

be the same in all respects as set forth in RCW 28A.58.772 through 28A.58.778 respecting programs of education for state residential school residents. For the purposes of this section, the term "residential school" or "schools" as used in RCW 28A.58.772 through 28A.58.778 shall be construed to mean a facility staffed and maintained by the department of social and health services for the education and treatment of juvenile offenders on probation or parole. Nothing in this section shall prohibit a school district from utilizing the services of an educational service district subject to RCW 28A.21.086.

Passed the House March 9, 1983.

Passed the Senate April 13, 1983.

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CHAPTER 99

[Engrossed Substitute House Bill No. 263]

LOCAL GOVERNMENT TAX IMPOSITION, ALTERATION OR REPEAL— REFERENDUM PROCEDURES

AN ACT Relating to local government finance; amending section 3, chapter 49, Laws of 1982 1st ex. sess. and RCW 35.21.865; amending section 4, chapter 49, Laws of 1982 1st ex. sess. and RCW 35.21.870; amending section 21, chapter 49, Laws of 1982 1st ex. sess. and RCW 82.14.200; amending section 6, chapter 134, Laws of 1972 ex. sess. as last amended by section 7, chapter 49, Laws of 1982 1st ex. sess. and RCW 35.21.710; adding a new section to chapter 35.21 RCW; adding a new section to chapter 82.14 RCW; adding a new section to chapter 82.46 RCW; repealing section 9, chapter 49, Laws of 1982 1st ex. sess. and RCW 35.21.705; repealing section 19, chapter 49, Laws of 1982 1st ex. sess. and RCW 82.14.035; repealing section 12, chapter 49, Laws of 1982 1st ex. sess. and RCW 82.46.020; and declaring an emergency.

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

Sec. 1. Section 21, chapter 49, Laws of 1982 1st ex. sess. and RCW 82.14.200 are each amended 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.

The department of revenue shall establish a governmental price index as provided in this subsection. The base year for the index shall be the end of the third quarter of 1982. Prior to November 1, 1983, and prior to each November 1st thereafter, the department of revenue shall establish another index figure for the third quarter of that year. The department of revenue may use the implicit price deflators for state and local government purchases of goods and services calculated by the United States department of commerce to establish the governmental price index. Beginning on January 1, 1984, and each January 1st thereafter, the one hundred fifty thousand dollar base figure in this subsection shall be adjusted in direct proportion to the percentage change in the governmental price index from 1982 until the year before the adjustment. Distributions made under this subsection for 1984 and thereafter shall use this adjusted base amount figure.

(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. 2. There is added to chapter 82.14 RCW a new section to read as follows:

Any referendum petition to repeal a county or city ordinance imposing a tax or altering the rate of the tax authorized under RCW 82.14.030(2) shall be filed with a filing officer, as identified in the ordinance, within seven days of passage of the ordinance. Within ten days, the filing officer shall confer with the petitioner concerning form and style of the petition, issue an identification number for the petition, and write a ballot title for the measure. The ballot title shall be posed as a question so that an affirmative answer to the question and an affirmative vote on the measure results in the tax or tax rate increase being imposed and a negative answer to the question and a negative vote on the measure results in the tax or tax rate increase not being imposed. The petitioner shall be notified of the identification number and ballot title within this ten-day period.

After this notification, the petitioner shall have thirty days in which to secure on petition forms the signatures of not less than fifteen percent of the registered voters of the county for county measures, or not less than fifteen percent of the registered voters of the city for city measures, and to file the

signed petitions with the filing officer. Each petition form shall contain the ballot title and the full text of the measure to be referred. The filing officer shall verify the sufficiency of the signatures on the petitions. If sufficient valid signatures are properly submitted, the filing officer shall submit the referendum measure to the county or city voters at a general or special election held on one of the dates provided in RCW 29.13.010 as determined by the county legislative authority or city council, which election shall not take place later than one hundred twenty days after the signed petition has been filed with the filing officer.

After the effective date of this act, the referendum procedure provided in this section shall be the exclusive method for subjecting any county or city ordinance imposing a tax or altering the rate under RCW 82.14.030(2) to a referendum vote.

Any county or city tax authorized under RCW 82.14.030(2) that has been imposed prior to the effective date of this act is not subject to the referendum procedure provided for in this section.

NEW SECTION. Sec. 3. There is added to chapter 82.46 RCW a new section to read as follows:

Any referendum petition to repeal a county or city ordinance imposing a tax or altering the rate of the tax authorized under RCW 82.46.010(2) shall be filed with a filing officer, as identified in the ordinance, within seven days of passage of the ordinance. Within ten days, the filing officer shall confer with the petitioner concerning form and style of the petition, issue an identification number for the petition, and write a ballot title for the measure. The ballot title shall be posed as a question so that an affirmative answer to the question and an affirmative vote on the measure results in the tax or tax rate increase being imposed and a negative answer to the question and a negative vote on the measure results in the tax or tax rate increase not being imposed. The petitioner shall be notified of the identification number and ballot title within this ten-day period.

