
HOUSE BILL 1778

State of Washington

69th Legislature

2025 Regular Session

By Representatives Dufault, Corry, and Jacobsen

Read first time 02/03/25. Referred to Committee on Appropriations.

1 AN ACT Relating to sharing state sales tax revenues with local
2 governments and not increasing the state or local sales tax rate;
3 amending RCW 82.14.050; adding a new section to chapter 82.08 RCW;
4 and providing an effective date.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.08
7 RCW to read as follows:

8 (1) Each month, the department must calculate the total sales tax
9 revenues collected in the previous month pursuant to this chapter and
10 notify the state treasurer.

11 (2) The state treasurer shall transfer each month 20 percent of
12 the amount in subsection (1) of this section to the local sales and
13 use tax account created in RCW 82.14.050 .

14 **Sec. 2.** RCW 82.14.050 and 2021 c 178 s 2 are each amended to
15 read as follows:

16 (1) The counties, cities, and transportation authorities under
17 RCW 82.14.045, public facilities districts under chapters 36.100 and
18 35.57 RCW, public transportation benefit areas under RCW 82.14.440,
19 regional transportation investment districts, and transportation
20 benefit districts under chapter 36.73 RCW must contract, prior to the

1 effective date of a resolution or ordinance imposing a sales and use
2 tax, the administration and collection to the state department of
3 revenue, which must deduct a percentage amount, as provided by
4 contract, not to exceed two percent of the taxes collected for
5 administration and collection expenses incurred by the department.
6 The remainder of any portion of any tax authorized by this chapter
7 that is collected by the department of revenue must be deposited by
8 the state department of revenue in the local sales and use tax
9 account hereby created in the state treasury. Beginning January 1,
10 2013, the department of revenue must make deposits in the local sales
11 and use tax account on a monthly basis on the last business day of
12 the month in which distributions required in (a) of this subsection
13 are due. Moneys in the local sales and use tax account may be
14 withdrawn only for:

15 (a) Distribution to counties, cities, transportation authorities,
16 public facilities districts, public transportation benefit areas,
17 regional transportation investment districts, and transportation
18 benefit districts imposing a sales and use tax; and

19 (b) Making refunds of taxes imposed under the authority of this
20 chapter and RCW 81.104.170 and exempted under RCW 82.08.962,
21 82.12.962, 82.08.02565, 82.12.02565, 82.08.025661, or 82.12.025661.

22 (2) All administrative provisions in chapters 82.03, 82.08,
23 82.12, and 82.32 RCW, as they now exist or may hereafter be amended,
24 insofar as they are applicable to state sales and use taxes, are
25 applicable to taxes imposed pursuant to this chapter.

26 (3) Counties, cities, transportation authorities, public
27 facilities districts, and regional transportation investment
28 districts may not conduct independent sales or use tax audits of
29 sellers registered under the streamlined sales tax agreement.

30 (4) Except as provided in RCW 43.08.190 and subsection (5) of
31 this section, all earnings of investments of balances in the local
32 sales and use tax account must be credited to the local sales and use
33 tax account and distributed to the counties, cities, transportation
34 authorities, public facilities districts, public transportation
35 benefit areas, regional transportation investment districts, and
36 transportation benefit districts monthly.

37 (5) Beginning January 1, 2013, the state treasurer must determine
38 the amount of earnings on investments that would have been credited
39 to the local sales and use tax account if the collections had been
40 deposited in the account over the prior month. When distributions are

1 made under subsection (1)(a) of this section, the state treasurer
2 must transfer this amount from the state general fund to the local
3 sales and use tax account and must distribute such sums to the
4 counties, cities, transportation authorities, public facilities
5 districts, public transportation benefit areas, regional
6 transportation investment districts, and transportation benefit
7 districts.

8 (6) Repayment of deferred local sales and use taxes due under RCW
9 82.32.558 is subject to the requirements of RCW 82.32.559.

10 (7) Beginning January 1, 2026, the state treasurer shall
11 distribute the moneys transferred pursuant to section 1 of this act
12 on a monthly basis. They must be distributed to each local taxing
13 district imposing a local sales and use tax pursuant to chapter 82.14
14 RCW in the same proportion as the sales tax revenues in subsection
15 (1) of this section for the same month of collections.

16 NEW SECTION. **Sec. 3.** This act takes effect January 1, 2026.

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