

With the exception of Section 16, subsection 60, which I have vetoed, House Bill No. 1230 is approved."

CHAPTER 49

[Engrossed Senate Bill No. 4972]

LOCAL GOVERNMENTS—TAXING POWERS

AN ACT Relating to local government finance; amending section 4, chapter 94, Laws of 1970 ex. sess. and RCW 82.14.030; amending section 5, chapter 94, Laws of 1970 ex. sess. and RCW 82.14.040; amending section 1, chapter 87, Laws of 1972 ex. sess. as last amended by section 4, chapter 175, Laws of 1979 ex. sess. and RCW 82.44.150; amending section 6, chapter 134, Laws of 1972 ex. sess. as last amended by section 6, chapter 144, Laws of 1981 and RCW 35.21.710; adding new sections to chapter 35.21 RCW; adding new sections to chapter 82.14 RCW; adding a new chapter to Title 82 RCW; creating new sections; providing an effective date; and declaring an emergency.

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

NEW SECTION. Section 1. The legislature hereby recognizes the concern of local governmental entities regarding the financing of vital services to residents of this state. The legislature finds that local governments are an efficient and responsive means of providing these vital services to the citizens of this state. It is the intent of the legislature that vital services such as public safety, public health, and fire protection be recognized by all local governmental entities in this state as top priorities of the citizens of Washington.

NEW SECTION. Sec. 2. (1) No city or town may impose a franchise fee or any other fee or charge of whatever nature or description upon the light and power, telephone, or gas distribution businesses, as defined in RCW 82.16.010, except that (a) a tax authorized by section 3 of this act may be imposed and (b) a fee may be charged to such businesses that recovers actual administrative expenses incurred by a city or town that are directly related to receiving and approving a permit, license, and franchise, to inspecting plans and construction, or to the preparation of a detailed statement pursuant to chapter 43.21C RCW.

(2) Subsection (1) of this section does not prohibit franchise fees imposed on an electrical energy, natural gas, or telephone business, by contract existing on the effective date of this section with a city or town, for the duration of the contract, but the franchise fees shall be considered taxes for the purposes of the limitations established in sections 3 and 4 of this act to the extent the fees exceed the costs allowable under subsection (1) of this section.

NEW SECTION. Sec. 3. No city or town may increase the rate of tax it imposes on the privilege of conducting an electrical energy, natural gas, or telephone business which increase applies to business activities occurring before the effective date of the increase, and no rate change may take effect

before the expiration of sixty days following the enactment of the ordinance establishing the change.

NEW SECTION. Sec. 4. (1) Subject to the enactment into law of the 1982 amendment to RCW 82.02.020 by section 5 of this act, no city or town may impose a tax on the privilege of conducting an electrical energy, natural gas, or telephone business at a rate which exceeds six percent unless the rate is approved by a majority of the voters of the city or town voting on the proposition.

(2) Subject to the enactment into law of the 1982 amendment to RCW 82.02.020 by section 5 of this act, if a city or town is imposing a rate of tax under subsection (1) of this section in excess of six percent on the effective date of this section, the city or town shall decrease the rate to a rate of six percent or less by reducing the rate each year before November 1st by an amount equal to the lesser of (a) the weighted average increase in utility rates for the period beginning October 1st of the previous year and ending September 30th of the current year less the increase in the Seattle All Urban Consumer Price Index for the same period, multiplied by the then current tax rate or (b) one-fifth the difference between the tax rate on the effective date of this section and six percent. If the amount determined under (b) of this subsection is less than the amount determined under (a) of this subsection, then one-half of the difference between the amounts determined under (a) and (b) of this subsection shall be added to the amount determined under (a) of this subsection in the following year.

As used in this subsection, "weighted average increase in utility rates" means the percentage increase in utility revenues for each utility expected from application of increases in rates based on the previous year's revenues and service areas within each city or town.

Nothing in this subsection prohibits a city or town from reducing its rates by amounts greater than the amounts required in this subsection.

Voter approved rate increases under subsection (1) of this section shall not be included in the computations under this subsection.

