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HOUSE BILL 1246

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State of Washington

67th Legislature

2021 Regular Session

By Representative Orcutt

1 AN ACT Relating to allowing a local sales and use tax as a credit  
2 against the state sales tax for rural high-speed internet  
3 infrastructure without increasing the total sales and use tax rate;  
4 and amending RCW 82.14.370.

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

6 **Sec. 1.** RCW 82.14.370 and 2012 c 225 s 4 are each amended to  
7 read as follows:

8 (1) (a) The legislative authority of a rural county may impose a  
9 sales and use tax in accordance with the terms of this chapter. The  
10 tax is in addition to other taxes authorized by law and must be  
11 collected from those persons who are taxable by the state under  
12 chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event  
13 within the county. ~~((The))~~ Except as provided in (b) of this  
14 subsection, the rate of tax may not exceed 0.09 percent of the  
15 selling price in the case of a sales tax or value of the article used  
16 in the case of a use tax, except that for rural counties with  
17 population densities between sixty and one hundred persons per square  
18 mile, the rate ~~((shall))~~ may not exceed 0.04 percent before January  
19 1, 2000.

20 (b) An additional 0.05 percent may be imposed to be available and  
21 used exclusively to support the development of infrastructure to

1 bring high-speed internet access to unserved regions throughout the  
2 county as defined by the federal communications commission. To the  
3 extent possible, additional funds collected under this subsection  
4 (1)(b) must be used for the development of last-mile infrastructure  
5 where it has not been commercially feasible for the private sector to  
6 build. The additional funds may not be used for government operation  
7 or for the provision of retail broadband service by public entities.

8 (2) The tax imposed under subsection (1) of this section must be  
9 deducted from the amount of tax otherwise required to be collected or  
10 paid over to the department of revenue under chapter 82.08 or 82.12  
11 RCW. The department of revenue must perform the collection of such  
12 taxes on behalf of the county at no cost to the county.

13 (3) (a) (~~Moneys~~) Except for the moneys collected pursuant to  
14 subsection (1)(b) of this section, moneys collected under this  
15 section may only be used to finance public facilities serving  
16 economic development purposes in rural counties and finance personnel  
17 in economic development offices. The public facility must be listed  
18 as an item in the officially adopted county overall economic  
19 development plan, or the economic development section of the county's  
20 comprehensive plan, or the comprehensive plan of a city or town  
21 located within the county for those counties planning under RCW  
22 36.70A.040. For those counties that do not have an adopted overall  
23 economic development plan and do not plan under the growth management  
24 act, the public facility must be listed in the county's capital  
25 facilities plan or the capital facilities plan of a city or town  
26 located within the county.

27 (b) In implementing this section, the county must consult with  
28 cities, towns, and port districts located within the county and the  
29 associate development organization serving the county to ensure that  
30 the expenditure meets the goals of chapter 130, Laws of 2004 and the  
31 requirements of (a) of this subsection. Each county collecting money  
32 under this section must report, as follows, to the office of the  
33 state auditor, within one hundred fifty days after the close of each  
34 fiscal year: (i) A list of new projects begun during the fiscal year,  
35 showing that the county has used the funds for those projects  
36 consistent with the goals of chapter 130, Laws of 2004 and the  
37 requirements of (a) of this subsection; and (ii) expenditures during  
38 the fiscal year on projects begun in a previous year. Any projects  
39 financed prior to June 10, 2004, from the proceeds of obligations to  
40 which the tax imposed under subsection (1) of this section has been

1 pledged may not be deemed to be new projects under this subsection.  
2 No new projects funded with money collected under this section may be  
3 for justice system facilities.

4 (c) The definitions in this (~~section~~) subsection apply  
5 throughout this section unless the context clearly requires  
6 otherwise.

7 (i) "Public facilities" means bridges, roads, domestic and  
8 industrial water facilities, sanitary sewer facilities, earth  
9 stabilization, storm sewer facilities, railroads, electrical  
10 facilities, natural gas facilities, research, testing, training, and  
11 incubation facilities in innovation partnership zones designated  
12 under RCW 43.330.270, buildings, structures, telecommunications  
13 infrastructure, transportation infrastructure, or commercial  
14 infrastructure, and port facilities in the state of Washington.

15 (ii) "Economic development purposes" means those purposes which  
16 facilitate the creation or retention of businesses and jobs in a  
17 county.

18 (iii) "Economic development office" means an office of a county,  
19 port districts, or an associate development organization as defined  
20 in RCW 43.330.010, which promotes economic development purposes  
21 within the county.

22 (4) No tax may be collected under this section before July 1,  
23 1998.

24 (a) Except as provided in (b) of this subsection, no tax may be  
25 collected under this section by a county more than twenty-five years  
26 after the date that a tax is first imposed under this section.

27 (b) For counties imposing the tax at the rate of 0.09 percent  
28 before August 1, 2009, the tax expires on the date that is twenty-  
29 five years after the date that the 0.09 percent tax rate was first  
30 imposed by that county.

31 (5) For purposes of this section, "rural county" means a county  
32 with a population density of less than one hundred persons per square  
33 mile or a county smaller than two hundred twenty-five square miles as  
34 determined by the office of financial management and published each  
35 year by the department for the period July 1st to June 30th.

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