

NEW SECTION. Sec. 27. The following acts or parts of acts are each hereby repealed:

(1) Sections 36.63.010 through 36.63.110, chapter 4, Laws of 1963 and RCW 36.63.010 through 36.63.110;

(2) Section 36.63.120, chapter 4, Laws of 1963, section 1, chapter 17, Laws of 1969 and RCW 36.63.120;

(3) Sections 36.63.130 through 36.63.250, chapter 4, Laws of 1963 and RCW 36.63.130 through 36.63.250;

(4) Sections 1 through 9, chapter 81, Laws of 1974 ex. sess. and RCW 36.63A.010 through 36.63A.910;

(5) Sections 36.63.260 through 36.63.440, chapter 4, Laws of 1963 and RCW 36.63.260 through 36.63.440;

(6) Section 2214, Code of 1881 and RCW 70.20.140; and

(7) Section 32, chapter 171, Laws of 1961, section 84, chapter 75, Laws of 1977 and RCW 72.01.420.

NEW SECTION. Sec. 28. There is hereby appropriated the sum of fifty thousand dollars from the state general fund for the purpose of carrying out the provisions of this 1977 amendatory act.

NEW SECTION. Sec. 29. This 1977 amendatory act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the Senate June 13, 1977.

Passed the House June 13, 1977.

Approved by the Governor June 23, 1977.

Filed in Office of Secretary of State June 23, 1977.

CHAPTER 317

[Engrossed Substitute Senate Bill No. 2537]

TRANSPORTATION TAXATION

AN ACT Relating to transportation taxation; amending section 82.36.010, chapter 15, Laws of 1961 as last amended by section 1, chapter 156, Laws of 1971 ex. sess. and RCW 82.36.010; amending section 1, chapter 28, Laws of 1974 ex. sess. and RCW 82.36.020; amending section 82.36.100, chapter 15, Laws of 1961 as last amended by section 3, chapter 83, Laws of 1967 ex. sess. and RCW 82.36.100; amending section 3, chapter 22, Laws of 1963 ex. sess. as amended by section 4, chapter 83, Laws of 1967 ex. sess. and RCW 82.37.030; amending section 4, chapter 175, Laws of 1971 ex. sess. as last amended by section 1, chapter 62, Laws of 1975 1st ex. sess. and RCW 82.38.030; amending section 35.77.010, chapter 7, Laws of 1965 as last amended by section 1, chapter 215, Laws of 1975 1st ex. sess. and RCW 35.77.010; amending section 46.68.090, chapter 12, Laws of 1961 as last amended by section 74, chapter 32, Laws of 1967 and RCW 46.68.090; amending section 46.68.100, chapter 12, Laws of 1961 as last amended by section 1, chapter 51, Laws of 1977 and RCW 46.68.100; amending section 9, chapter 83, Laws of 1967 ex. sess. and RCW 46.68.150; amending section 10, chapter 83, Laws of 1967 ex. sess. as amended by section 1, chapter 253, Laws of 1975 1st ex. sess. and RCW 47.26.040; amending section 14, chapter 83, Laws of 1967 ex. sess. and RCW 47.26.080; amending section 24, chapter 83, Laws of 1967 ex. sess. as amended by section 2, chapter 253, Laws of 1975 1st ex. sess. and RCW 47.26.180; amending section 25, chapter 83, Laws of 1967 ex. sess. as last amended by section 2, chapter 126, Laws of 1973 1st ex. sess. and RCW 47.26.190; amending section 30, chapter 83, Laws of 1967 ex. sess. and RCW 47.26.240; amending section 33, chapter 83, Laws of 1967 ex. sess. and RCW 47.26.270; amending section 41, chapter 83, Laws of 1967 ex. sess. and RCW 47.26.405; amending section 45, chapter 83, Laws of 1967 ex. sess. as amended by section 4, chapter 169, Laws of 1973

1st ex. sess. and RCW 47.26.420; amending section 49, chapter 83, Laws of 1967 ex. sess. as amended by section 6, chapter 169, Laws of 1973 1st ex. sess. and RCW 47.26.424; amending section 50, chapter 83, Laws of 1967 ex. sess. and RCW 47.26.425; adding a new section to chapter 46.68 RCW; adding new sections to chapter 47.26 RCW, one of which is to be codified as RCW 47.26.4251; adding a new section to chapter 82.36 RCW; declaring emergency; and providing effective dates.

Be it enacted by the Legislature of the State of Washington:

Section 1. Section 82.36.010, chapter 15, Laws of 1961 as last amended by section 1, chapter 156, Laws of 1971 ex. sess. and RCW 82.36.010 are each amended to read as follows:

For the purposes of this chapter:

(1) "Motor vehicle" means every vehicle which is in itself a self-propelled unit, equipped with solid rubber, hollow-cushion rubber, or pneumatic rubber tires and capable of being moved or operated upon a public highway, except motor vehicles used as motive power for or in conjunction with farm implements and machines or implements of husbandry;

(2) "Motor vehicle fuel" means gasoline or any other inflammable gas, or liquid, by whatsoever name such gasoline, gas or liquid may be known or sold, the chief use of which is as fuel for the propulsion of motor vehicles(;) or motorboats;

(3) "Distributor" means every person who refines, manufactures, produces, or compounds motor vehicle fuel and sells, distributes, or in any manner uses it in this state; also every person engaged in business as a bona fide wholesale merchant dealing in motor vehicle fuel who either acquires it within the state from any person refining it within or importing it into the state, on which the tax has not been paid, or imports it into this state and sells, distributes, or in any manner uses it in this state;

