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**SUBSTITUTE SENATE BILL 5862**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Das, Padden, Keiser, Wilson, C., Dhingra, Mullet, Zeiger, and Hasegawa)

READ FIRST TIME 03/01/19.

1 AN ACT Relating to supporting warehousing and manufacturing job  
2 centers; adding new sections to chapter 82.14 RCW; creating new  
3 sections; and providing an expiration date.

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

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

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

17 (1) In order to mitigate local sales tax revenue net losses as a  
18 result of the sourcing provisions of the streamlined sales and use  
19 tax agreement under this title, the state treasurer, on July 1, 2019,  
20 and each July 1st thereafter through July 1, 2030, must transfer into

1 the manufacturing and warehousing job centers account from the  
2 general fund the sum required to mitigate actual net losses as  
3 determined under this section.

4 (2) The department must determine each qualified local taxing  
5 jurisdiction's annual loss. The department must determine annual  
6 losses by comparing at least twelve months of data from tax return  
7 information and tax collections for each qualified local taxing  
8 jurisdiction before and after July 1, 2008. The department is not  
9 required to determine annual losses on a recurring basis, but may  
10 make any adjustments to annual losses as it deems proper as a result  
11 of the annual reviews. Each calendar quarter, distributions must be  
12 made from the manufacturing and warehousing job centers account by  
13 the state treasurer on the last working day of the calendar quarter,  
14 as directed by the department, to each qualified local taxing  
15 jurisdiction, for losses in respect to taxes imposed under the  
16 authority of RCW 82.14.390, in an amount representing one-fourth of  
17 the jurisdiction's annual loss reduced by voluntary compliance  
18 revenue reported during the previous calendar quarter and marketplace  
19 facilitator/remote seller revenue reported during the previous  
20 calendar quarter.

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

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

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

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

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

35 (i) That was eligible for streamlined sales tax mitigation  
36 payments of at least fifty thousand dollars under RCW 82.14.500 in  
37 calendar year 2018, based on the calculation and analysis required  
38 under RCW 82.14.500(3)(a); and

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

4 (e) "Voluntary compliance revenue" means the local sales tax  
5 revenue gain to each local taxing jurisdiction reported to the  
6 department from persons registering through the central registration  
7 system authorized under the agreement.

8 (4) This section expires January 1, 2030.

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

11 The manufacturing and warehousing job centers account is created  
12 in the state treasury. All receipts from section 2 of this act must  
13 be deposited into the account. Moneys in the account may be spent  
14 only after appropriation. Expenditures from the account may be used  
15 only for the purpose of mitigating the negative fiscal impacts to  
16 local taxing jurisdictions as a result of RCW 82.14.490 and section  
17 502, chapter 6, Laws of 2007.

18 NEW SECTION. **Sec. 4.** If specific funding for the purposes of  
19 this act, referencing this act by bill or chapter number, is not  
20 provided by June 30, 2019, in the omnibus appropriations act, this  
21 act is null and void.

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