Sec. 5. Section 82.02.020, chapter 15, Laws of 1961 as last amended by section 3, chapter 196, Laws of 1979 ex. sess. and RCW 82.02.020 are each amended to read as follows:

Except only as expressly provided in RCW 67.28.180 and 67.28.190 and the provisions of chapter 82.14 RCW, the state preempts the field of imposing taxes upon retail sales of tangible personal property, the use of tangible personal property, parimutuel wagering authorized pursuant to RCW 67.16.060, conveyances, and cigarettes, and no county, town, or other municipal subdivision shall have the right to impose taxes of that nature. No county, city, town, or other municipal corporation shall impose any tax, fee, or charge, either direct or indirect, on the construction or reconstruction of residential buildings, commercial buildings, industrial buildings, or on any

other building or building space or appurtenance thereto, or on the development, subdivision, classification, or reclassification of land. However, this section does not preclude dedications of land or easements pursuant to RCW 58.17.110 within the proposed development or plat which the county, city, town, or other municipal corporation can demonstrate are reasonably necessary as a direct result of the proposed development or plat to which the dedication of land or easement is to apply.

This section does not prohibit voluntary agreements with counties, cities, towns, or other municipal corporations that allow a payment in lieu of a dedication of land or to mitigate a direct impact that has been identified as a consequence of a proposed development, subdivision, or plat: PROVIDED, That any such voluntary agreement shall be subject to the following provisions:

(1) The payment shall be held in a reserve account and may only be expended to fund a capital improvement agreed upon by the parties to mitigate the identified, direct impact;

(2) The payment shall be expended in all cases within five years of collection; and

(3) Any payment not so expended shall be refunded with interest at the rate applied to judgments to the property owners of record at the time of the refund; however, if the payment is not expended within five years due to delay attributable to the developer, the payment shall be refunded without interest.

No county, city, town, or other municipal corporation shall require any payment as part of such a voluntary agreement which the county, city, town, or other municipal corporation cannot establish is reasonably necessary as a direct result of the proposed development or plat.

Nothing in this section prohibits cities, towns, counties, or other municipal corporations from collecting reasonable fees from an applicant for a permit or other governmental approval to cover the cost to the city, town, county, or other municipal corporation of processing applications, inspecting and reviewing plans, or preparing detailed statements required by chapter 43.21C RCW.

This section does not limit the existing authority of any county, city, town, or other municipal corporation to impose special assessments on property specifically benefitted thereby in the manner prescribed by law.

Nothing in this section prohibits counties, cities, or towns from imposing or permits counties, cities, or towns to impose water, sewer, natural gas, drainage utility, and drainage system charges: PROVIDED, That no such charge shall exceed the proportionate share of such utility or system's capital costs which the county, city, or town can demonstrate are attributable to the property being charged: PROVIDED FURTHER, That these provisions shall not be interpreted to expand or contract any existing authority of counties, cities, or towns to impose such charges.

This section does not apply to special purpose districts formed and acting pursuant to Titles 54, 56, 57, or 87 RCW, nor is the authority conferred by these titles affected.

NEW SECTION. Sec. 6. Nothing in this act precludes the imposition of business and occupation taxes by cities and towns, or of sales and use taxes. However, nothing in this act authorizes the imposition of a business and occupation tax by any county.

Sec. 7. Section 6, chapter 134, Laws of 1972 ex. sess. as last amended by section 6, chapter 144, Laws of 1981 and RCW 35.21.710 are each amended to read as follows:

Any city which imposes a license fee or tax upon business activities consisting of the making of retail sales of tangible personal property which are measured by gross receipts or gross income from such sales, shall impose such tax at a single uniform rate upon all such business activities. The taxing authority granted to cities for taxes upon business activities measured by gross receipts or gross income from sales shall not exceed a rate of .0020; EXCEPT that any city with an adopted ordinance at a higher rate, as of January 1, 1982 shall be limited to a maximum increase of ten percent of the January 1982 rate, not to exceed an annual incremental increase of two percent of current rate: PROVIDED, That any adopted ordinance which classifies according to different types of business or services shall be subject to both the ten percent and the two percent annual incremental increase limitation on each tax rate: PROVIDED FURTHER, That all surtaxes on business and occupation classifications in effect as of January 1, 1982, shall expire no later than December 31, 1982, or by expiration date established by local ordinance. Cities which impose a license fee or tax upon business activities consisting of the making of retail sales of tangible personal property which are measured by gross receipts or gross income from such sales shall be required to submit an annual report to the department of revenue identifying the rate established and the revenues received from each fee or tax. This section shall not apply to any business activities subject to the tax imposed by chapter 82.16 RCW. For purposes of this section, the providing to consumers of competitive telephone service, as defined in RCW 82.16.010, shall be deemed to be the retail sale of tangible personal property.

NEW SECTION. Sec. 8. The qualified voters of any city or town may by majority vote approve rates in excess of the provisions of section 7 of this act.

NEW SECTION. Sec. 9. Every city and town first imposing a business and occupation tax or increasing the rate of the tax after the effective date of this section shall provide for a special initiative procedure on an ordinance imposing or altering each tax. Such a special initiative procedure

shall subject the ordinance imposing or altering the tax to approval or rejection by the voters. If the voters of the city or town otherwise possess the general power of initiative on city or town matters, this special initiative procedure shall conform to the requirements of that procedure. If the voters of a city or town do not otherwise possess the general power of initiative on city or town matters, this special initiative procedure shall conform to the requirements and procedures for initiative petitions provided for code cities in RCW 35A.11.100.

NEW SECTION. Sec. 10. The municipal research council shall conduct a survey to determine the various rates of business and occupation taxes in each city and town in the state of Washington. The survey shall use the rates in effect on March 1, 1982. The research council shall provide the results of the survey to the legislature no later than July 1, 1982.

NEW SECTION. Sec. 11. (1) Subject to the enactment into law of the 1982 amendment to RCW 82.02.020 by section 5 of this act, the governing body of any county or any city may impose an excise tax on each sale of real property in the unincorporated areas of the county for the county tax and in the corporate limits of the city for the city tax at a rate not exceeding one-quarter of one percent of the selling price.

(2) Subject to the enactment into law of the 1982 amendment to RCW 82.02.020 by section 5 of this act, in lieu of imposing the tax authorized in RCW 82.14.030(2), the governing body of any county or any city may impose an additional excise tax on each sale of real property in the unincorporated areas of the county for the county tax and in the corporate limits of the city for the city tax at a rate not exceeding one-half of one percent of the selling price.

(3) Taxes imposed under this section shall be collected from persons who are taxable by the state under chapter 82.45 RCW upon the occurrence of any taxable event within the unincorporated areas of the county or within the corporate limits of the city, as the case may be.

(4) Taxes imposed under this section shall comply with all applicable rules, regulations, laws, and court decisions regarding real estate excise taxes as imposed by the state under chapter 82.45 RCW.

(5) As used in this section, "city" means any city or town.

NEW SECTION. Sec. 12. Every county and city imposing a tax under section 11(2) of this act shall provide for a special initiative procedure on an ordinance imposing or altering each tax. Such a special initiative procedure shall subject the ordinance imposing or altering the tax to approval or rejection by the voters. If the voters of the county or city otherwise possess the general power of initiative on county or city matters, this special initiative procedure shall conform to the requirements of that procedure. If the voters of a county or city do not otherwise possess the general power of initiative on county or city matters, this special initiative procedure shall conform to

the requirements and procedures for initiative petitions provided for code cities in RCW 35A.11.100.

NEW SECTION. Sec. 13. (1) The county treasurer shall place one percent of the proceeds of the taxes imposed under section 11 of this act in the county current expense fund to defray costs of collection.

(2) The remaining proceeds from the county tax under section 11(1) of this act shall be placed in a county capital improvements fund. The remaining proceeds from city or town taxes under section 11(1) of this act shall be distributed to the respective cities and towns monthly and placed by the city treasurer in a municipal capital improvements fund. These capital improvements funds shall be used by the respective jurisdictions for local improvements, including those listed in RCW 35.43.040.

(3) This section does not limit the existing authority of any city, town, or county to impose special assessments on property specially benefited thereby in the manner prescribed by law.

NEW SECTION. Sec. 14. Any tax imposed under section 11 of this act and any interest or penalties thereon is a specific lien upon each piece of real property sold from the time of sale until the tax is paid, which lien may be enforced in the manner prescribed for the foreclosure of mortgages.

NEW SECTION. Sec. 15. The taxes levied under section 11 of this act are the obligation of the seller and may be enforced through an action of debt against the seller or in the manner prescribed for the foreclosure of mortgages. Resort to one course of enforcement is not an election not to pursue the other.

NEW SECTION. Sec. 16. Any taxes imposed under section 11 of this act shall be paid to and collected by the treasurer of the county within which is located the real property which was sold. The treasurer shall act as agent for any city within the county imposing the tax. The county treasurer shall cause a stamp evidencing satisfaction of the lien to be affixed to the instrument of sale or conveyance prior to its recording or to the real estate excise tax affidavit in the case of used mobile home sales. A receipt issued by the county treasurer for the payment of the tax imposed under section 11 of this act shall be evidence of the satisfaction of the lien imposed in section 14 of this act and may be recorded in the manner prescribed for recording satisfactions of mortgages. No instrument of sale or conveyance evidencing a sale subject to the tax may be accepted by the county auditor for filing or recording until the tax is paid and the stamp affixed thereto; in case the tax is not due on the transfer, the instrument shall not be accepted until suitable notation of this fact is made on the instrument by the treasurer.

Sec. 17. Section 4, chapter 94, Laws of 1970 ex. sess. and RCW 82.14-.030 are each amended to read as follows:

(1) The governing body of any county or city while not required by legislative mandate to do so, may, by resolution or ordinance for the purposes

authorized by this chapter, fix and impose a sales and use tax in accordance with the terms of this chapter. Such tax shall be collected from those persons who are taxable by the state pursuant to chapters 82.08 and 82.12 RCW, upon the occurrence of any taxable event within the county or city as the case may be. The rate of such tax imposed by a county shall be five-tenths of one 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). The rate of such tax imposed by a city shall not exceed five-tenths of one 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): PROVIDED, HOWEVER, That in the event a county shall impose a sales and use tax under this subsection, the rate of such tax imposed under this subsection by any city therein shall not exceed four hundred and twenty-five one-thousandths of one percent.

(2) Subject to the enactment into law of the 1982 amendment to RCW 82.02.020 by section 5 of this 1982 act, in addition to the tax authorized in subsection (1) of this section, the governing body of any county or city may by resolution or ordinance impose an additional sales and use tax in accordance with the terms of this chapter. Such additional tax shall be collected upon the same taxable events upon which the tax imposed under subsection (1) of this section is levied. The rate of such additional tax imposed by a county shall be up to five-tenths of one 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). The rate of such additional tax imposed by a city shall be up to five-tenths of one 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): PROVIDED HOWEVER, That in the event a county shall impose a sales and use tax under this subsection at a rate equal to or greater than the rate imposed under this subsection by a city within the county, the county shall receive fifteen percent of the city tax: PROVIDED FURTHER, That in the event that the county shall impose a sales and use tax under this subsection at a rate which is less than the rate imposed under this subsection by a city within the county, the county shall receive that amount of revenues from the city tax equal to fifteen percent of the rate of tax imposed by the county under this subsection. The authority to impose a tax under this subsection is intended in part to compensate local government for any losses from the phase-out of the property tax on business inventories.

Sec. 18. Section 5, chapter 94, Laws of 1970 ex. sess. and RCW 82.14-.040 are each amended to read as follows:

(1) Any county ordinance adopted ((pursuant to this chapter)) under RCW 82.14.030(1) shall contain, in addition to all other provisions required to conform to this chapter, a provision allowing a credit against the county tax imposed under RCW' 82.14.030(1) for the full amount of any city sales or use tax imposed under RCW 82.14.030(1) upon the same taxable event.

(2) Any county ordinance adopted under RCW 82.14.030(2) shall contain, in addition to all other provisions required to conform to this chapter, a provision allowing a credit against the county tax imposed under RCW 82.14.030(2) for the full amount of any city sales or use tax imposed under RCW 82.14.030(2) upon the same taxable event up to the additional tax imposed by the county under RCW 82.14.030(2).

NEW SECTION. Sec. 19. There is added to chapter 82.14 RCW a new section to read as follows:

Every county and city imposing a tax under section 17(2) of this act shall provide for a special initiative procedure on an ordinance imposing or altering each tax. Such a special initiative procedure shall subject the ordinance imposing or altering the tax to approval or rejection by the voters. If the voters of the county or city otherwise possess the general power of initiative on county or city matters, this special initiative procedure shall conform to the requirements of that procedure. If the voters of a county or city do not otherwise possess the general power of initiative on county or city matters, this special initiative procedure shall conform to the requirements and procedures for initiative petitions provided for code cities in RCW 35A.11.100.

Sec. 20. Section 1, chapter 87, Laws of 1972 ex. sess. as last amended by section 4, chapter 175, Laws of 1979 ex. sess. and RCW 82.44.150 are each amended to read as follows:

(1) The director of licensing shall on the twenty-fifth day of February, May, August and November of each year, commencing with November, 1971, advise the state treasurer of the total amount of motor vehicle excise taxes remitted to the department of licensing during the preceding calendar quarter ending on the last day of March, June, September and December, respectively, except for those payable under RCW 82.44.030 and 82.44.070, from motor vehicle owners residing within each municipality which has levied a tax under RCW 35.58.273, which amount of excise taxes shall be determined by the director as follows:

The total amount of motor vehicle excise taxes remitted to the department, except those payable under RCW 82.44.030 and 82.44.070, from each county shall be multiplied by a fraction, the numerator of which is the population of the municipality residing in such county, and the denominator of which is the total population of the county in which such municipality or portion thereof is located. The product of this computation shall be the amount of excise taxes from motor vehicle owners residing within such municipality or portion thereof. Where the municipality levying a tax under RCW 35.58.273 is located in more than one county, the above computation shall be made by county, and the combined products shall provide the total amount of motor vehicle excise taxes from motor vehicle owners residing in

the municipality as a whole. Population figures required for these computations shall be supplied to the director by the office of financial management, who shall adjust the fraction annually.

(2) On the first day of the months of January, April, July, and October of each year, the state treasurer based upon information provided by the department of licensing shall make the following apportionment and distribution of motor vehicle excise taxes deposited in the general fund. A sum equal to seventeen percent thereof shall be paid to cities and towns in the proportions and for the purposes hereinafter set forth; a sum equal to two percent of all motor vehicle excise tax receipts shall be allocable to the county sales and use tax equalization account under section 21 of this 1982 act; and a sum equal to seventy percent of all motor vehicle excise tax receipts shall be allocable to the state school equalization fund and credited and transferred each year in the following order of priority:

(a) The amount required and certified by the state finance committee each year as being necessary for payment of principal of and interest on bonds authorized by ~~((chapter 26, Laws of 1963 extraordinary session))~~ RCW 28A.47.760 through 28A.47.774 in the ensuing twelve months and any additional amounts required by the covenants of such bonds shall be transferred from the state school equalization fund to the 1963 public school building bond retirement fund.

(b) Any remaining amounts in the state school equalization fund from the motor vehicle excise taxes not required for debt service on the above bond issues shall be transferred and credited to the general fund.

(3) The amount payable to cities and towns shall be apportioned among the several cities and towns within the state ~~((ratably, on the basis of the population as last determined by the office of financial management))~~ according to the following formula:

(a) Sixty-five percent of the sum specified in subsection (2) of this section to be paid to cities and towns shall be apportioned ratably on the basis of population as last determined by the office of financial management.

(b) Thirty-five percent of the sum specified in subsection (2) of this section to be paid to cities and towns shall be apportioned to cities and towns under section 22 of this 1982 act.

(4) When so apportioned, the amount payable to each such city and town shall be transmitted to the city treasurer thereof, and shall be utilized by such city or town for the purposes of police and fire protection and the preservation of the public health therein, and not otherwise. In case it be adjudged that revenue derived from the excise tax imposed by this chapter cannot lawfully be apportioned or distributed to cities or towns, all moneys directed by this section to be apportioned and distributed to cities and towns shall be credited and transferred to the state general fund.