(4) "Service station" means a place operated for the purpose of delivering motor vehicle fuel into the fuel tanks of motor vehicles;

(5) "Department" means the department of motor vehicles;

(6) "Director" means the director of motor vehicles;

(7) "Dealer" means any person engaged in the retail sale of liquid motor vehicle fuels;

(8) "Person" means every natural person, firm, partnership, association, or private or public corporation;

(9) "Highway" means every way or place open to the use of the public, as a matter of right, for purposes of vehicular travel;

(10) "Broker" means every person, other than a distributor, engaged in business as a broker, jobber, or wholesale merchant dealing in motor vehicle fuel or other petroleum products used or usable in propelling motor vehicles, or in other petroleum products which may be used in blending, compounding, or manufacturing of motor vehicle fuel;

(11) "Producer" means every person, other than a distributor, engaged in the business of producing motor vehicle fuel or other petroleum products used in, or which may be used in, the blending, compounding, or manufacturing of motor vehicle fuel;

(12) "Distribution" means all withdrawals of motor vehicle fuel for delivery to others, to retail service stations, or to unlicensed bulk storage plants;

(13) "Bulk storage plant" means, pursuant to the licensing provisions of RCW 82.36.070, any plant, under the control of the distributor, used for the storage of motor vehicle fuel to which no retail outlets are directly connected by pipe lines;

(14) "Marine fuel dealer" means any person engaged in the retail sale of liquid motor vehicle fuel whose place of business and or sale outlet is located upon a navigable waterway;

(15) "Weighted average retail sales price of motor vehicle fuel" means the average retail sales price excluding any federal excise tax of the several grades of motor vehicle fuel (other than special fuels taxed pursuant to chapter 82.38 RCW) sold by service stations throughout the state (less any state excise taxes on the sale, distribution, or use thereof) weighted to reflect the quantities sold at each different price;

(16) "Aggregate motor vehicle fuel tax revenues" means the amount of excise taxes to be paid by distributors, retailers, and users pursuant to chapters 82.36, 82.37, and 82.38 RCW, as now or hereafter amended, for any designated fiscal period, whether or not such amounts are actually received by the department of motor vehicles. The phrase does not include fines or penalties assessed for violations;

(17) "Fiscal half-year" means a six month period ending June 30th or December 31st.

Sec. 2. Section 1, chapter 28, Laws of 1974 ex. sess. and RCW 82.36.020 are each amended to read as follows:

Every distributor shall pay, in addition to any other taxes provided by law, an excise tax to the director (~~((of nine cents))~~) at a rate computed in the manner provided in section 6 of this 1977 amendatory act for each gallon of motor vehicle fuel sold, distributed, or used by him in the state as well as on each gallon upon which he has assumed liability for payment of the tax under the provisions of RCW 82.36.100: PROVIDED, That under such regulations as the director may prescribe sales or distribution of motor vehicle fuel may be made by one licensed distributor to another licensed distributor free of the tax. In the computation of the tax, one-quarter of one percent of the net gallonage otherwise taxable shall be deducted by the distributor before computing the tax due, on account of the losses sustained through handling. Any person paying such excise tax who, in turn, sells or distributes such fuel to another, whether or not for use, shall include the tax as part of the selling price of the fuel. Any person thereafter paying a price for such fuel which includes an increment for the tax imposed hereunder, and who subsequently resells said fuel, shall include the increment so paid as part of the selling price of the fuel. The tax imposed hereunder shall be in addition to any other tax required by law, and shall not be imposed under circumstances in which the tax is prohibited by the Constitution or laws of the United States. The tax herein imposed shall be collected and paid to the state but once in respect to any motor vehicle fuel. An invoice shall be rendered by a distributor to a purchaser for each distribution of motor vehicle fuel.

The proceeds of the ~~((nine cents))~~ motor vehicle fuel excise tax collected on the net gallonage after the deduction provided for herein and after the deductions for refunds and costs of collection as provided in RCW 46.68.090 as now or hereafter amended, shall be distributed as ((follows:

~~(1) Six and seven-eighths cents shall be distributed between the state, cities, counties, and Puget Sound ferry operations account in the motor vehicle fund under the provisions of RCW 46.68.090 and 46.68.100 as now or hereafter amended.~~

~~(2) Five-eighths of one cent shall be distributed to the state and expended pursuant to RCW 46.68.150.~~

~~(3) Five-eighths of one cent shall be paid into the motor vehicle fund and credited to the urban arterial trust account created by RCW 47.26.080.~~

~~(4) Three-eighths of one cent shall be paid into the motor vehicle fund and credited to the Puget Sound reserve account created by RCW 47.60.350.~~

~~(5) One-half cent shall be distributed to the cities and towns directly and allocated between them as provided by RCW 46.68.110, subject to the provisions of RCW 35.76.050. PROVIDED, That the funds allocated to a city or town which are attributable to such one-half cent of the additional tax imposed by *this 1961 amendatory act shall be used exclusively for the construction, improvement and repair of arterial highways and city streets as those terms are defined in RCW 46.04.030 and 46.04.120, or for the payment of any municipal indebtedness which may be incurred after June 12, 1963 in the construction, improvement and repair of arterial highways and city streets as those terms are defined in RCW 46.04.030 and 46.04.120. All such sums shall first be subject to proper deductions for refunds and costs of collection as provided in RCW 46.68.090) provided in RCW 46.68.100, as now or hereafter amended.~~

