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**SUBSTITUTE HOUSE BILL 1532**

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**State of Washington 69th Legislature 2025 Regular Session**

**By** House Finance (originally sponsored by Representatives Stearns, Entenman, Obras, Gregerson, and Bergquist)

AN ACT Relating to authorizing funding tools to mitigate the impact of sales tax sourcing and enhance community vitality in certain cities that host industrial and warehousing industries that are vital to the statewide economy; adding a new section to chapter 82.14 RCW; creating a new section; and providing an effective date.

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

NEW SECTION. **Sec.**  The legislature finds that additional funding tools are needed to improve community vitality in the industrial and warehousing valley located near the port of Seattle and the port of Tacoma. Sales tax sourcing laws created a significant negative fiscal impact on this community thereby impacting the quality of life of residents in the valley. The valley is a vital job center to Washington state's economy and is one of the most diverse communities in the state. At the same time, with a concentration of warehousing, manufacturing, and shipping businesses, this community experiences negative impacts on resources that other communities do not experience. Furthermore, the legislature recognizes the dedicated funding in RCW 82.14.545 for the manufacturing and warehousing job centers account, RCW 82.14.550, is scheduled to expire on July 1, 2026. The legislature hereby authorizes new funding tools for these communities to generate revenue necessary to improve community vitality.

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

(1) The legislative body of certain authorized cities, as described in subsection (2) of this section, may authorize, fix, and impose a sales and use tax in accordance with the terms of this chapter. The ordinance or resolution to impose the tax adopted by legislative body must include the attestation that the city meets the definition of an authorized city in subsection (5) of this section.

(2) The tax authorized in this section is in addition to any 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 a city imposing the tax. The rate of tax equals up to 0.3 percent of the selling price in the case of a sales tax, or a value of article used, in the case of a use tax.

(3) Moneys collected under this section may be used for any purpose that improves the vitality of the community in the same manner that general fund revenues may be used.

(4) A city using the authority under this section shall engage in the following public process each time it adopts a biennial budget:

(a) Hold a minimum of three town hall meetings within the city, each at a different geographical location and at a different time of the day, explaining the budget process and providing opportunities for community member dialogue;

(b) Provide a webpage outlining the budget development process, the dates for scheduled budget hearings, and where to find budget information; and

(c) Conduct a survey to solicit input on budget priorities.

(5) For purposes of this section, an "authorized city" means a city that:

(a) Has a population greater than 120,000;

(b) Is located in a county with a population of 1,500,000 or greater; and

(c) Has a percentage of total assessed valuation from industrial and warehousing industries that is greater than 25 percent.

NEW SECTION. **Sec.**  This act takes effect January 1, 2026.

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