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**SUBSTITUTE HOUSE BILL 2520**

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**State of Washington**

**52nd Legislature**

**1992 Regular Session**

**By** House Committee on Revenue (originally sponsored by Representatives Morris, R. King, Fraser and Appelwick)

Read first time 02/11/92.

1 AN ACT Relating to tax distribution to counties through the county  
2 sales and use tax equalization account; amending RCW 82.14.200;  
3 creating new sections; and repealing RCW 77.12.201 and 77.12.203.

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

5 **Sec. 1.** RCW 82.14.200 and 1991 sp.s. c 13 s 15 are each amended to  
6 read as follows:

7 There is created in the state treasury a special account to be  
8 known as the "county sales and use tax equalization account." Into  
9 this account shall be placed a portion of all motor vehicle excise tax  
10 receipts as provided in RCW 82.44.110(1)(f). Funds in this account  
11 shall be allocated by the state treasurer according to the following  
12 procedure:

13 (1) Prior to April 1st of each year the director of revenue shall  
14 inform the state treasurer of the total and the per capita levels of

1 revenues for the unincorporated area of each county and the state-wide  
2 weighted average per capita level of revenues for the unincorporated  
3 areas of all counties imposing the sales and use tax authorized under  
4 RCW 82.14.030(1) for the previous calendar year.

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

13 The department of revenue shall establish a governmental price  
14 index as provided in this subsection. The base year for the index  
15 shall be the end of the third quarter of 1982. Prior to November 1,  
16 1983, and prior to each November 1st thereafter, the department of  
17 revenue shall establish another index figure for the third quarter of  
18 that year. The department of revenue may use the implicit price  
19 deflators for state and local government purchases of goods and  
20 services calculated by the United States department of commerce to  
21 establish the governmental price index. Beginning on January 1, 1984,  
22 and each January 1st thereafter, the one hundred fifty thousand dollar  
23 base figure in this subsection shall be adjusted in direct proportion  
24 to the percentage change in the governmental price index from 1982  
25 until the year before the adjustment. Distributions made under this  
26 subsection for 1984 and thereafter shall use this adjusted base amount  
27 figure.

28 (3) Subsequent to the distributions under subsection (2) of this  
29 section and at such times as distributions are made under RCW  
30 82.44.150, (~~as now or hereafter amended,~~) the state treasurer shall

1 apportion to each county imposing the sales and use tax under RCW  
2 82.14.030(1) at the maximum rate and receiving less than seventy  
3 percent of the state-wide weighted average per capita level of revenues  
4 for the unincorporated areas of all counties as determined by the  
5 department of revenue under subsection (1) of this section, an amount  
6 from the county sales and use tax equalization account sufficient, when  
7 added to the per capita level of revenues for the unincorporated area  
8 received the previous calendar year by the county, to equal seventy  
9 percent of the state-wide weighted average per capita level of revenues  
10 for the unincorporated areas of all counties determined under  
11 subsection (1) of this section, subject to reduction under subsections  
12 (6) and (7) of this section. When computing distributions under this  
13 section, any distribution under subsection (2) of this section shall be  
14 considered revenues received from the tax imposed under RCW  
15 82.14.030(1) for the previous calendar year.

16 (4) Subsequent to the distributions under subsection (3) of this  
17 section and at such times as distributions are made under RCW  
18 82.44.150, (~~as now or hereafter amended,~~) the state treasurer shall  
19 apportion to each county imposing the sales and use tax under RCW  
20 82.14.030(2) at the maximum rate and receiving a distribution under  
21 subsection (2) of this section, a third distribution from the county  
22 sales and use tax equalization account. The distribution to each  
23 qualifying county shall be equal to the distribution to the county  
24 under subsection (2) of this section, subject to the reduction under  
25 subsections (6) and (7) of this section. To qualify for the total  
26 distribution under this subsection, the county must impose the tax  
27 under RCW 82.14.030(2) for the entire calendar year. Counties imposing  
28 the tax for less than the full year shall qualify for prorated  
29 allocations under this subsection proportionate to the number of months  
30 of the year during which the tax is imposed.

1       (5) Subsequent to the distributions under subsection (4) of this  
2 section and at such times as distributions are made under RCW  
3 82.44.150, (~~as now or hereafter amended,~~) the state treasurer shall  
4 apportion to each county imposing the sales and use tax under RCW  
5 82.14.030(2) at the maximum rate and receiving a distribution under  
6 subsection (3) of this section, a fourth distribution from the county  
7 sales and use tax equalization account. The distribution to each  
8 qualifying county shall be equal to the distribution to the county  
9 under subsection (3) of this section, subject to the reduction under  
10 subsections (6) and (7) of this section. To qualify for the  
11 distributions under this subsection, the county must impose the tax  
12 under RCW 82.14.030(2) for the entire calendar year. Counties imposing  
13 the tax for less than the full year shall qualify for prorated  
14 allocations under this subsection proportionate to the number of months  
15 of the year during which the tax is imposed.

16       (6) Revenues distributed under subsections (2) through (5) of this  
17 section in any calendar year shall not exceed an amount equal to  
18 seventy percent of the state-wide weighted average per capita level of  
19 revenues for the unincorporated areas of all counties during the  
20 previous calendar year. If distributions under subsections (3) through  
21 (5) of this section cannot be made because of this limitation, then  
22 distributions under subsections (3) through (5) of this section shall  
23 be reduced ratably among the qualifying counties.

24       (7) If inadequate revenues exist in the county sales and use tax  
25 equalization account to make the distributions under subsections (3)  
26 through (5) of this section, then the distributions under subsections  
27 (3) through (5) of this section shall be reduced ratably among the  
28 qualifying counties. At such time during the year as additional funds  
29 accrue to the county sales and use tax equalization account, additional

1 distributions shall be made under subsections (3) through (5) of this  
2 section to the counties.

3 (8) If the level of revenues in the county sales and use tax  
4 equalization account exceeds the amount necessary to make the  
5 distributions under subsections (2) through (5) of this section, then  
6 an additional distribution shall be made to each county qualifying  
7 under this subsection. To qualify under this subsection a county must  
8 either have received payments under RCW 77.12.203 in 1992 or be  
9 composed of eligible lands that consist of at least one percent of the  
10 county's area. Eligible lands are critical habitat, natural areas,  
11 parks, trails, and other recreation lands owned in fee by the  
12 department of wildlife, the department of fisheries, the state parks  
13 and recreation commission, and the department of natural resources.  
14 Federal lands and lands owned by federally recognized Indian tribes  
15 shall not be included in the denominator for purposes of calculating  
16 the percentage.

17 The distribution under this subsection shall be as follows:

18 (a) For each county that received a payment under RCW 77.12.203 in  
19 1992, the larger of:

20 (i)(A) A payment equal to the payment made in 1992 by the  
21 department of wildlife under RCW 77.12.203; plus

22 (B) A payment equal to the number of acres of eligible land within  
23 the county acquired by state agencies after December 31, 1991,  
24 multiplied by the amount determined in (c) of this subsection; or

25 (ii) A payment equal to the number of acres of eligible lands  
26 within the county multiplied by the amount determined in (c) of this  
27 subsection.

28 (b) For the counties not receiving a payment under (a) of this  
29 subsection, a payment equal to the number of acres of eligible lands

1 within the county multiplied by the amount determined in (c) of this  
2 subsection.

3 (c) The per acre amount is the smaller of:

4 (i) Fifty cents an acre; or

5 (ii) The amount determined by subtracting from the revenue  
6 remaining after the payments under subsections (2) through (5) of this  
7 section, the payment made under (a)(i)(A) of this subsection and then  
8 dividing the result by the sum of the number of acres of eligible land  
9 in all the qualified counties not receiving a payment under (a)(i)(A)  
10 of this subsection and the number of acres of eligible lands acquired  
11 by state agencies after December 31, 1991, in all the counties  
12 receiving payments under (a)(i)(A) of this subsection.

13 (d) If inadequate revenues exist in the county sales and use tax  
14 equalization account to make the distributions under subsection (8) of  
15 this section, then the distributions under this subsection shall be  
16 reduced ratably among the qualifying counties. At such time during the  
17 year as additional funds accrue to the county sales and use tax  
18 equalization account, additional distributions shall be made under this  
19 subsection to the counties.

20 (9) If the level of revenues in the county sales and use tax  
21 equalization account remaining after the amount necessary to make the  
22 distribution under subsections (2) through (5) of this section, is not  
23 sufficient to fully fund the distribution under subsection (8) of this  
24 section and the transfer under section 2(8), chapter --, Laws of 1992  
25 (HB 2338), then the distribution under subsection (8) of this section  
26 and the transfer under section 2(8), chapter --, Laws of 1992 (HB 2338)  
27 shall be ratably reduced.

28 (10) If the level of revenues in the county sales and use tax  
29 equalization account exceeds the amount necessary to make the  
30 distributions under subsections (2) through (5) and (8) of this

1 section, then the additional revenues shall be credited and transferred  
2 to the state general fund.

3 NEW SECTION. **Sec. 2.** Distributions under RCW 82.14.200(8)  
4 shall take place for years after December 31, 1992.

5 NEW SECTION. **Sec. 3.** The following acts or parts of acts are  
6 each repealed:

7 (1) RCW 77.12.201 and 1987 c 506 s 29, 1984 c 258 s 335, 1984 c 214  
8 s 1, 1980 c 78 s 36, 1977 ex.s. c 59 s 1, & 1965 ex.s. c 97 s 2; and

9 (2) RCW 77.12.203 and 1990 1st ex.s. c 15 s 11, 1984 c 214 s 2,  
10 1980 c 78 s 37, & 1965 ex.s. c 97 s 3.

11 NEW SECTION. **Sec. 4.** It is the intent of the legislature  
12 that, if RCW 82.14.200 is amended more than once during the 1992  
13 legislative session, and the amendments alter the distribution scheme  
14 under RCW 82.14.200(8), the 1992 amendments to RCW 82.14.200(8) by this  
15 act be merged and arranged by the code reviser in a subdivision or  
16 subsection placement that gives distributional preference to the  
17 amendment in this act.