Sec. 3. Section 82.36.100, chapter 15, Laws of 1961 as last amended by section 3, chapter 83, Laws of 1967 ex. sess. and RCW 82.36.100 are each amended to read as follows:

Every person other than a distributor who acquires any motor vehicle fuel within this state upon which payment of tax is required under the provisions of this chapter, or imports such motor vehicle fuel into this state and sells, distributes, or in any manner uses it in this state shall, if the tax has not been paid, apply for a license to carry on such activities, file bond, make reports, comply with all regulations the director may prescribe in respect thereto, and pay ((~~a~~) an excise tax ((of nine cents)) at the rate computed in the manner provided in section 6 of this 1977 amendatory act for each gallon thereof so sold, distributed, or used during the fiscal half-year for which such rate is applicable in the manner provided for distributors, and the director shall issue a license to such person in the manner provided for issuance of licenses to distributors. The proceeds of the tax imposed by this section shall be distributed in the manner provided for the distribution of the motor vehicle fuel excise tax in RCW 82.36.020 as now or hereafter amended. However, a distributor licensed under the provisions of this chapter may deliver motor vehicle fuel to an importer in individual quantities of five hundred gallons or less and assume the liability for payment of the tax to this state. Under such conditions, the importer shall be exempt from the requirements of this section. For failure to comply with the terms of this chapter such person shall be subject to the same penalties imposed upon distributors. The director shall pursue against such persons the same procedure and remedies for audits, adjustments, collection, and enforcement of this chapter as is provided with respect to distributors. Nothing herein shall be construed as classifying such persons as distributors.

Sec. 4. Section 3, chapter 22, Laws of 1963 ex. sess. as amended by section 4, chapter 83, Laws of 1967 ex. sess. and RCW 82.37.030 are each amended to read as follows:

In consideration of the use of the public highways of this state, motor carriers who import motor vehicle fuel into the state of Washington in the fuel supply tank or tanks of commercial motor vehicles for use in propelling said vehicles on said highways shall be subject to a tax for such use of the highways as hereinafter provided. A tax at the rate ~~((of nine cents))~~ computed in the manner provided in section 6 of this 1977 amendatory act per gallon is hereby imposed upon every motor carrier measured and determined by the number of gallons of motor vehicle fuel so imported and actually used by such motor carrier in its operations within this state during the fiscal half-year for which such rate is applicable.

Sec. 5. Section 4, chapter 175, Laws of 1971 ex. sess. as last amended by section 1, chapter 62, Laws of 1975 1st ex. sess. and RCW 82.38.030 are each amended to read as follows:

(1) There is hereby levied and imposed upon special fuel users a tax ~~((of nine cents))~~ at the rate computed in the manner provided in section 6 of this 1977 amendatory act per gallon or each one hundred cubic feet of compressed natural gas measured at standard pressure and temperature on the use (within the meaning of the word use as defined herein) of special fuel in any motor vehicle ~~((~~PROVIDED, That in order to encourage experimentation with nonpolluting fuels, no tax shall be imposed upon the use of natural gas as herein defined or on liquified petroleum gas, commonly called propane, which is used in any motor vehicle until July 1, 1977))~~) during the fiscal half-year for which such rate is applicable.~~

(2) Said tax shall be collected by the special fuel dealer and shall be paid over to the department as hereinafter provided: (a) With respect to all special fuel delivered by a special fuel dealer into supply tanks of motor vehicles or into storage facilities used for the fueling of motor vehicles at unbonded service stations in this state; or (b) in all other transactions where the purchaser indicates in writing to the special fuel dealer prior to or at the time of the delivery that the entire quantity of the special fuel covered by the delivery is for use by him for a taxable purpose as a fuel in a motor vehicle.

(3) Said tax shall be paid over to the department by the special fuel user as hereinafter provided: (a) With respect to special fuel upon which the tax has not previously been imposed which was acquired in any manner other than by delivery by a special fuel dealer into a fuel supply tank of a motor vehicle in this state; or (b) in all transactions with a special fuel dealer in this state where a written statement has not been furnished to the special fuel dealer as set forth in subsection (2)(b) of this section.

It is expressly provided that delivery of special fuel may be made without collecting the tax otherwise imposed, when such deliveries are made by a bonded special fuel dealer to special fuel users who are authorized by the department as hereinafter provided, to purchase fuel without payment of tax to the bonded special fuel dealer.

NEW SECTION. Sec. 6. There is added to chapter 82.36 RCW a new section to read as follows:

(1) (a) During the fifth month of each fiscal half-year ending June 30th and December 31st of each year, the department of motor vehicles shall compute a motor vehicle fuel tax rate to the nearest one-half cent per gallon of motor vehicle fuel by multiplying twenty-one and one-half percent times the weighted average retail sales price of motor vehicle fuel, per gallon, sold within the state in the third month of such fiscal half-year. The department of motor vehicles shall determine the weighted average retail sales price of motor vehicle fuel by state-wide sampling and survey techniques designed to reflect such prices for the third month of such fiscal half-year. The department shall establish reasonable guidelines for its sampling and survey methods.

(b) Subject to provisions of subsections (2) and (3) of this section the excise tax rate computed in the manner provided in subsection (1) of this section shall apply to the sale, distribution, or use of motor vehicle fuel beginning the fiscal half-year following computation of the rate and shall remain in effect for each succeeding fiscal half-year until a subsequent computation requires a change in the rate. For the first fiscal half-year after the effective date of this 1977 amendatory act, the motor vehicle fuel tax shall be eleven cents per gallon.

