~~(and 82.80.020,)~~) levied by counties to the levying  
21 counties (~~(, and cities contained in those counties, based on the~~  
22 ~~relative per capita population. County population for purposes of~~  
23 ~~this section is equal to one and one-half of the unincorporated~~  
24 ~~population of the county. In calculating the distributions, the state~~  
25 ~~treasurer shall use the population estimates prepared by the state~~  
26 ~~office of financial management and shall further calculate the~~  
27 ~~distribution based on information supplied by the departments of~~  
28 ~~licensing and revenue, as appropriate)).~~

29 (2) The state treasurer shall distribute revenues, less  
30 authorized deductions, generated by the local option taxes authorized  
31 in RCW 82.80.010 (~~(and 82.80.020)~~) levied by qualifying cities and  
32 towns to the levying cities and towns.

33 (3) The state treasurer shall distribute to the district  
34 revenues, less authorized deductions, generated by the local option  
35 taxes under RCW 82.80.010 or fees under RCW 82.80.100 levied by a  
36 district.

37 NEW SECTION. **Sec. 6.** If any provision of this act or its  
38 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other  
2 persons or circumstances is not affected.

3 NEW SECTION. **Sec. 7.** This act takes effect July 1, 2020.

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