
HOUSE BILL 1246

State of Washington

67th Legislature

2021 Regular Session

By Representatives Orcutt and Young

Read first time 01/18/21. Referred to Committee on Finance.

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. ~~((The))~~ Except as provided in (b) of this
14 subsection, the rate of tax may not exceed 0.09 percent of the
15 selling price in the case of a sales tax or value of the article used
16 in the case of a use tax, except that for rural counties with
17 population densities between sixty and one hundred persons per square
18 mile, the rate ~~((shall))~~ may not exceed 0.04 percent before January
19 1, 2000.

20 (b) An additional 0.05 percent may be imposed to be available and
21 used exclusively to support the development of infrastructure to

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

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

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

27 (b) In implementing this section, the county must consult with
28 cities, towns, and port districts located within the county and the
29 associate development organization serving the county to ensure that
30 the expenditure meets the goals of chapter 130, Laws of 2004 and the
31 requirements of (a) of this subsection. Each county collecting money
32 under this section must report, as follows, to the office of the
33 state auditor, within one hundred fifty days after the close of each
34 fiscal year: (i) A list of new projects begun during the fiscal year,
35 showing that the county has used the funds for those projects
36 consistent with the goals of chapter 130, Laws of 2004 and the
37 requirements of (a) of this subsection; and (ii) expenditures during
38 the fiscal year on projects begun in a previous year. Any projects
39 financed prior to June 10, 2004, from the proceeds of obligations to
40 which the tax imposed under subsection (1) of this section has been

1 pledged may not be deemed to be new projects under this subsection.
2 No new projects funded with money collected under this section may be
3 for justice system facilities.

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

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

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

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

22 (4) No tax may be collected under this section before July 1,
23 1998.

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

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

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

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