

---

HOUSE BILL 1378

---

State of Washington                      61st Legislature                      2009 Regular Session

By Representatives Green, Kelley, McCune, Kirby, Morrell, and Moeller

Read first time 01/20/09. Referred to Committee on Local Government & Housing.

1            AN ACT Relating to a city sales and use tax to fund the acquisition  
2 and processing of land designated as a clear zone area by the federal  
3 government; and amending RCW 82.14.415.

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

5            **Sec. 1.** RCW 82.14.415 and 2006 c 361 s 1 are each amended to read  
6 as follows:

7            (1) The legislative authority of any city with a population less  
8 than four hundred thousand and which is located in a county with a  
9 population greater than six hundred thousand that annexes an area  
10 consistent with its comprehensive plan required by chapter 36.70A RCW,  
11 may impose a sales and use tax in accordance with the terms of this  
12 chapter. The tax is in addition to other taxes authorized by law and  
13 shall be collected from those persons who are taxable by the state  
14 under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable  
15 event within the city. The tax may only be imposed by a city if:

16            (a)(i) The city has commenced annexation of an area under chapter  
17 35.13 or 35A.14 RCW having a population of at least ten thousand people  
18 prior to January 1, 2010; and

1        ~~((b))~~ (ii) The city legislative authority determines by  
2 resolution or ordinance that the projected cost to provide municipal  
3 services to the annexation area exceeds the projected general revenue  
4 that the city would otherwise receive from the annexation area on an  
5 annual basis; or

6        (b) The city commences annexation of an area under chapter 35A.14  
7 RCW prior to January 1, 2012, and the annexation area is: (i)  
8 Comprised of one or more military installations; and (ii) located in a  
9 county with a population between eight hundred thousand and nine  
10 hundred thousand.

11        (2) The tax authorized under this section is a credit against the  
12 state tax under chapter 82.08 or 82.12 RCW. The department of revenue  
13 shall perform the collection of such taxes on behalf of the city at no  
14 cost to the city and shall remit the tax to the city as provided in RCW  
15 82.14.060.

16        (3)(a) Except as provided in (b) of this subsection, the maximum  
17 rate of tax any city may impose under this section shall be 0.2 percent  
18 for the total number of annexed areas the city may annex. The rate of  
19 the tax imposed under this section is 0.1 percent for each annexed area  
20 population that is greater than ten thousand and less than twenty  
21 thousand. The rate of the tax imposed under this section shall be 0.2  
22 percent for an annexed area which the population is greater than twenty  
23 thousand.

24        (b) The maximum rate of tax a city may impose under this section  
25 for an annexation described in subsection (1)(b) of this section is 0.2  
26 percent for the total number of annexed areas the city may annex.

27        (4) The tax imposed by this section shall only be imposed at the  
28 beginning of a fiscal year and shall continue for no more than ten  
29 years from the date the tax is first imposed. Tax rate increases due  
30 to additional annexed areas shall be effective on July 1st of the  
31 fiscal year following the fiscal year in which the annexation occurred,  
32 provided that notice is given to the department as set forth in  
33 subsection (8) of this section.

34        (5) For an annexation described in subsection (1)(a) of this  
35 section, all revenue collected under this section shall be used solely  
36 to provide, maintain, and operate municipal services (~~for the~~  
37 annexation area)) within the annexation area. For an annexation  
38 described in subsection (1)(b) of this section, all revenue collected

1 under this section shall be used solely for the acquisition of real  
2 property, clearing of land, or razing of existing structures, within an  
3 area designated as a clear zone area by the federal government.

4 (6) For an annexation described in subsection (1)(a) of this  
5 section, the revenues from the tax authorized in this section may not  
6 exceed that which the city deems necessary to generate revenue equal to  
7 the difference between the city's cost to provide, maintain, and  
8 operate municipal services for the annexation area and the general  
9 revenues that the cities would otherwise expect to receive from the  
10 annexation during a year. If the revenues from the tax authorized in  
11 this section and the revenues from the annexation area exceed the costs  
12 to the city to provide, maintain, and operate municipal services for  
13 the annexation area during a given year, the city shall notify the  
14 department and the tax distributions authorized in this section shall  
15 be suspended for the remainder of the year.

16 (7) (~~No tax may be imposed under this section before July 1,~~  
17 ~~2007.~~) Before imposing a tax under this section, the legislative  
18 authority of a city shall adopt an ordinance that includes the  
19 following:

20 (a) The rate of tax under this section that shall be imposed within  
21 the city; and

22 (b) For an annexation described in subsection (1)(a) of this  
23 section, the threshold amount for the first fiscal year following the  
24 annexation and passage of the ordinance.

25 (8) The tax shall cease to be distributed to the city for the  
26 remainder of the fiscal year once the threshold amount has been  
27 reached. No later than March 1st of each year, the city shall provide  
28 the department with a new threshold amount for the next fiscal year,  
29 and notice of any applicable tax rate changes. Distributions of tax  
30 under this section shall begin again on July 1st of the next fiscal  
31 year and continue until the new threshold amount has been reached or  
32 June 30th, whichever is sooner. Any revenue generated by the tax in  
33 excess of the threshold amount shall belong to the state of Washington.  
34 Any amount resulting from the threshold amount less the total fiscal  
35 year distributions, as of June 30th, shall not be carried forward to  
36 the next fiscal year.

37 (9) The following definitions apply throughout this section unless  
38 the context clearly requires otherwise:

1 (a) "Annexation area" means an area that has been annexed to a city  
2 under chapter 35.13 or 35A.14 RCW. "Annexation area" includes all  
3 territory described in the city resolution.

4 (b) "Department" means the department of revenue.

5 (c) "Municipal services" means those services customarily provided  
6 to the public by city government.

7 (d) "Fiscal year" means the year beginning July 1st and ending the  
8 following June 30th.

9 (e) "Threshold amount" means the maximum amount of tax  
10 distributions as determined by the city in accordance with subsection  
11 (6) of this section that the department shall distribute to the city  
12 generated from the tax imposed under this section in a fiscal year.

--- END ---