After this notification, the petitioner shall have thirty days in which to secure on petition forms the signatures of not less than fifteen percent of the registered voters of the county for county measures, or not less than fifteen percent of the registered voters of the city for city measures, and to file the signed petitions with the filing officer. Each petition form shall contain the ballot title and the full text of the measure to be referred. The filing officer shall verify the sufficiency of the signatures on the petitions. If sufficient valid signatures are properly submitted, the filing officer shall submit the referendum measure to the county or city voters at a general or special election held on one of the dates provided in RCW 29.13.010 as determined by the county legislative authority or city council, which election shall not take place later than one hundred twenty days after the signed petition has been filed with the filing officer.

After the effective date of this act, the referendum procedure provided for in this section shall be the exclusive method for subjecting any county or city ordinance imposing a tax or increasing the rate under RCW 82.46.010(2) to a referendum vote.

Any county or city tax authorized under RCW 82.46.010(2) that has been imposed prior to the effective date of this act is not subject to the referendum procedure provided for in this section.

Sec. 4. Section 3, chapter 49, Laws of 1982 1st ex. sess. and RCW 35-.21.865 are each amended to read as follows:

No city or town may ~~((increase))~~ change the rate of tax it imposes on the privilege of conducting an electrical energy, natural gas, or telephone business which ~~((increase))~~ change applies to business activities occurring before the effective date of the ~~((increase))~~ change, and no rate change may take effect before the expiration of sixty days following the enactment of the ordinance establishing the change except as provided in RCW 35.21.870.

Sec. 5. Section 4, chapter 49, Laws of 1982 1st ex. sess. and RCW 35-.21.870 are each amended to read as follows:

(1) ~~((Subject to the enactment into law of the 1982 amendment to RCW 82.02.020 by section 5, chapter 49, Laws of 1982 1st ex. sess.,))~~ 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 first approved by a majority of the voters of the city or town voting on ((the)) such a proposition.

(2) ~~((Subject to the enactment into law of the 1982 amendment to RCW 82.02.020 by section 5, chapter 49, Laws of 1982 1st ex. sess.,))~~ If a city or town is imposing a rate of tax under subsection (1) of this section in excess of six percent on April 20, 1982, the city or town shall decrease the rate to a rate of six percent or less by reducing the rate each year on or before November 1st by ordinances to be effective on January 1st of the succeeding year, 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))~~ one-tenth the difference between the tax rate on April 20, 1982, 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.

NEW SECTION. Sec. 6. There is added to chapter 35.21 RCW a new section to read as follows:

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 referendum procedure to apply to an ordinance imposing the tax or increasing the rate of the tax. This referendum procedure shall specify that a referendum petition may be filed within seven days of passage of the ordinance with a filing officer, as identified in the ordinance. Within ten days, the filing officer shall confer with the petitioner concerning form and style of the petition, issue the petition an identification number, and secure an accurate, concise, and positive ballot title from the designated local official. The petitioner shall have thirty days in which to secure the signatures of not less than fifteen percent of the registered voters of the city, as of the last municipal general election, upon petition forms which contain the ballot title and the full text of the measure to be referred. The filing officer shall verify the sufficiency of the signatures on the petition and, if sufficient valid signatures are properly submitted, shall certify the referendum measure to the next election ballot within the city or at a special election ballot as provided pursuant to RCW 35.17.260(2).

This referendum procedure shall be exclusive in all instances for any city ordinance imposing a business and occupation tax or increasing the rate of the tax and shall supersede the procedures provided under chapters 35.17 and 35A.11 RCW and all other statutory or charter provisions for initiative or referendum which might otherwise apply.

Sec. 7. Section 6, chapter 134, Laws of 1972 ex. sess. as last amended by section 7, chapter 49, Laws of 1982 1st ex. sess. 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~~) state auditor 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 following acts or parts of acts are each repealed:

(1) Section 9, chapter 49, Laws of 1982 1st ex. sess. and RCW 35.21.705;

(2) Section 19, chapter 49, Laws of 1982 1st ex. sess. and RCW 82.14-.035; and

(3) Section 12, chapter 49, Laws of 1982 1st ex. sess. and RCW 82.46.020.

NEW SECTION. Sec. 9. 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.

NEW SECTION. Sec. 10. If any provision of this act or chapter 49, Laws of 1982 1st ex. sess. or their application to any person or circumstance is held invalid, the remainder of these acts or the application of the provision to other persons or circumstances is not affected.

Passed the House March 10, 1983.

Passed the Senate April 13, 1983.

Approved by the Governor April 22, 1983.

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CHAPTER 100

[Engrossed House Bill No. 305]

PROFESSIONAL SERVICE CORPORATIONS—HEALTH CARE PROFESSIONALS

AN ACT Relating to professional service corporations; and amending section 5, chapter 122, Laws of 1969 and RCW 18.100.050.

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

Sec. 1. Section 5, chapter 122, Laws of 1969 and RCW 18.100.050 are each amended to read as follows: