

# FINAL BILL REPORT

## SB 6294

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C 64 L 96

Synopsis as Enacted

**Brief Description:** Increasing a distribution of motor vehicle excise taxes to cities.

**Sponsors:** Senators Bauer and Prince.

**Senate Committee on Ways & Means**  
**House Committee on Appropriations**

**Background:** In 1982, 35 percent of the state motor vehicle excise tax (MVET) that was distributed to cities based on population for health and public safety was diverted to an account for city sales and use tax equalization. The agreement was that cities not imposing the second one-half cent sales tax would get their contribution back. This is the first distribution under city sales and use tax equalization. This distribution is equal to 35/65 of the population distribution.

Under city sales and use tax equalization, cities that impose the sales and use tax are eligible to receive moneys that, when added to their previous year's per capita sales and use tax revenues, equal 70 percent of the statewide average. The distribution is doubled if the city is imposing the second one-half cent sales tax. If any moneys remain after these distributions, the excess is distributed to cities imposing the second one-half cent sales tax based on population.

In 1993, under health care reform, one-third of the MVET that was distributed to cities based on population for health and public safety was diverted to county public health departments, and the cities were relieved of the obligation to fund these services, effective July 1, 1995. The first sales and use tax equalization distribution to cities not imposing the second one-half cent sales tax was not considered. Because the population distribution was reduced by one-third, the first sales and use tax equalization distribution to cities not imposing the second one-half cent sales tax, which is based on the population distribution (35/65), was inadvertently reduced.

**Summary:** The first city sales and use tax equalization distribution to cities not imposing the second one-half cent sales tax is increased to 45/55 of the population distribution.

**Votes on Final Passage:**

Senate	49 0
House	94 0

**Effective:** July 1, 1996