(5) On the first day of the months of January, April, July, and October of each year, the state treasurer, based upon information provided by the

department of licensing, shall remit motor vehicle excise tax revenues imposed and collected under RCW 35.58.273 as follows:

(a) The amount required to be remitted by the state treasurer to the treasurer of any municipality levying the tax shall not exceed in any calendar year the amount of locally-generated tax revenues, excluding the excise tax imposed under RCW 35.58.273 for the purposes of this section, which shall have been budgeted by the municipality to be collected in such calendar year for any public transportation purposes including but not limited to operating costs, capital costs, and debt service on general obligation or revenue bonds issued for these purposes; and

(b) In no event may the amount remitted in a single calendar quarter exceed the amount collected on behalf of the municipality under RCW 35.58.273 during the calendar quarter next preceding the immediately preceding quarter.

(6) At the close of each calendar year accounting period, but not later than April 1, each municipality that has received motor vehicle excise taxes under subsection (5) of this section shall transmit to the director of licensing and the state auditor a written report showing by source the previous year's budgeted tax revenues for public transportation purposes as compared to actual collections. Any municipality that has not submitted the report by April 1 shall cease to be eligible to receive motor vehicle excise taxes under subsection (5) of this section until the report is received by the director of licensing. If a municipality has received more or less money under subsection (5) of this section for the period covered by the report than it is entitled to receive by reason of its locally-generated collected tax revenues, the director of licensing shall, during the next ensuing quarter that the municipality is eligible to receive motor vehicle excise tax funds, increase or decrease the amount to be remitted in an amount equal to the difference between the locally-generated budgeted tax revenues and the locally-generated collected tax revenues. In no event may the amount remitted for a calendar year exceed the amount collected on behalf of the municipality under RCW 35.58.273 during that same calendar year. At the time of the next fiscal audit of each municipality, the state auditor shall verify the accuracy of the report submitted and notify the director of licensing of any discrepancies.

(7) The motor vehicle excise taxes imposed under RCW 35.58.273 and required to be remitted under this section shall be remitted without legislative appropriation.

(8) Any municipality levying and collecting a tax under RCW 35.58.273 which does not have an operating, public transit system or a contract for public transportation services in effect within one year from the initial effective date of the tax shall return to the state treasurer all motor vehicle excise taxes received under subsection (5) of this section.

NEW SECTION. Sec. 21. There is added to chapter 82.14 RCW a new section to read as follows:

There is created in the state general fund a special account to be known as the "county sales and use tax equalization account." Into this account shall be placed a portion of all motor vehicle excise tax receipts as provided in RCW 82.44.150(2). Funds in this account shall be allocated by the state treasurer according to the following procedure:

(1) Prior to April 1st of each year the director of revenue shall inform the state treasurer of the total and the per capita levels of revenues for the unincorporated area of each county and the state-wide weighted average per capita level of revenues for the unincorporated areas of all counties imposing the sales and use tax authorized under RCW 82.14.030(1) for the previous calendar year.

(2) At such times as distributions are made under RCW 82.44.150, as now or hereafter amended, the state treasurer shall apportion to each county imposing the sales and use tax under RCW 82.14.030(1) at the maximum rate and receiving less than one hundred fifty thousand dollars from the tax for the previous calendar year, an amount from the county sales and use tax equalization account sufficient, when added to the amount of revenues received the previous calendar year by the county, to equal one hundred fifty thousand dollars.

(3) Subsequent to the distributions under subsection (2) of this section and at such times as distributions are made under RCW 82.44.150, as now or hereafter amended, the state treasurer shall apportion to each county imposing the sales and use tax under RCW 82.14.030(1) at the maximum rate and receiving less than seventy percent of the state-wide weighted average per capita level of revenues for the unincorporated areas of all counties as determined by the department of revenue under subsection (1) of this section, an amount from the county sales and use tax equalization account sufficient, when added to the per capita level of revenues for the unincorporated area received the previous calendar year by the county, to equal seventy percent of the state-wide weighted average per capita level of revenues for the unincorporated areas of all counties determined under subsection (1) of this section, subject to reduction under subsections (5) and (6) of this section. When computing distributions under this section, any distribution under subsection (2) of this section shall be considered revenues received from the tax imposed under RCW 82.14.030(1) for the previous calendar year.

(4) Subsequent to the distributions under subsection (3) of this section and at such times as distributions are made under RCW 82.44.150, as now or hereafter amended, the state treasurer shall apportion to each county imposing the sales and use tax under RCW 82.14.030(2) at the maximum rate and receiving a distribution under subsection (3) of this section, a third distribution from the county sales and use tax equalization account. The

distribution to each qualifying county shall be equal to the distribution to the county under subsection (3) of this section, subject to the reduction under subsections (5) and (6) of this section. To qualify for the distributions under this subsection, the county must impose the tax under RCW 82.14.030(2) for the entire calendar year. Counties imposing the tax for less than the full year shall qualify for prorated allocations under this subsection proportionate to the number of months of the year during which the tax is imposed.

(5) Revenues distributed under this section in any calendar year shall not exceed an amount equal to seventy percent of the state-wide weighted average per capita level of revenues for the unincorporated areas of all counties during the previous calendar year. If distributions under subsection (3) or (4) of this section cannot be made because of this limitation, then distributions under subsection (3) or (4) of this section shall be reduced ratably among the qualifying counties.

(6) If inadequate revenues exist in the county sales and use tax equalization account to make the distributions under subsection (3) or (4) of this section, then the distributions under subsection (3) or (4) of this section shall be reduced ratably among the qualifying counties. At such time during the year as additional funds accrue to the county sales and use tax equalization account, additional distributions shall be made under subsections (3) and (4) of this section to the counties.

(7) If the level of revenues in the county sales and use tax equalization account exceeds the amount necessary to make the distributions under subsections (2) through (4) of this section, then the additional revenues shall be credited and transferred to the state general fund.

NEW SECTION. Sec. 22. There is added to chapter 82.14 RCW a new section to read as follows:

There is created in the state general fund a special account to be known as the "municipal sales and use tax equalization account." Into this account shall be placed such revenues as are provided under RCW 82.44.150(3)(b). Funds in this account shall be allocated by the state treasurer according to the following procedure:

(1) Prior to April 1st of each year the director of revenue shall inform the state treasurer of the total and the per capita levels of revenues for each city and the state-wide weighted average per capita level of revenues for all cities imposing the sales and use tax authorized under RCW 82.14.030(1) for the previous calendar year.

(2) At such times as distributions are made under RCW 82.44.150, as now or hereafter amended, the state treasurer shall apportion to each city not imposing the sales and use tax under RCW 82.14.030(2) an amount from the municipal sales and use tax equalization account equal to the amount distributed to the city under RCW 82.44.150(3)(a) multiplied by thirty-five sixty-fifths.

(3) Subsequent to the distributions under subsection (2) of this section, and at such times as distributions are made under RCW 82.44.150, as now or hereafter amended, the state treasurer shall apportion to each city imposing the sales and use tax under RCW 82.14.030(1) at the maximum rate and receiving less than seventy percent of the state-wide weighted average per capita level of revenues for all cities as determined by the department of revenue under subsection (1) of this section, an amount from the municipal sales and use tax equalization account sufficient, when added to the per capita level of revenues received the previous calendar year by the city, to equal seventy percent of the state-wide weighted average per capita level of revenues for all cities determined under subsection (1) of this section, subject to reduction under subsection (5) of this section.

(4) Subsequent to the distributions under subsection (3) of this section, and at such times as distributions are made under RCW 82.44.150, as now or hereafter amended, the state treasurer shall apportion to each city imposing the sales and use tax under RCW 82.14.030(2) at the maximum rate and receiving a distribution under subsection (3) of this section, a third distribution from the municipal sales and use tax equalization account. The distribution to each qualifying city shall be equal to the distribution to the city under subsection (3) of this section, subject to the reduction under subsection (5) of this section. To qualify for the distributions under this subsection, the city must impose the tax under RCW 82.14.030(2) for the entire calendar year. Cities imposing the tax for less than the full year shall qualify for prorated allocations under this subsection proportionate to the number of months of the year during which the tax is imposed.

(5) If inadequate revenues exist in the municipal sales and use tax equalization account to make the distributions under subsection (3) or (4) of this section, then the distributions under subsection (3) or (4) of this section shall be reduced ratably among the qualifying cities. At such time during the year as additional funds accrue to the municipal sales and use tax equalization account, additional distributions shall be made under subsections (3) and (4) of this section to the cities.

(6) If the level of revenues in the municipal sales and use tax equalization account exceeds the amount necessary to make the distributions under subsections (2) through (4) of this section, then the additional revenues shall be apportioned among the several cities within the state ratably on the basis of population as last determined by the office of financial management: PROVIDED, That no such distribution shall be made to those cities receiving a distribution under subsection (2) of this section.

NEW SECTION. Sec. 23. County legislative authorities who levy optional taxes pursuant to this act shall fully consider funding for fire districts within their respective jurisdictions during the county budget process.

The local government committees of the legislature shall study fire district services and funding and shall report back to the Washington State Legislature by December 31, 1982.

NEW SECTION. Sec. 24. Sections 2 through 4 and 9 of this act are each added to chapter 35.21 RCW, and sections 11 through 16 of this act shall constitute a new chapter in Title 82 RCW.

NEW SECTION. Sec. 25. This 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, except section 5 of this act shall take effect July 1, 1982.

Passed the Senate April 9, 1982.

Passed the House April 10, 1982.

Approved by the Governor April 20, 1982.

Filed in Office of Secretary of State April 20, 1982.

CHAPTER 50

[Engrossed Substitute Senate Bill No. 4369]

1981-83 BUDGET—APPROPRIATIONS MODIFICATIONS

AN ACT Relating to appropriations; modifying appropriations and expenditures for the operations and capital projects of state agencies for the fiscal biennium beginning July 1, 1981, and ending June 30, 1983; amending section 4, chapter 340, Laws of 1981 as amended by section 5, chapter 14, Laws of 1981 2nd ex. sess. (uncodified); amending section 5, chapter 340, Laws of 1981 as amended by section 6, chapter 14, Laws of 1981 2nd ex. sess. (uncodified); amending section 6, chapter 340, Laws of 1981 as amended by section 7, chapter 14, Laws of 1981 2nd ex. sess. (uncodified); amending section 7, chapter 340, Laws of 1981 as amended by section 8, chapter 14, Laws of 1981 2nd ex. sess. (uncodified); amending section 8, chapter 340, Laws of 1981 as amended by section 9, chapter 14, Laws of 1981 2nd ex. sess. (uncodified); amending section 9, chapter 340, Laws of 1981 as amended by section 10, chapter 14, Laws of 1981 2nd ex. sess. (uncodified); amending section 10, chapter 340, Laws of 1981 as amended by section 11, chapter 14, Laws of 1981 2nd ex. sess. (uncodified); amending section 11, chapter 340, Laws of 1981 as amended by section 12, chapter 14, Laws of 1981 2nd ex. sess. (uncodified); amending section 12, chapter 340, Laws of 1981 as amended by section 13, chapter 14, Laws of 1981 2nd ex. sess. (uncodified); amending section 13, chapter 340, Laws of 1981 as amended by section 14, chapter 14, Laws of 1981 2nd ex. sess. (uncodified); amending section 14, chapter 340, Laws of 1981 as amended by section 15, chapter 14, Laws of 1981 2nd ex. sess. (uncodified); amending section 15, chapter 340, Laws of 1981 as amended by section 16, chapter 14, Laws of 1981 2nd ex. sess. (uncodified); amending section 16, chapter 340, Laws of 1981 as amended by section 17, chapter 14, Laws of 1981 2nd ex. sess. (uncodified); amending section 17, chapter 340, Laws of 1981 as amended by section 18, chapter 14, Laws of 1981 2nd ex. sess. (uncodified); amending section 18, chapter 340, Laws of 1981 as amended by section 19, chapter 14, Laws of 1981 2nd ex. sess. (uncodified); amending section 19, chapter 340, Laws of 1981 as amended by section 20, chapter 14, Laws of 1981 2nd ex. sess. (uncodified); amending section 20, chapter 340, Laws of 1981 (uncodified); amending section 21, chapter 340, Laws of 1981 as amended by section 24, chapter 14, Laws of 1981 2nd ex. sess. (uncodified); amending section 24, chapter 340, Laws of 1981 as amended by section 26, chapter 14, Laws of 1981 2nd ex. sess. (uncodified); amending section 25, chapter 340, Laws of 1981 as amended by section 27, chapter 14, Laws of 1981 2nd ex. sess. (uncodified); amending section 26, chapter 340, Laws of 1981 as amended by section 28, chapter 14, Laws of