(2) (a) The motor vehicle fuel tax rate for any fiscal half-year shall not exceed twelve cents per gallon nor exceed a rate as computed in this subsection.

(b) Each fiscal half-year at the time the department of motor vehicles computes the excise tax rate for the ensuing fiscal half-year of a biennium, the department shall estimate the total aggregate motor vehicle fuel tax revenues and the total of all other state revenues which will accrue to the motor vehicle fund during the full biennium. The estimated total aggregate motor vehicle fuel tax revenues for the biennium shall include those revenues which have accrued to the motor vehicle fund for the half-year or half-years of the biennium that have then elapsed plus revenues which the department determines will accrue during the remaining fiscal half-years of the biennium, assuming the sale, distribution, and use of motor vehicle fuel and special fuel within the state for the remaining fiscal half-years of the biennium shall be at the same volume as during the fiscal half-year last ended, adjusted however for the historic variations in sales, distribution, and use according to half-yearly periods and for projected trends, and at the weighted average retail sales price of motor vehicle fuel as last determined by the department of motor vehicles. The estimated total of all other state revenues to accrue to the motor vehicle fund during the biennium shall include those revenues (other than the aggregate motor vehicle fuel tax revenues) which have accrued to the motor vehicle fund for the half-year or half-years of the biennium that have then elapsed plus revenues which the department of highways with the concurrence of the office of program planning and fiscal management determines will accrue during the remaining fiscal half-years of the biennium, assuming that collections of such revenues for the remaining fiscal half-years of the biennium shall be at the same level as during the fiscal half-year just ended, adjusted however for historic variations in collections according to half-yearly periods and for projected trends, and shall include state revenues in the motor vehicle fund balance as of the end of the prior biennium as certified by the state treasurer, less an appropriate minimum balance for the biennium as determined by the department of highways with the concurrence of the office of program planning and fiscal management and the proceeds of the sale of

bonds but shall not include reimbursements to the motor vehicle fund for services performed by the department of highways for others.

(c) If the estimated biennial aggregate motor vehicle fuel tax revenues as computed in paragraph (b) of this subsection, exceed the total of all appropriations, reappropriations, and transfers of state revenues from the motor vehicle fund for the biennium (less the estimated total of all other state revenues which will accrue to the motor vehicle fund during the biennium as computed in paragraph (b) of this subsection) by more than five percent thereof, the rate of the motor vehicle fuel tax (computed as provided in subsection (1) of this section) shall be reduced by one-half cent increments, commencing at the beginning of the ensuing fiscal half-year, as may be necessary to reduce such estimated total revenues for the full biennium to within the total of such appropriations, reappropriations, and transfers plus five percent thereof.

(3) (a) Notwithstanding any other provisions of this section the excise tax rate for any fiscal half-year shall not be less than nine cents per gallon nor less than the rate as computed in this subsection.

(b) Each fiscal half-year at the time the department of motor vehicles computes the excise tax rate for the ensuing fiscal half-year of a fiscal year, the department shall estimate the total aggregate motor vehicle fuel tax revenues which will accrue to the motor vehicle fund during such fiscal year in the same manner that such revenues are estimated for a full biennium. If such estimated aggregate motor vehicle fuel tax revenues for the fiscal year are less than an amount equal to the aggregate motor vehicle fuel tax revenues collected during the fiscal year ending June 30, 1973, increased by six percent per year compounded annually for each year which has elapsed from June 30, 1973, to June 30th of the fiscal year for which estimated aggregate motor vehicle fuel tax revenues were computed, the department shall increase the rate of the excise tax by one-half cent increments, but not to exceed a total excise tax of twelve cents per gallon, commencing at the beginning of the ensuing fiscal half-year as necessary to produce estimated aggregate motor vehicle fuel tax revenues for such fiscal year as great as such revenues collected during the 1973 fiscal year increased by six percent per year compounded annually from June 30, 1973, to June 30th of the fiscal year for which such minimum half-yearly tax rate is being computed.

(4) (a) Except as otherwise provided in paragraph (b) of this subsection, if the department of highways receives notification that unanticipated federal funds in excess of one million dollars above appropriations of federal funds from the motor vehicle fund for a biennium will be received for expenditure during that biennium, the highway commission shall give notice of the amount of such unanticipated funds to the department of motor vehicles which shall include such amount in the computation of the estimated total of all other state revenues to accrue during the biennium under paragraph (b) of subsection (2) of this section for purposes of computing the maximum rate of motor vehicle fuel tax as provided in this section.

(b) Upon receipt by the department of highways of notification that unanticipated federal funds in excess of one million dollars above appropriations of federal funds from the motor vehicle fund for a biennium will be received for expenditure during that biennium, if the highway commission determines that such funds or any part thereof may not legally or operationally be substituted for purposes for

which state motor vehicle fund moneys have been appropriated, or determines that substitution of such federal funds for state funds would delay the construction of needed highway improvements, the highway commission shall forthwith notify the governor and the standing committees on transportation of the house and senate of its determination. If both the governor and the standing committees concur in the commission's determination, the unanticipated federal funds shall not be considered by the department of motor vehicles in computing the estimated total of all other state revenues to accrue during the biennium under paragraph (b) of subsection (2) of this section.

