

By Senators Hill and Hargrove

SHB 1576 - S COMM AMD
By Committee on Ways & Means

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 82.14.415 and 2011 c 353 s 10 are each amended to
4 read as follows:

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

14 (a) The city has commenced annexation of an area having a
15 population of at least ten thousand people, or four thousand in the
16 case of a city described under subsection (3)(a)(i) of this section,
17 prior to January 1, 2015; and

18 (b) The city legislative authority determines by resolution or
19 ordinance that the projected cost to provide municipal services to
20 the annexation area exceeds the projected general revenue that the
21 city would otherwise receive from the annexation area on an annual
22 basis.

23 (2) The tax authorized under this section is a credit against the
24 state tax under chapter 82.08 or 82.12 RCW. The department of revenue
25 must perform the collection of such taxes on behalf of the city at no
26 cost to the city and must remit the tax to the city as provided in
27 RCW 82.14.060.

28 (3)(a) Except as provided in (b) of this subsection, the maximum
29 rate of tax any city may impose under this section is:

30 (i) 0.1 percent for each annexed area in which the population is
31 greater than ten thousand and less than twenty thousand. The ten
32 thousand population threshold in this subsection (3)(a)(i) is four
33 thousand for a city with a population between one hundred fifteen

1 thousand and one hundred forty thousand and located within a county
2 with a population over one million five hundred thousand; and

3 (ii) 0.2 percent for an annexed area in which the population is
4 greater than twenty thousand.

5 (b) Beginning July 1, 2011, the maximum rate of tax imposed under
6 this section is 0.85 percent for an annexed area in which the
7 population is greater than sixteen thousand if the annexed area was,
8 prior to November 1, 2008, officially designated as a potential
9 annexation area by more than one city, one of which has a population
10 greater than four hundred thousand.

11 (4)(a) Except as provided in (b) of this subsection, the maximum
12 cumulative rate of tax a city may impose under subsection (3)(a) of
13 this section is 0.2 percent for the total number of annexed areas the
14 city may annex.

15 (b) The maximum cumulative rate of tax a city may impose under
16 subsection (3)(a) of this section is 0.3 percent, beginning July 1,
17 2011, if the city commenced annexation of an area, prior to January
18 1, 2010, that would have otherwise allowed the city to increase the
19 rate of tax imposed under this section absent the rate limit imposed
20 in (a) of this subsection.

21 (c) The maximum cumulative rate of tax a city may impose under
22 subsection (3)(b) of this section is 0.85 percent for the single
23 annexed area the city may annex and the amount of tax distributed to
24 a city under subsection (3)(b) of this section may not exceed (~~five~~
25 ~~million~~) seven million seven hundred twenty-five thousand dollars
26 per fiscal year.

27 (5)(a) Except as provided in (b) of this subsection, the tax
28 imposed by this section may only be imposed at the beginning of a
29 fiscal year and may continue for no more than ten years from the date
30 that each increment of the tax is first imposed. Tax rate increases
31 due to additional annexed areas are effective on July 1st of the
32 fiscal year following the fiscal year in which the annexation
33 occurred, provided that notice is given to the department as set
34 forth in subsection (9) of this section.

35 (b) The tax imposed under subsection (3)(b) of this section may
36 only be imposed at the beginning of a fiscal year and may continue
37 for no more than six years from the date that each increment of the
38 tax is first imposed.

1 (6) All revenue collected under this section may be used solely
2 to provide, maintain, and operate municipal services for the
3 annexation area.

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

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

18 (a) A certification that the amount needed to provide municipal
19 services to the annexed area reflects the city's true and actual
20 costs;

21 (b) The rate of tax under this section that is imposed within the
22 city; and

23 (c) The threshold amount for the first fiscal year following the
24 annexation and passage of the ordinance.

25 (9) The tax must 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 must provide
28 the department with a certification of the city's true and actual
29 costs to provide municipal services to the annexed area, a new
30 threshold amount for the next fiscal year, and notice of any
31 applicable tax rate changes. Distributions of tax under this section
32 must begin again on July 1st of the next fiscal year and continue
33 until the new threshold amount has been reached or June 30th,
34 whichever is sooner. Any revenue generated by the tax in excess of
35 the threshold amount belongs to the state of Washington. Any amount
36 resulting from the threshold amount less the total fiscal year
37 distributions, as of June 30th, may not be carried forward to the
38 next fiscal year.

39 (10) The tax must cease to be distributed to a city imposing the
40 tax under subsection (3)(b) of this section for the remainder of the

1 fiscal year, if the total distributions to the city imposing the tax
2 exceed ((five million)) seven million seven hundred twenty-five
3 thousand dollars for the fiscal year. A city may not impose tax under
4 subsection (3)(b) of this section unless the annexation is approved
5 by a vote of the people residing within the annexed area. A city may
6 not impose tax under subsection (3)(b) of this section if it provides
7 sewer service in the annexed area.

8 (11) The resident population of the annexation area must be
9 determined in accordance with chapter 35.13 or 35A.14 RCW.

10 (12) The following definitions apply throughout this section
11 unless the context clearly requires otherwise:

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

15 (b) "Commenced annexation" means the initiation of annexation
16 proceedings has taken place under the direct petition method or the
17 election method under chapter 35.13 or 35A.14 RCW.

18 (c) "Department" means the department of revenue.

19 (d) "Municipal services" means those services customarily
20 provided to the public by city government.

21 (e) "Fiscal year" means the year beginning July 1st and ending
22 the following June 30th.

23 (f) "Potential annexation area" means one or more geographic
24 areas that a city has officially designated for potential future
25 annexation, as part of its comprehensive plan adoption process under
26 the state growth management act, chapter 36.70A RCW.

27 (g) "Threshold amount" means the maximum amount of tax
28 distributions as determined by the city in accordance with subsection
29 (7) of this section that the department must distribute to the city
30 generated from the tax imposed under this section in a fiscal year."

SHB 1576 - S COMM AMD

By Committee on Ways & Means

31 On page 1, beginning on line 2 of the title, after "areas;"
32 strike the remainder of the title and insert "; and amending RCW
33 82.14.415."

EFFECT: Changes the maximum dollar amount that may be distributed to Seattle from \$8 million to \$7.725 million.

--- END ---