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**SENATE BILL 5518**

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

**By** Senators Kauffman, Orwall, and Nobles

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 declaring an emergency.

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 authority of any city with a population over 120,000 and located in a county with a population of 1,500,000 or more, may authorize, fix, and impose a sales and use tax in accordance with the terms of this chapter. The tax is in addition to other taxes authorized by law and is 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 the city. The rate of tax may not exceed 0.3 percent of the selling price in the case of a sales tax or value of the article used in the case of a use tax.

(2) The tax may only be imposed by a city if more than 25 percent of the total assessed valuation of the city is zoned for either industrial or warehousing uses, or both.

(3) The tax imposed under subsection (1) of this section is credited against the state tax under chapters 82.08 and 82.12 RCW. The department must perform the collection of such taxes on behalf of the city at no cost to the city and must remit the tax to the city as provided in RCW 82.14.060.

(4) The tax imposed by this section may only be imposed at the beginning of a fiscal year and continue for no more than 20 years from the date the tax is first imposed.

(5) Moneys collected under this section may be used for the purpose of improving the vitality of the community in the same manner that general fund revenue may be used.

(6) No tax may be imposed under this section before July 1, 2025.

(7) A city imposing the tax authority under this section must engage in the following public process each time it adopts a biennial budget:

(a) The city shall 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 to the public and providing opportunities for community member dialogue;

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

(c) The city shall conduct a survey to solicit input from the public on budget priorities.

NEW SECTION. **Sec.**  This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

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