Sec. 7. Section 35.77.010, chapter 7, Laws of 1965 as last amended by section 1, chapter 215, Laws of 1975 1st ex. sess. and RCW 35.77.010 are each amended to read as follows:

(1) (~~Prior to July 1, 1968,~~) The legislative body of each city and town, pursuant to one or more public hearings thereon, shall prepare and adopt a comprehensive street program for the ensuing six calendar years and shall file the same with the director of highways not more than thirty days after its adoption. Annually thereafter the legislative body of each city and town shall review the work accomplished under the program and determine current city street needs. Based on these findings each such legislative body prior to July 1st of each year shall prepare and after public hearings thereon adopt a revised and extended comprehensive street program, and each one year extension and revision shall be filed with the director of highways not more than thirty days after its adoption. The purpose of this section shall be to assure that perpetually each city and town shall have available advanced plans, looking to the future for not less than six years as a guide in carrying out a coordinated street construction program. Such program may at any time be revised by a majority of the legislative body of a city or town, but only after a public hearing.

The six year program of each city lying within an urban area shall contain a separate section setting forth the six year program for arterial street construction based upon its long range construction plan and formulated in accordance with regulations of the urban arterial board. The six year program for arterial street construction shall be submitted to the urban arterial board forthwith after its annual revision and adoption by the legislative body of the city. The six year program for arterial street construction shall be based upon estimated revenues available for such construction together with such additional sums as the legislative authority may request for urban arterials only from the urban arterial trust account for the six year period. The arterial street construction program shall provide for a more rapid rate of completion of the long range construction needs of major arterial streets than for secondary and collector arterial streets, pursuant to regulations of the urban arterial board: PROVIDED, That urban arterial trust funds made available to the group of incorporated cities lying outside the boundaries of federally approved urban areas within each region need not be divided between functional classes of arterials but shall be available for any designated arterial street.

(2) On and after July 1, 1976, each six year program forwarded to the director in compliance with subsection (1) of this section shall contain information as to how a city or town will expend its moneys, including funds made available pursuant to chapter 47.30 RCW, for bicycle, pedestrian, and equestrian purposes.

Sec. 8. Section 46.68.090, chapter 12, Laws of 1961 as last amended by section 74, chapter 32, Laws of 1967 and RCW 46.68.090 are each amended to read as follows:

All moneys which have accrued or may accrue to the motor vehicle fund from the motor vehicle fuel tax and ~~((use))~~ special fuel tax shall be first expended for the following purposes:

(1) For payment of refunds of motor vehicle fuel tax and ~~((use))~~ special fuel tax which has been paid and is refundable as provided by law;

(2) For payment of amounts to be expended pursuant to appropriations for the administrative expenses of the offices of state treasurer, state auditor, and the department of motor vehicles of the state of Washington in the administration of the motor vehicle fuel tax and the ~~((use))~~ special fuel tax, said sums to be distributed monthly.

The amount accruing to the motor vehicle fund by virtue of the motor vehicle fuel tax and the ~~((use))~~ special fuel tax and remaining after payments as provided in subsections (1) and (2) above shall, for the purposes of this chapter, be referred to as the "net tax amount."

Sec. 9. Section 46.68.100, chapter 12, Laws of 1961 as last amended by section 1, chapter 51, Laws of 1977 and RCW 46.68.100 are each amended to read as follows:

From the net tax amount in the motor vehicle fund there shall be paid monthly as funds accrue the following sums ((as follows)):

~~(1) ((There shall be paid to the cities and towns of the state sums equal to ten and forty-four hundredths percent of the net tax amount to be paid monthly as the same accrues;~~

~~(2) To the counties of the state there shall be paid sums equal to thirty-two and sixty-one hundredths percent of the net tax amount out of which there shall be distributed from time to time, as directed by the highway commission, those sums as may be necessary to carry out the provisions of RCW 47.56.725 as now or hereafter amended, with the balance of such county share to be distributed monthly as the same accrues for distribution in accordance with RCW 46.68.120;~~

~~(3) To the state there shall be paid to be expended as provided by RCW 46.68.130, sums equal to fifty-five and five-tenths percent of the net tax amount to be paid monthly as the same accrues.~~

~~(4) There shall be paid to the Puget Sound ferry operations account sums equal to one and forty-five hundredths percent of the net tax amount to be paid monthly as the same accrues))~~ To the cities and towns, to be distributed as provided by RCW 46.68.110, sums equal to six and ninety-two hundredths percent of the net tax amount;

(2) To the cities and towns, to be expended as provided by section 10 of this 1977 amendatory act, sums equal to four and sixty-one hundredths percent of the net tax amount;

(3) To the counties, sums equal to twenty-two and seventy-eight hundredths percent of the net tax amount out of which there shall be distributed from time to time, as directed by the highway commission, those sums as may be necessary to carry out the provisions of RCW 47.56.725, with the balance of such county share

to be distributed monthly as the same accrues for distribution in accordance with RCW 46.68.120;

(4) To the urban arterial trust account in the motor vehicle fund, sums equal to seven and twelve hundredths percent of the net tax amount;

(5) To the state, to be expended as provided by RCW 46.68.130, sums equal to forty-five and twenty-six hundredths percent of the net tax amount;

(6) To the state, to be expended as provided by RCW 46.68.150 as now or hereafter amended, sums equal to six and ninety-five hundredths percent of the net tax amount;

(7) To the Puget Sound reserve account in the motor vehicle fund sums equal to three and twenty-one hundredths percent of the net tax amount;

(8) To the Puget Sound ferry operations account in the motor vehicle fund sums equal to three and fifteen hundredths percent of the net tax amount.

Nothing in this section or in RCW 46.68.090 as now or hereafter amended or 46.68.130 shall be construed so as to violate any terms or conditions contained in any highway construction bond issues now or hereafter authorized by statute and whose payment is by such statute pledged to be paid from any excise taxes on motor and special vehicle fuels.

NEW SECTION. Sec. 10. There is added to chapter 46.68 RCW a new section to read as follows:

The sums distributed to cities and towns as set forth in subsection (2) of RCW 46.68.100, as now or hereafter amended, shall be allocated between them as provided by RCW 46.68.110, subject to the provisions of RCW 35.76.050, to be used exclusively for the construction, improvement, and repair of arterial highways and city streets as those terms are defined in RCW 46.04.030 and 46.04.120, or for the payment of any municipal indebtedness which may be incurred after June 12, 1963, in the construction, improvement, and repair of arterial highways and city streets.

Sec. 11. Section 9, chapter 83, Laws of 1967 ex. sess. and RCW 46.68.150 are each amended to read as follows:

The ~~((proceeds of five-eighths of one cent of motor vehicle fuel tax and use fuel tax))~~ sums distributed to the state pursuant to RCW ~~((82.36.020(2), after proper deductions for refunds and costs of collection as provided in RCW 46.68.090))~~ 46.68.100(6) as now or hereafter amended, and the proceeds of bonds issued and sold pursuant to RCW 47.26.400 through 47.26.407 shall be expended by the state highway commission for construction and improvement of state highways in urban areas as provided for in RCW 47.26.040 through 47.26.070 or for payment of principal and interest on bonds issued pursuant to RCW 47.26.400 through 47.26.407: PROVIDED, That at the end of each fiscal quarter the state treasurer shall determine the amount, if any, that the sums distributed to the state pursuant to RCW 46.68.100(6) as now or hereafter amended exceed an amount equivalent to the proceeds of five-eighths of one cent motor vehicle and special fuel excise tax collected on the net gallonage after the deductions provided for in RCW 82.36.020 for the preceding fiscal quarter. The amount so ascertained shall be available first to repay the counties, cities, and towns for any moneys derived from excise taxes on motor vehicle and special fuels distributable to the counties, cities, and towns pursuant to RCW 46.68.100 but as a result of the pledge and debt service payment

provisions contained in RCW 47.26.404 and 47.26.405 and as certified by the state finance committee have been used to repay state urban bonds (and interest thereon) authorized by RCW 47.26.400 through 47.26.407, and after such sums have been repaid in full, then for expenditure as provided in RCW 46.68.130.

Sec. 12. Section 10, chapter 83, Laws of 1967 ex. sess. as amended by section 1, chapter 253, Laws of 1975 1st ex. sess. and RCW 47.26.040 are each amended to read as follows:

The term "urban area" means every area of this state designated as an urban area by the state highway commission with the approval of the federal (~~department of the~~) secretary of transportation (~~or the federal highway administrator~~) in accordance with federal law, hereafter referred to as federally approved urban areas, or areas within incorporated cities (~~as determined by the office of program planning and fiscal management~~).

Sec. 13. Section 24, chapter 83, Laws of 1967 ex. sess. as amended by section 2, chapter 253, Laws of 1975 1st ex. sess. and RCW 47.26.180 are each amended to read as follows:

Arterial designation and classification, as provided for by this chapter, shall be required to be an integral and coordinated portion of its planning process as authorized by chapters 35.63 or 36.70 RCW. The legislative authority of each county and city lying within or having within its boundaries an urban area shall with the advice and assistance of its chief engineer and its planning office divide all of its roads or streets into arterial roads or streets and access roads or streets and shall further subdivide the arterials into three functional classes to be known as major arterials, secondary arterials, and collector arterials, all in accordance with uniform standards established by the urban arterial board: PROVIDED, That incorporated cities lying outside federally approved urban areas shall not be required to subdivide arterials into functional classes. Upon receipt of the classification plans of the several counties and cities, the urban arterial board shall review and revise the classification for the urban arterials as necessary to conform with its uniform standards for classifying urban arterials.

Sec. 14. Section 25, chapter 83, Laws of 1967 ex. sess. as last amended by section 2, chapter 126, Laws of 1973 1st ex. sess. and RCW 47.26.190 are each amended to read as follows:

~~((Once each calendar quarter, the urban arterial board shall apportion funds credited to the urban arterial trust account, including the proceeds from motor vehicle fuel tax revenues, bond sales, anticipatory notes and interfund loans, which are available for the construction and improvement of urban arterials among)) (1)~~ At the beginning of each biennium the urban arterial board shall establish apportionment percentages for the five regions defined in RCW 47.26.050 in the manner prescribed in RCW 47.26.060 ((relating to the apportionment of state urban funds)) for that biennium, except calculations of needs shall be based upon a projection of needs for the ensuing six year period as determined by the state highway commission. Except as otherwise provided in subsection (3) of this section, such apportionment percentages shall be used once each calendar quarter by the urban arterial board to apportion funds credited to the urban arterial trust account which are available for expenditure for urban arterial projects. The funds so apportioned

shall remain apportioned until expended on construction projects in accordance with rules and regulations of the urban arterial board.

(2) All amounts credited to the urban arterial trust account, except those provided for in subsection (3) of this section and except proceeds from the sale of first authorization bonds and any funds that may be required to repay such bonds or the interest thereon when due, after apportionment to each region, shall be divided on the basis of relative population established at the beginning of each biennium by the office of program planning and fiscal management between (a) the group of cities and that portion of those counties within federally approved urban areas and (b) the group of incorporated cities outside the boundaries of federally approved urban areas. Within each region, funds divided between the groups identified under (a) and (b) above shall then be allocated by the urban arterial board to incorporated cities and counties, as the case may be, for the construction of specific urban arterial projects in accordance with the procedures set forth in RCW 47.26.240.

(3) At the beginning of each biennium the urban arterial board shall establish apportionment percentages for each of the five regions for the apportionment of the proceeds from the sale of fifteen million dollars of series II bonds authorized by RCW 47.26.420, as now or hereafter amended, in the ratio which the population of the incorporated cities and towns lying outside the boundaries of federally approved urban areas of each region bears to the total population of all incorporated cities and towns of the state lying outside the boundaries of federally approved urban areas, as such populations are determined at the beginning of each biennium by the office of program planning and fiscal management. Such apportionment percentages shall be used once each calendar quarter by the urban arterial board to apportion funds credited to the urban arterial trust account which are available for expenditure for urban arterial projects. The funds so apportioned shall remain apportioned until expended on construction projects in accordance with rules and regulations of the urban arterial board. Funds apportioned to each region shall be allocated by the urban arterial board to incorporated cities lying outside the boundaries of federally approved urban areas, for the construction of specific urban arterial projects in accordance with the procedures set forth in RCW 47.26.240.

Sec. 15. Section 30, chapter 83, Laws of 1967 ex. sess. and RCW 47.26.240 are each amended to read as follows:

Upon receipt of a county's or city's revised six year program, the urban arterial board as soon as practicable shall review and may revise the construction program as it relates to urban arterials for which urban arterial trust account moneys are requested as necessary to conform to (1) the priority rating of the proposed project, based upon the factors in RCW 47.26.220, in relation to proposed projects in all other urban arterial construction programs submitted by the cities and counties ((in the same region)), and within each region, projects proposed by the group of cities and counties within federally approved urban areas shall be evaluated separately from the projects proposed by the group of incorporated cities outside the boundaries of federally approved urban areas; and (2) the amount of urban arterial trust account funds which the urban arterial board estimates will be apportioned to the region, and further divided between the group of cities and counties within federally approved urban areas and the group of incorporated cities outside the boundaries of federally approved urban areas, in the ensuing six year period.

Sec. 16. Section 33, chapter 83, Laws of 1967 ex. sess. and RCW 47.26.270 are each amended to read as follows:

Counties and cities receiving funds from the urban arterial trust account for construction of arterials shall provide such matching funds as shall be established by regulations recommended by the urban arterial board subject to review, revision, and final approval by the state highway commission. Matching requirements shall be established after appropriate studies by the board taking into account (1) financial resources available to counties and cities to meet arterial needs, (2) the amounts and percentages of funds available for road or street construction traditionally expended by counties and cities on arterials, (3) in the case of counties, the relative needs of arterials lying outside urban areas, and (4) the requirements necessary to avoid diversion of funds traditionally expended for arterial construction to other street or road purposes or to nonhighway purposes: PROVIDED HOWEVER, That for projects funded subsequent to the effective date of this 1977 amendatory act, and prior to July 1, 1983, cities and counties may use as matching funds any moneys received from any source, except such moneys which by law may not be used for the purposes set forth in this chapter.

Sec. 17. Section 41, chapter 83, Laws of 1967 ex. sess. and RCW 47.26.405 are each amended to read as follows:

Any funds required to repay such bonds, or the interest thereon when due (~~subject to the proviso of this section,~~) shall be taken from that portion of the motor vehicle fund which results from the imposition of excise taxes on motor vehicle and special fuels and which is distributed to the state under the provisions of RCW ~~((82.36.020(2)))~~ 46.68.100(6) as now or hereafter amended for construction of state highways in urban areas, and shall never constitute a charge against any allocations of any other such funds to the state, counties, cities, and towns unless and until the amount of the motor vehicle fund arising from the excise taxes on motor vehicle and special fuels and available to the state for construction of state highways in urban areas proves insufficient to meet the requirements for bond retirement or interest on any such bonds.

Sec. 18. Section 45, chapter 83, Laws of 1967 ex. sess. as amended by section 4, chapter 169, Laws of 1973 1st ex. sess. and RCW 47.26.420 are each amended to read as follows:

In order to provide funds necessary to meet the urgent construction needs on county and city arterials within urban areas, there ~~((shall be issued and sold))~~ are hereby authorized for issuance general obligation bonds of the state of Washington, the first authorization of which shall be in the sum of two hundred million dollars ~~((or such amount thereof)),~~ and the second authorization of which, to be known as series II bonds, shall be in the sum of sixty million dollars which shall be issued and sold in such amounts and at such times as determined to be necessary by the state highway commission. The amount of such bonds issued and sold under the provisions of RCW 47.26.420 through 47.26.427 in any biennium shall not exceed the amount of a specific appropriation therefor, from the proceeds of such bonds, for the construction of county and city arterials in urban areas. The issuance, sale, and retirement of said bonds shall be under the supervision and control of the state finance committee which, upon request being made by the state highway commission, shall provide for the issuance, sale, and retirement of coupon or registered

bonds to be dated, issued, and sold from time to time in such amounts as shall be requested by the state highway commission.

Sec. 19. Section 49, chapter 83, Laws of 1967 ex. sess. as amended by section 6, chapter 169, Laws of 1973 1st ex. sess. and RCW 47.26.424 are each amended to read as follows:

Bonds issued under the provisions of RCW 47.26.420 through 47.26.427 shall distinctly state that they are a general obligation of the state of Washington, shall pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and shall contain an unconditional promise to pay such principal and interest as the same shall become due. The principal and interest on such bonds shall be first payable in the manner provided in RCW 47.26.420 through 47.26.427 from the proceeds of state excise taxes on motor vehicle and special fuels imposed by chapters 82.36 (~~RCW and chapter 82.40~~), 82.37, and 82.38 RCW. The proceeds of such excise taxes are hereby pledged to the payment of any bonds and the interest thereon issued under the provisions of RCW 47.26.420 through 47.26.427, and the legislature hereby agrees to continue to impose the same excise taxes on motor vehicle and special fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the provisions of RCW 47.26.420 through 47.26.427.

Sec. 20. Section 50, chapter 83, Laws of 1967 ex. sess. and RCW 47.26.425 are each amended to read as follows:

Any funds required to repay (~~such~~) the first authorization of two hundred million dollars of bonds authorized by RCW 47.26.420, as amended by section 18 of this 1977 amendatory act or the interest thereon when due, (~~subject to the proviso of this section,~~) shall be taken from that portion of the motor vehicle fund which results from the imposition of excise taxes on motor vehicle and special fuels and which is distributed to the urban arterial trust account in the motor vehicle fund, and shall never constitute a charge against any allocations of any other such funds in the motor vehicle fund to the state, counties, cities, and towns unless and until the amount of the motor vehicle fund arising from the excise tax on motor vehicle and special fuels and distributed to the urban arterial trust account proves insufficient to meet the requirements for bond retirement or interest on any such bonds.

NEW SECTION. Sec. 21. There is added to chapter 47.26 RCW a new section, to be codified as RCW 47.26.4251 and to become a part of the series of RCW sections 47.26.420 through 47.26.427, to read as follows:

Any funds required to repay the authorization of series II bonds authorized by RCW 47.26.420, as amended by section 18 of this 1977 amendatory act, or the interest thereon when due, shall be taken from that portion of the motor vehicle fund which results from the imposition of excise taxes on motor vehicle and special fuels imposed by chapters 82.36, 82.37, and 82.38 RCW and which is distributed to the urban arterial trust account in the motor vehicle fund, subject, however, to the prior lien of the first authorization of bonds authorized by RCW 47.26.420, as amended by section 18 of this 1977 amendatory act. If the moneys distributed to the urban arterial trust account shall ever be insufficient to repay the first authorization bonds together with interest thereon, and the series II bonds or the interest

thereon when due, the amount required to make such payments on such bonds or interest thereon shall next be taken from that portion of the motor vehicle fund which results from the imposition of excise taxes on motor vehicle and special fuels and which is distributed to the state, counties, cities, and towns pursuant to RCW 46.68.100 as now or hereafter amended. Any payments on such bonds or interest thereon taken from motor vehicle or special fuel tax revenues which are distributable to the state, counties, cities, and towns, shall be repaid from the first moneys distributed to the urban arterial trust account not required for redemption of the first authorization bonds or series II bonds or interest on said bond issues.

Sec. 22. Section 14, chapter 83, Laws of 1967 ex. sess. and RCW 47.26.080 are each amended to read as follows:

There is hereby created in the motor vehicle fund the urban arterial trust account. All moneys deposited in the motor vehicle fund to be credited to the urban arterial trust account shall be expended for the construction and improvement of city arterial streets and county arterial roads within urban areas, for expenses of the urban arterial board, or for the payment of principal or interest on bonds issued for the purpose of constructing or improving city arterial streets and county arterial roads within urban areas, or for reimbursement to the state, counties, cities, and towns in accordance with section 21 of this 1977 amendatory act, the amount of any payments made on principal or interest on urban arterial trust account bonds from motor vehicle or special fuel tax revenues which were distributable to the state, counties, cities, and towns.

NEW SECTION. Sec. 23. If any provision of this 1977 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 24. This 1977 amendatory act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect on July 1, 1977, except for section 9, which shall take effect on September 1, 1977.

Passed the Senate June 20, 1977.

Passed the House June 20, 1977.

Approved by the Governor June 27, 1977.

Filed in Office of Secretary of State June 27, 1977.

CHAPTER 318

[Second Substitute House Bill No. 1306]

ELECTED STATE OFFICIALS—SALARIES

AN ACT Relating to salaries of elected officials; amending section 43.03.010, chapter 8, Laws of 1965 as last amended by section 1, chapter 113, Laws of 1975-'76 2nd ex. sess. and RCW 43.03.010; amending section 1, chapter 144, Laws of 1953 as last amended by section 2, chapter 263, Laws of 1975 1st ex. sess. and RCW 2.04.090; amending section 6, chapter 221, Laws of 1969 ex. sess. as last amended by section 3, chapter 263, Laws of 1975 1st ex. sess. and RCW 2.06.060; amending section 2, chapter 144, Laws of 1953 as last amended by section 4, chapter 263, Laws of 1975 1st ex. sess. and RCW 2.08.090; amending section 100, chapter 299, Laws of 1961 as last amended by section 5, chapter 263, Laws of 1975 1st ex. sess. and RCW 3.58.010; making an appropriation; declaring an emergency; and providing an effective date.

Be it enacted by the Legislature of the State of Washington: