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**SENATE BILL 6559**

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**State of Washington**

**64th Legislature**

**2016 Regular Session**

**By** Senator Chase

Read first time 01/26/16. Referred to Committee on Ways & Means.

1 AN ACT Relating to progressive income tax; amending RCW  
2 82.03.130, 82.03.140, 2.10.180, 2.12.090, 6.13.030, 6.15.020,  
3 41.24.240, 41.32.052, 41.35.100, 41.40.052, 41.44.240, 41.26.053,  
4 43.43.310, 82.08.020, 82.08.020, 84.52.065, 84.52.043, 84.52.050,  
5 36.58.150, 36.60.040, 36.69.145, 36.73.060, 36.83.030, 36.100.050,  
6 67.38.130, 84.69.020, 39.89.020, and 43.99I.040; amending 2016 c 1 s  
7 3 (uncodified); reenacting and amending RCW 84.52.010 and 43.99H.060;  
8 adding a new title to the Revised Code of Washington to be codified  
9 as Title 82A RCW; creating new sections; repealing RCW 6.15.025;  
10 prescribing penalties; and providing a contingent effective date.

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

12 **PART I**  
13 **GENERAL PROVISIONS**

14 NEW SECTION. **Sec. 101.** INTENT. It is the intent of the  
15 legislature in adopting this title to provide the necessary revenues  
16 for the support of vital state services on a more stable and  
17 equitable basis.

18 **PART II**  
19 **DEFINITIONS**

1        NEW SECTION.    **Sec. 201.**    INTRODUCTORY. Unless the context clearly  
2 requires otherwise, the definitions in sections 202 through 212 of  
3 this act apply throughout this title.

4        NEW SECTION.    **Sec. 202.**    ADJUSTED GROSS INCOME. "Adjusted gross  
5 income" means adjusted gross income as determined under the internal  
6 revenue code.

7        NEW SECTION.    **Sec. 203.**    DEPARTMENT. "Department" means the state  
8 department of revenue.

9        NEW SECTION.    **Sec. 204.**    FEDERAL BASE INCOME. "Federal base  
10 income" means:

- 11        (1) For individuals, adjusted gross income;
- 12        (2) For estates and trusts, taxable income as determined for  
13 estates and trusts consistent with subtitle A, chapter I, subchapter  
14 J of the internal revenue code.

15        NEW SECTION.    **Sec. 205.**    INDIVIDUAL. "Individual" means a natural  
16 person.

17        NEW SECTION.    **Sec. 206.**    INTERNAL REVENUE CODE. "Internal revenue  
18 code" means the United States internal revenue code of 1986 and  
19 amendments thereto, as existing and in effect on January 1, 2016.

20        NEW SECTION.    **Sec. 207.**    PERSON. "Person" includes individuals,  
21 partnerships, firms, companies, fiduciaries, estates, trusts, and any  
22 other group or combination acting as a unit, but does not include  
23 corporations.

24        NEW SECTION.    **Sec. 208.**    RESIDENT. (1) "Resident" includes an  
25 individual who:

- 26        (a) Has resided in this state for the entire tax year; or
- 27        (b) Is domiciled in this state unless the individual:
- 28            (i) Maintains no permanent place of abode in this state; and
- 29            (ii) Does not maintain a permanent place of abode elsewhere; and
- 30            (iii) Spends in the aggregate not more than thirty days in the  
31 tax year in this state; or
- 32        (c) Is not domiciled in this state, but maintains a permanent  
33 place of abode in this state and spends in the aggregate more than

1 one hundred eighty-three days of the tax year in this state unless  
2 the individual establishes to the satisfaction of the director of  
3 revenue that the individual is in the state only for temporary or  
4 transitory purposes; or

5 (d) Claims the state of Washington as the individual's tax home  
6 for federal income tax purposes.

7 (2) A resident estate means an estate of which a personal  
8 representative was appointed by a Washington court or an estate  
9 administration of which is carried on in this state.

10 (3) A resident trust means a trust whose situs as determined by  
11 RCW 11.96A.030 is within the state of Washington.

12 NEW SECTION. **Sec. 209.** S CORPORATION. "S corporation" means an  
13 S corporation as defined in section 1361 of the internal revenue  
14 code.

15 NEW SECTION. **Sec. 210.** TAXABLE INCOME. "Taxable income" means  
16 federal base income as modified under sections 401 through 503 of  
17 this act.

18 NEW SECTION. **Sec. 211.** TAXABLE YEAR. "Taxable year" means the  
19 taxpayer's taxable year as defined under the internal revenue code.

20 NEW SECTION. **Sec. 212.** TAXPAYER. "Taxpayer" means a person  
21 receiving income subject to tax under this title.

22 NEW SECTION. **Sec. 213.** DEFINITION OF TERMS GENERALLY. Except as  
23 provided in sections 201 through 212 of this act, any term used in  
24 this title has the same meaning as when used in a comparable context  
25 in the internal revenue code.

26 **PART III**  
27 **DETERMINATION OF TAX**

28 NEW SECTION. **Sec. 301.** TAX IMPOSED—RATES. (1) A tax is imposed  
29 on all taxable income of resident individuals, estates, and trusts  
30 and on all individuals, estates, and trusts deriving income from  
31 sources in Washington for each taxable year based on the type of  
32 return filed and the amount of income in accordance with this  
33 section.

1 (2) For every married individual who makes a single return  
2 jointly with his or her spouse and for every surviving spouse, the  
3 tax is determined in accordance with the following table:

4 If taxable income is:	The tax is:
5 Not over \$49,900.....	2.2% of taxable income
6 Over \$49,900 but not over \$120,650.....	\$1,098 plus 3.5% of the excess over \$49,900
7 Over \$120,650.....	\$3,574 plus 6.0% of the excess over \$120,650

8 (3) For every head of a household, the tax is determined in  
9 accordance with the following table:

10 If taxable income is:	The tax is:
11 Not over \$37,425.....	2.2% of taxable income
12 Over \$37,425 but not over \$90,488.....	\$823 plus 3.5% of the excess over \$37,425
13 Over \$90,488.....	\$2,681 plus 6.0% of the excess over \$90,488

14 (4) For every individual, other than a surviving spouse or the  
15 head of a household, who is not a married individual and for every  
16 married individual who does not make a single return jointly with his  
17 or her spouse and for every estate and trust, the tax is determined  
18 in accordance with the following table:

19 If taxable income is:	The tax is:
20 Not over \$24,950.....	2.2% of taxable income
21 Over \$24,950 but not over \$60,325.....	\$549 plus 3.5% of the excess over \$24,950
22 Over \$60,325.....	\$1,787 plus 6.0% of the excess over \$60,325

23 (5) Taxable income of a taxpayer exempt from taxation by internal  
24 revenue code section 501 is exempt from taxation by this title.

25 NEW SECTION. **Sec. 302.** CREDIT FOR INCOME TAXES DUE ANOTHER  
26 JURISDICTION. (1) A resident individual, estate, or trust is allowed  
27 a credit against the tax imposed under this title for the amount of  
28 any income tax imposed by another state or foreign country, or  
29 political subdivision of the state or foreign country, on income  
30 taxed under this title, subject to the following conditions, which  
31 must be imposed separately with respect to each taxing jurisdiction:

32 (a) The credit is allowed only for taxes imposed by the other  
33 jurisdiction on net income from sources within that jurisdiction; and

34 (b) The amount of the credit may not exceed the smaller of:

1 (i) The amount of tax paid to the other jurisdiction on net  
2 income from sources within the other jurisdiction; or

3 (ii) The amount of tax due under this title before application of  
4 credits allowable by this title, multiplied by a fraction. The  
5 numerator of the fraction is the amount of the taxpayer's adjusted  
6 gross income subject to tax in the other jurisdiction. The  
7 denominator of the fraction is the taxpayer's total adjusted gross  
8 income as modified by this title. The fraction may never be greater  
9 than one.

10 (2) If, in lieu of a credit similar to the credit allowed under  
11 subsection (1) of this section, the laws of the other taxing  
12 jurisdiction contain a provision exempting a resident of this state  
13 from liability for the payment of income taxes on income earned for  
14 personal services performed in such jurisdiction, then the director  
15 is authorized to enter into a reciprocal agreement with such  
16 jurisdiction providing a similar tax exemption on income earned for  
17 personal services performed in this state.

18 NEW SECTION. **Sec. 303.** DUAL RESIDENCE. If an individual is  
19 regarded as a resident both of this state and another jurisdiction  
20 for state personal income tax purposes, the department must reduce  
21 the tax on that portion of the taxpayer's income which is subjected  
22 to tax in both jurisdictions solely by virtue of dual residence, if  
23 the other taxing jurisdiction allows a similar reduction. The  
24 reduction must equal the lower of the two taxes applicable to the  
25 income taxed twice, multiplied by a fraction. The numerator of the  
26 fraction is the tax imposed by this state on the income taxed twice.  
27 The denominator of the fraction is the tax imposed by both  
28 jurisdictions on the income taxed twice. The fraction must never be  
29 greater than one.

30 NEW SECTION. **Sec. 304.** BUSINESS AND OCCUPATION TAX CREDIT. (1)  
31 There is allowed a credit against the tax imposed by this title in  
32 the amount of the state of Washington business and occupation tax  
33 paid by the taxpayer in the tax year subject to the limitation of  
34 subsection (2) of this section.

35 (2) The credit may not exceed the smaller of:

36 (a) The amount of business and occupation tax paid; or

1 (b) The amount of tax of the taxpayer imposed by this title  
2 before the application of credits allowed by this title, multiplied  
3 by a fraction:

4 (i) The numerator is the amount of the taxpayer's adjusted gross  
5 income attributable to activities subject to business and occupation  
6 tax; and

7 (ii) The denominator is the taxpayer's adjusted gross income as  
8 modified by this title. The fraction may never be greater than one.

9 NEW SECTION. **Sec. 305.** PUBLIC UTILITY TAX CREDIT. (1) There is  
10 allowed a credit against the tax imposed by this title in the amount  
11 of the state of Washington public utility tax paid by the taxpayer in  
12 the tax year subject to the limitation of subsection (2) of this  
13 section.

14 (2) The credit may not exceed the smaller of:

15 (a) The amount of public utility tax paid; or

16 (b) The amount of tax of the taxpayer imposed by this title  
17 before the application of credits allowed by this title, multiplied  
18 by a fraction:

19 (i) The numerator is the amount of the taxpayer's adjusted gross  
20 income attributable to activities subject to public utility tax; and

21 (ii) The denominator is the taxpayer's adjusted gross income as  
22 modified by this title. The fraction may never be greater than one.

23 NEW SECTION. **Sec. 306.** CARRYFORWARDS AND CARRYBACKS. The amount  
24 of tax credits received by any taxpayer under sections 302, 304, and  
25 305 of this act may not exceed the total amount of tax due, and no  
26 carryback or carryforward of any unused excess credits is allowed.

#### 27 **PART IV**

#### 28 **TAXABLE INCOME MODIFICATIONS**

29 NEW SECTION. **Sec. 401.** INTRODUCTORY. In computing taxable  
30 income, modifications must be made to the taxpayer's federal base  
31 income as required under sections 301 through 410 of this act, unless  
32 the modification has the effect of duplicating an item of income or  
33 deduction.

34 NEW SECTION. **Sec. 402.** STATE AND LOCAL OBLIGATIONS. To federal  
35 base income, add income which has been excluded under section 103 of

1 the internal revenue code in computing federal base income, except  
2 interest on obligations of the state of Washington or political  
3 subdivisions of the state of Washington.

4 NEW SECTION. **Sec. 403.** STATE AND LOCAL INCOME TAXES—BUSINESS  
5 AND OCCUPATION, PUBLIC UTILITY TAXES. To federal base income, add:

6 (1) Taxes on or measured by net income which have been deducted  
7 under the internal revenue code in computing federal base income;

8 (2) The amount of taxes paid or accrued which have been deducted  
9 for federal purposes, but for which a business and occupation tax  
10 credit or public utility tax credit, or both, is allowed.

11 NEW SECTION. **Sec. 404.** NET OPERATING LOSS. There is allowed as  
12 a deduction from federal base income the amount of net operating loss  
13 as allowed in section 172 of the internal revenue code. The  
14 calculation of the loss amount must reflect the modifications to  
15 federal base income as provided in this title and a net operating  
16 loss deduction may include a loss carried forward to the tax year but  
17 may not include a loss carried back from a future year.

18 NEW SECTION. **Sec. 405.** CARRYOVERS. To federal base income, add  
19 amounts which have been deducted in computing federal base income to  
20 the extent the amounts have been carried over from taxable years  
21 ending before the effective date of this title.

22 NEW SECTION. **Sec. 406.** FEDERAL OBLIGATIONS. From federal base  
23 income, deduct, to the extent included in federal base income, income  
24 derived from obligations of the United States which this state is  
25 prohibited by federal law from subjecting to a net income tax.  
26 However, the amount deducted under this section must be reduced by  
27 any expense, including amortizable bond premiums, incurred in the  
28 production of such income to the extent the expense has been deducted  
29 in calculating federal base income.

30 NEW SECTION. **Sec. 407.** STANDARD DEDUCTION—PERSONAL EXEMPTION.  
31 There is allowed from federal base income the following standard  
32 deductions and personal exemption deduction:

33 (1) The standard deduction for an individual is:

34 (a) In the case of a joint return or a surviving spouse, seven  
35 thousand dollars if only one spouse has earned income and seven

1 thousand dollars plus the earned income of the spouse with the lesser  
2 income, not to exceed ten thousand dollars in total, if both spouses  
3 have earned income;

4 (b) In the case of the head of a household, seven thousand  
5 dollars;

6 (c) In the case of an individual who is not married and who is  
7 not a surviving spouse or head of a household and in the case of a  
8 married individual filing a separate return, five thousand dollars.

9 (2) A personal exemption deduction in the amount of two thousand  
10 nine hundred dollars is allowed for each individual for whom a  
11 personal exemption deduction is allowed for federal income tax  
12 purposes.

13 (3) An additional exemption deduction in the amount of one  
14 thousand dollars is allowed:

15 (a) For the individual if the individual has attained age sixty-  
16 five before the close of the taxable year; and

17 (b) For the spouse of the individual if the spouse has attained  
18 age sixty-five before the close of the taxable year if a joint return  
19 is not made by the individual and the individual's spouse and the  
20 spouse, for the calendar year in which the taxable year of the  
21 individual begins, has no gross income and is not the dependent of  
22 another individual.

23 (4) An additional exemption deduction in the amount of one  
24 thousand dollars is allowed:

25 (a) For the individual if the individual is blind at the close of  
26 the taxable year; and

27 (b) For the spouse of the individual if the spouse is blind at  
28 the close of the taxable year if a joint return is not made by the  
29 individual and the individual's spouse and the spouse, for the  
30 calendar year in which the taxable year of the individual begins, has  
31 no gross income and is not the dependent of another individual.

32 NEW SECTION. **Sec. 408.** ADJUSTMENT OF DEDUCTIONS AND EXEMPTIONS  
33 FOR NONRESIDENTS. The deductions from federal base income allowed  
34 under section 407 of this act for individual taxpayers who are not  
35 residents of this state for the entire taxable year must be reduced  
36 by multiplying the amount of the deductions by a fraction. The  
37 numerator of the fraction is the individual's adjusted gross income  
38 attributable to sources within the state of Washington. The



1 denominator of the fraction is the individual's gross income from all  
2 sources. The fraction may never be greater than one.

3 NEW SECTION. **Sec. 409.** TAX RETURNS FOR FRACTIONAL YEAR. (1) If  
4 the first taxable year of any taxpayer with respect to which a tax is  
5 imposed by this title ends before December 31st of the calendar year  
6 in which this title becomes effective, the taxable income for the  
7 fractional taxable year is the taxpayer's taxable income for the  
8 entire taxable year, adjusted by one of the following methods, at the  
9 taxpayer's election:

10 (a) The taxable income must be multiplied by a fraction. The  
11 numerator of the fraction is the number of days in the fractional  
12 taxable year. The denominator of the fraction is the number of days  
13 in the entire taxable year.

14 (b) The taxable income must be adjusted, in accordance with rules  
15 of the department, so as to include only such income and be reduced  
16 only by such deductions as can be clearly determined from the  
17 permanent records of the taxpayer to be attributable to the  
18 fractional taxable year.

19 (2) If an individual taxpayer's taxable income is adjusted under  
20 subsection (1) of this section, the deduction amounts allowed under  
21 section 407 of this act for the taxpayer must be reduced by  
22 multiplying the amount of the exemption by a fraction. The numerator  
23 of the fraction is the number of days in the taxpayer's fractional  
24 taxable year. The denominator of the fraction is the number of days  
25 in the entire taxable year.

26 NEW SECTION. **Sec. 410.** INDEX FOR INFLATION. For each tax year  
27 beginning after December 31, 2018, the standard deduction and the  
28 personal exemption deduction amounts under section 407 of this act  
29 must be adjusted by the department for inflation by multiplying the  
30 standard deduction and the personal exemption deduction amounts of  
31 the previous tax year by the cost-of-living adjustment as determined  
32 under internal revenue code section 1(f)(3) through (5) for the  
33 calendar year in which the tax year begins. No adjustment may be made  
34 which decreases the standard deduction and personal exemption  
35 deduction amounts. If any adjustment increase is not a multiple of  
36 ten dollars, the increase must be rounded to the next lowest multiple  
37 of ten dollars.



1 a loss or deduction connected with sources within this state for a  
2 nonresident shareholder.

3 (e) Compensation paid by the United States for service in the  
4 armed forces of the United States performed in this state by a  
5 nonresident does not constitute income derived from sources within  
6 this state.

7 (f) If a business, trade, profession, or occupation is carried on  
8 partly within and partly without this state, the determination of net  
9 income derived or connected with sources within this state as  
10 provided in this section must be made by apportionment and allocation  
11 of chapter 82.56 RCW.

12 NEW SECTION. **Sec. 502.** PARTNERSHIPS AND S CORPORATIONS. (1)  
13 Partnerships are not subject to tax under this title. Partners are  
14 subject to tax in their separate or individual capacities.

15 (2) S corporations are not subject to tax under this title.  
16 Shareholders of S corporations are subject to tax in their separate  
17 or individual capacities.

18 (3) The taxable incomes of partners is computed by including a  
19 pro rata share of the modifications under sections 401 through 503 of  
20 this act and the credits allowed under sections 302, 304, and 305 of  
21 this act, if the modification or credit relates to the income of the  
22 partnership. Each partner's pro rata share of a modification or  
23 credit is the amount of modification or credit multiplied by a  
24 fraction. The numerator of the fraction is the partner's distributive  
25 share of partnership income. The denominator of the fraction is the  
26 total partnership income. The fraction may never be greater than one.

27 (4) The taxable incomes of shareholders of S corporations must be  
28 computed by including a share of the modifications under sections 401  
29 through 503 of this act and the credits allowed under sections 302,  
30 304, and 305 of this act, if the modification or credit relates to  
31 the income of the S corporation. Each shareholder's share of a  
32 modification or credit is the amount of modification or credit  
33 multiplied by a fraction. The numerator of the fraction is the  
34 shareholder's pro rata share of S corporation income. The denominator  
35 of the fraction is the total S corporation income. The fraction may  
36 never be greater than one.

37 (5) As used in this section:

38 (a) "S corporation income" includes both distributed and  
39 undistributed federal taxable income of the S corporation.

1 (b) "Pro rata share" means pro rata share as determined under  
2 section 1366(a) of the internal revenue code.

3 NEW SECTION. **Sec. 503.** ESTATES, TRUSTS, AND BENEFICIARIES. (1)  
4 The taxable incomes of estates, trusts, and beneficiaries thereof is  
5 computed by including a share of the modifications under sections 401  
6 through 503 of this act and the credits allowed under sections 302,  
7 304, and 305 of this act.

8 Each taxpayer's share of a modification or credit is the amount  
9 of modification or credit multiplied by a fraction. The numerator of  
10 the fraction is the taxpayer's share of the distributable net income  
11 of the estate or trust. The denominator of the fraction is the total  
12 distributable net income of the estate or trust. The fraction may  
13 never be greater than one.

14 (2) As used in this section, "distributable net income" means  
15 distributable net income as defined in the internal revenue code. If  
16 an estate or trust has no federal distributable net income, the term  
17 means the income of the estate or trust which is distributed or is  
18 required to be distributed during the taxable year under local law or  
19 the terms of the estate or trust instrument.

20 (3) Any portion of a modification which is not included in  
21 calculating the taxable incomes of the beneficiaries must be included  
22 in calculating the taxable income of the trust or estate.

## 23 **PART VI**

### 24 **WITHHOLDING—ESTIMATED TAX**

25 NEW SECTION. **Sec. 601.** EMPLOYER WITHHOLDING—REQUIREMENTS. (1)  
26 Every employer making a payment of wages or salaries earned in this  
27 state, regardless of the place where the payment is made, and who is  
28 required by the internal revenue code to withhold taxes, must deduct  
29 and withhold a tax as prescribed by the department by rule. The rules  
30 prescribed must reasonably reflect the annual tax liability of the  
31 employee under this title. Every employer making such a deduction and  
32 withholding must furnish to the employee a record of the amount of  
33 tax deducted and withheld from the employee on forms provided by the  
34 department.

35 (2) If the employee is a resident of this state and earns income  
36 from personal services entirely performed in another state which  
37 imposes an income tax on the income, and the employer withholds

1 income taxes under the laws of the state in which the income is  
2 earned, the employer is not required to withhold any tax imposed by  
3 this title on the income if the laws of the state in which the income  
4 is earned allow a similar exemption for its residents who earn income  
5 in this state.

6 NEW SECTION. **Sec. 602.** LIABILITY OF EMPLOYER FOR TAX WITHHELD.  
7 Any person required to deduct and withhold the tax imposed by this  
8 title is liable to the department for the payment of the amount  
9 deducted and withheld, and is not liable to any other person for the  
10 amount of tax deducted and withheld under this title or for the act  
11 of withholding. The amount of tax so deducted and withheld must be  
12 held to be a special fund in trust for this state.

13 NEW SECTION. **Sec. 603.** CREDIT FOR TAX WITHHELD—HOW CLAIMED. The  
14 amount deducted and withheld as tax under sections 601 through 606 of  
15 this act during any taxable year must be allowed as a credit against  
16 the tax imposed for the taxable year by this title. If the liability  
17 of any individual for taxes, interest, penalties, or other amounts  
18 due the state of Washington is less than the total amount of the  
19 credit which the individual is entitled to claim under this section,  
20 the individual is entitled to a refund from the department in the  
21 amount of the excess of the credit over the tax otherwise due. If any  
22 individual entitled to claim a credit under this section is not  
23 otherwise required by this title to file a return, a refund may be  
24 obtained in the amount of the credit by filing a return, with  
25 applicable sections completed, to claim the refund. No credit or  
26 refund is allowed under this section unless the credit or refund is  
27 claimed on a return filed for the taxable year for which the amount  
28 was deducted and withheld.

29 NEW SECTION. **Sec. 604.** WITHHOLDING—EXEMPTION DECLARATIONS. An  
30 employee is entitled to use and an employer must use the withholding  
31 exemption declaration on file with the employer for federal income  
32 tax purposes. The department may redetermine the number of  
33 withholding exemptions to which any employee is entitled, and the  
34 department may require an additional withholding exemption  
35 declaration to be filed on a form prescribed by the department where  
36 the department finds that the exemption declaration filed for federal

1 income tax purposes does not properly reflect the number of  
2 withholding exemptions to which the employee is entitled.

3 NEW SECTION. **Sec. 605.** WITHHOLDING—FAILURE TO PAY OR COLLECT—  
4 PENALTIES. (1) The tax required by this title to be collected by the  
5 employer must be deemed to be held in trust by the employer until  
6 paid to the department.

7 (2) In case any employer, or a responsible person within the  
8 meaning of internal revenue code section 6672, fails to collect the  
9 tax herein imposed or having collected the tax, fails to pay it to  
10 the department, the employer or responsible person is, nevertheless,  
11 personally liable to the state for the amount of the tax. The  
12 interest and penalty provisions of chapter 82.32 RCW apply to this  
13 section.

14 NEW SECTION. **Sec. 606.** ESTIMATED TAX IMPOSED—DUE DATE OF  
15 ESTIMATED TAXES—AMOUNT OF ESTIMATED TAX—UNDERPAYMENT PENALTY. (1)  
16 Each individual, estate, or trust subject to taxation by this title  
17 which is required by the internal revenue code to make payment of  
18 estimated taxes must pay to the department on forms prescribed by the  
19 department the estimated taxes due under this title.

20 (2) The provisions of the internal revenue code relating to the  
21 determination of reporting periods and due dates of payments of  
22 estimated tax applies to the estimated tax payments due under this  
23 section.

24 (3) The amount of the estimated tax is the annualized tax divided  
25 by the number of months in the reporting period. No estimated tax is  
26 due if the annualized tax is less than five hundred dollars. The  
27 provisions of RCW 82.32.050 and 82.32.090 apply to underpayments of  
28 estimated tax but do not apply to underpayments, as defined by the  
29 internal revenue code, if the tax remitted to the department is  
30 either ninety percent of the tax shown on the return or one hundred  
31 percent of the tax shown on the previous year's tax return.

32 (4) For purposes of this section, the annualized tax is the  
33 taxpayer's projected tax liability for the tax year as computed  
34 pursuant to internal revenue code section 6654 and the regulations  
35 thereunder.

1 **PART VII**

2 **CRIMES**

3 NEW SECTION. **Sec. 701.** CRIMES. (1) Any person who knowingly  
4 attempts to evade the tax imposed under this title or payment thereof  
5 is guilty of a class C felony as provided in chapter 9A.20 RCW.

6 (2) Any person required to collect tax imposed under this title  
7 who knowingly fails to collect, truthfully account for, or pay over  
8 the tax is guilty of a class C felony as provided in chapter 9A.20  
9 RCW.

10 (3) Any person who knowingly fails to pay tax, pay estimated tax,  
11 make returns, keep records, or supply information, as required under  
12 this title, is guilty of a gross misdemeanor as provided in chapter  
13 9A.20 RCW.

14 **PART VIII**

15 **ADMINISTRATIVE PROVISIONS**

16 NEW SECTION. **Sec. 801.** METHOD OF ACCOUNTING. (1) A taxpayer's  
17 method of accounting for purposes of the tax imposed under this title  
18 is the same as the taxpayer's method of accounting for federal income  
19 tax purposes. If no method of accounting has been regularly used by a  
20 taxpayer for federal income tax purposes or if the method used does  
21 not clearly reflect income, tax due under this title is computed by a  
22 method of accounting which in the opinion of the department fairly  
23 reflects income.

24 (2) If a person's method of accounting is changed for federal  
25 income tax purposes, it must be similarly changed for purposes of  
26 this title.

27 NEW SECTION. **Sec. 802.** PERSONS REQUIRED TO FILE RETURNS. (1)  
28 All taxpayers must file with the department, on forms prescribed by  
29 the department, an income tax return for each tax year. Each person  
30 required to file a return under this title must, without assessment,  
31 notice, or demand, pay any tax due thereon to the department on or  
32 before the date fixed for the filing of the return.

33 (2) The department may by rule require that certain taxpayers  
34 file, on forms prescribed by the department, informational returns  
35 for any period. Each person required by rule to file an informational  
36 return must, without assessment, notice, or demand, pay any tax due

1 thereon to the department on or before the date fixed for the filing  
2 of the informational return.

3 (3) If an adjustment to a taxpayer's federal return is made by  
4 the taxpayer or the internal revenue service, the taxpayer must,  
5 within ninety days of the final determination of the adjustment by  
6 the internal revenue service or within thirty days of the filing of a  
7 federal return adjusted by the taxpayer, file with the department on  
8 forms prescribed by the department a corrected return reflecting the  
9 adjustments as finally determined. The taxpayer must pay any  
10 additional tax due resulting from the finally determined internal  
11 revenue service adjustment or a taxpayer adjustment without notice  
12 and assessment. Notwithstanding any provision of this title or any  
13 other title to the contrary, the period of limitation for the  
14 collection of the additional tax, interest, and penalty due as a  
15 result of an adjustment by the taxpayer or a finally determined  
16 internal revenue service adjustment must begin at the later of thirty  
17 days following the final determination of the adjustment or the date  
18 of the filing of the corrected return.

19 NEW SECTION. **Sec. 803.** DUE DATE FOR FILING A RETURN—EXTENSIONS  
20 —INTEREST AND PENALTIES. The due date of a return required to be  
21 filed with the department is the due date of the federal income tax  
22 return or informational return for federal income tax purposes. The  
23 department must have the authority to grant extensions of times by  
24 which returns required to be filed by this title may be submitted.  
25 The department must also have the authority to grant extensions of  
26 time to pay tax with regard to taxes imposed by this title. Interest  
27 at the rate as specified in RCW 82.32.050 accrues during any  
28 extension period and the interest and penalty provisions of chapter  
29 82.32 RCW apply to late payments and deficiencies. Notwithstanding  
30 the limitation of RCW 82.32.090, in the case of the late filing of an  
31 informational return, there is imposed a penalty the amount of which  
32 is established by the department by rule. The penalty may not exceed  
33 fifty dollars per month for a maximum of ten months. RCW 82.32.105  
34 applies to this section.

35 NEW SECTION. **Sec. 804.** JOINT RETURN. (1) If the federal income  
36 tax liabilities of both spouses are determined on a joint federal  
37 return for the taxable year, they must file a joint return under this  
38 title unless one spouse is a resident and the other is a nonresident.



1 (2) If neither spouse is required to file a federal income tax  
2 return for the taxable year, a joint return may be filed under this  
3 title under the same conditions under which a joint return may be  
4 filed for purposes of the federal income tax.

5 (3) If the federal income tax liability of either spouse is  
6 determined on a separate federal return for the taxable year, they  
7 must file separate returns under this title.

8 (4) If one spouse is a resident and the other is a nonresident,  
9 they must file separate returns under this title, unless they elect  
10 to determine their tax liabilities under this title on a joint return  
11 as if they were both residents, and:

12 (a) Their federal tax liability for the taxable year was  
13 determined on a joint federal return; or

14 (b) Neither spouse has filed a federal income tax return for the  
15 taxable year and they would be permitted to file a joint federal  
16 return for the taxable year.

17 (5) In any case in which a joint return is filed under this  
18 section, the liability of the husband and wife is joint and several,  
19 unless the spouse is relieved of liability under section 6013 of the  
20 internal revenue code.

21 NEW SECTION. **Sec. 805.** RECORDS—RETURNS. (1) Every taxpayer and  
22 every person required to deduct and withhold the tax imposed under  
23 this title must keep records, render statements, make returns, file  
24 reports, and perform other acts as the department requires by rule.  
25 Each return must be made under penalty of perjury and on forms  
26 prescribed by the department. The department may require other  
27 statements and reports be made under penalty of perjury and on forms  
28 prescribed by the department. The department may require any taxpayer  
29 and any person required to deduct and withhold the tax imposed under  
30 this title to furnish to the department a correct copy of any return  
31 or document which the taxpayer has filed with the internal revenue  
32 service or received from the internal revenue service.

33 (2) All books and records and other papers and documents required  
34 to be kept under this title are subject to inspection by the  
35 department at all times during business hours of the day.

36 NEW SECTION. **Sec. 806.** ESTIMATION AGREEMENTS. The department  
37 may reasonably estimate the items of business or nonbusiness income  
38 of a taxpayer having an office within the state and one or more other

1 states or foreign countries which may be apportioned or allocated to  
2 the state and may enter into estimation agreements with such  
3 taxpayers for the determination of their liability for the tax  
4 imposed by this title.

5 NEW SECTION. **Sec. 807.** PROVISIONS OF INTERNAL REVENUE CODE  
6 CONTROL. (1) To the extent possible without being inconsistent with  
7 this title, all of the provisions of the internal revenue code  
8 relating to the following subjects apply to the taxes imposed under  
9 this title:

10 (a) Time of payment of tax deducted and withheld under sections  
11 301 through 306 of this act;

12 (b) Liability of transferees;

13 (c) Time and manner of making returns, extensions of time for  
14 filing returns, verification of returns, and the time when a return  
15 is deemed filed.

16 (2) The department by rule may provide modifications and  
17 exceptions to the provisions listed in subsection (1) of this  
18 section, if reasonably necessary to facilitate the prompt, efficient,  
19 and equitable collection of tax under this title.

20 NEW SECTION. **Sec. 808.** REFUNDS OF OVERPAYMENTS—OTHER  
21 ADMINISTRATIVE PROVISIONS. (1) The department must refund all taxes  
22 improperly paid or collected.

23 (2) The following sections apply to the administration of taxes  
24 imposed under this title: RCW 82.32.020, 82.32.050, 82.32.060,  
25 82.32.070, 82.32.090, 82.32.100, 82.32.105, 82.32.110, 82.32.120,  
26 82.32.130, 82.32.140, 82.32.150, 82.32.160, 82.32.170, 82.32.180,  
27 82.32.190, 82.32.200, 82.32.210, 82.32.220, 82.32.230, 82.32.235,  
28 82.32.237, 82.32.240, 82.32.245, 82.32.265, 82.32.300, 82.32.310,  
29 82.32.320, 82.32.330, 82.32.340, 82.32.350, 82.32.360, and 82.32.380.

30 NEW SECTION. **Sec. 809.** RULES. The department may adopt rules  
31 under chapter 34.05 RCW for the administration and enforcement of  
32 this title. The rules, to the extent possible without being  
33 inconsistent with this title, must follow the internal revenue code  
34 and the regulations and rulings of the United States treasury  
35 department with respect to the federal income tax. The department may  
36 adopt as a part of these rules any portions of the internal revenue

1 code and treasury department regulations and rulings, in whole or in  
2 part.

3 **PART IX**

4 **APPEALS**

5 **Sec. 901.** RCW 82.03.130 and 2005 c 253 s 7 are each amended to  
6 read as follows:

7 (1) The board (~~shall have~~) has jurisdiction to decide the  
8 following types of appeals:

9 (a) Appeals taken pursuant to RCW 82.03.190.

10 (b) Appeals from a county board of equalization pursuant to RCW  
11 84.08.130.

12 (c) Appeals by an assessor or landowner from an order of the  
13 director of revenue made pursuant to RCW 84.08.010 and 84.08.060, if  
14 filed with the board of tax appeals within thirty days after the  
15 mailing of the order, the right to such an appeal being hereby  
16 established.

17 (d) Appeals by an assessor or owner of an intercounty public  
18 utility or private car company from determinations by the director of  
19 revenue of equalized assessed valuation of property and the  
20 apportionment thereof to a county made pursuant to chapter 84.12 and  
21 84.16 RCW, if filed with the board of tax appeals within thirty days  
22 after mailing of the determination, the right to such appeal being  
23 hereby established.

24 (e) Appeals by an assessor, landowner, or owner of an intercounty  
25 public utility or private car company from a determination of any  
26 county indicated ratio for such county compiled by the department  
27 (~~of revenue~~) pursuant to RCW 84.48.075(~~PROVIDED, That~~).

28 (i) (~~Said~~) The appeal must be filed after review of the ratio  
29 under RCW 84.48.075(3) and not later than fifteen days after the  
30 mailing of the certification; and

31 (ii) The hearing before the board (~~shall~~) must be expeditiously  
32 held in accordance with rules prescribed by the board and (~~shall~~)  
33 takes precedence over all matters of the same character.

34 (f) Appeals from the decisions of sale price of second class  
35 shorelands on navigable lakes by the department of natural resources  
36 pursuant to RCW (~~79.94.210~~) 79.125.450.

1 (g) Appeals from urban redevelopment property tax apportionment  
2 district proposals established by governmental ordinances pursuant to  
3 RCW 39.88.060.

4 (h) Appeals from interest rates as determined by the department  
5 of revenue for use in valuing farmland under current use assessment  
6 pursuant to RCW 84.34.065.

7 (i) Appeals from revisions to stumpage value tables used to  
8 determine value by the department of revenue pursuant to RCW  
9 84.33.091.

10 (j) Appeals from denial of tax exemption application by the  
11 department of revenue pursuant to RCW 84.36.850.

12 (k) Appeals pursuant to RCW 84.40.038(3).

13 (l) Appeals pursuant to RCW 84.39.020.

14 (m) Appeals relating to income tax deficiencies and refunds,  
15 including penalties and interest, under Title 82A RCW (the new title  
16 created in section 1302 of this act).

17 (2) Except as otherwise specifically provided by law  
18 (~~hereafter~~), the provisions of RCW 1.12.070 (~~shall~~) apply to all  
19 notices of appeal filed with the board of tax appeals.

20 **Sec. 902.** RCW 82.03.140 and 2000 c 103 s 1 are each amended to  
21 read as follows:

22 (1) In all appeals over which the board has jurisdiction under  
23 RCW 82.03.130, a party taking an appeal may elect either a formal or  
24 an informal hearing(~~, such~~). An election to appeal under this  
25 section must be made according to the rules of practice and procedure  
26 (~~to be~~) promulgated by the board(~~: PROVIDED, That~~).

27 (2) Nothing (~~shall~~) in this section:

28 (a) Prevents the assessor or taxpayer, as a party to an appeal  
29 pursuant to RCW 84.08.130, within twenty days from the date of the  
30 receipt of the notice of appeal, from filing with the clerk of the  
31 board notice of intention that the hearing be a formal one(~~:  
32 PROVIDED, HOWEVER, That nothing herein shall~~);

33 (b) May be construed to modify the provisions of RCW 82.03.190(~~:  
34 AND PROVIDED FURTHER, That~~).

35 (3) Upon an appeal under RCW 82.03.130(1) (e) or (m), the  
36 director (~~of revenue~~) may, within ten days from the date of its  
37 receipt of the notice of appeal, file with the clerk of the board  
38 notice of its (~~intention that the hearing be held pursuant to~~  
39 chapter 34.05 RCW) election of a formal hearing.



1 (5) Subsection (1) of this section does not exempt any pension or  
2 other benefit received under this chapter from tax under Title 82A  
3 RCW (the new title created in section 1302 of this act), nor does it  
4 prohibit the department of retirement systems from complying with the  
5 tax withholding requirements of that title.

6 **Sec. 1002.** RCW 2.12.090 and 2012 c 159 s 18 are each amended to  
7 read as follows:

8 (1) Except as provided in subsections (2), (3), ~~((and))~~ (4), and  
9 (5) of this section, the right of any person to a retirement  
10 allowance or optional retirement allowance under the provisions of  
11 this chapter and all moneys and investments and income thereof are  
12 exempt from any state, county, municipal, or other local tax and  
13 ~~((shall))~~ are not ~~((be))~~ subject to execution, garnishment,  
14 attachment, the operation of bankruptcy or the insolvency laws, or  
15 other processes of law whatsoever whether the same be in actual  
16 possession of the person or be deposited or loaned and ~~((shall-be))~~  
17 are unassignable except as herein specifically provided.

18 (2) Subsection (1) of this section ~~((shall))~~ does not prohibit  
19 the department of retirement systems from complying with (a) a wage  
20 assignment order for child support issued pursuant to chapter 26.18  
21 RCW, (b) a notice of payroll deduction issued under chapter 26.23  
22 RCW, (c) an order to withhold and deliver issued pursuant to chapter  
23 74.20A RCW, (d) a mandatory benefits assignment order issued pursuant  
24 to chapter 41.50 RCW, (e) a court order directing the department of  
25 retirement systems to pay benefits directly to an obligee under a  
26 dissolution order as defined in RCW 41.50.500(3) which fully complies  
27 with RCW 41.50.670 and 41.50.700, or (f) any administrative or court  
28 order expressly authorized by federal law.

29 (3) Subsection (1) of this section ~~((shall not be deemed to))~~  
30 does not prohibit a beneficiary of a retirement allowance from  
31 authorizing deductions therefrom for payment of premiums due on any  
32 group insurance policy or plan issued for the benefit of a group  
33 comprised of public employees of the state of Washington.

34 (4) Deductions made in the past from retirement benefits are  
35 hereby expressly recognized, ratified, and affirmed. Future  
36 deductions may only be made in accordance with this section.

37 (5) Subsection (1) of this section does not exempt any pension or  
38 other benefit received under this chapter from tax under Title 82A  
39 RCW (the new title created in section 1302 of this act), nor does it

1 prohibit the department of retirement systems from complying with the  
2 tax withholding requirements of that title.

3 **Sec. 1003.** RCW 6.13.030 and 2007 c 429 s 1 are each amended to  
4 read as follows:

5 A homestead may consist of lands, as described in RCW 6.13.010,  
6 regardless of area, but the homestead exemption amount (~~shall~~) may  
7 not exceed the lesser of (1) the total net value of the lands,  
8 manufactured homes, mobile home, improvements, and other personal  
9 property, as described in RCW 6.13.010, or (2) the sum of one hundred  
10 twenty-five thousand dollars in the case of lands, manufactured  
11 homes, mobile home, and improvements, or the sum of fifteen thousand  
12 dollars in the case of other personal property described in RCW  
13 6.13.010(~~, except where the homestead is subject to execution,~~  
14 ~~attachment, or seizure by or under any legal process whatever to~~  
15 ~~satisfy a judgment in favor of any state for failure to pay that~~  
16 ~~state's income tax on benefits received while a resident of the state~~  
17 ~~of Washington from a pension or other retirement plan, in which event~~  
18 ~~there shall be no dollar limit on the value of the exemption)).~~

19 **Sec. 1004.** RCW 6.15.020 and 2011 c 162 s 3 are each amended to  
20 read as follows:

21 (1) It is the policy of the state of Washington to ensure the  
22 well-being of its citizens by protecting retirement income to which  
23 they are or may become entitled. For that purpose generally and  
24 pursuant to the authority granted to the state of Washington under 11  
25 U.S.C. Sec. 522(b)(2), the exemptions in this section relating to  
26 retirement benefits are provided.

27 (2) Unless otherwise provided by federal law, any money received  
28 by any citizen of the state of Washington as a pension from the  
29 government of the United States, whether the same be in the actual  
30 possession of such person or be deposited or loaned, (~~shall be~~) is  
31 exempt from execution, attachment, garnishment, or seizure by or  
32 under any legal process whatever, and when a debtor dies, or  
33 absconds, and leaves his or her family any money exempted by this  
34 subsection, the same (~~shall be~~) is exempt to the family as provided  
35 in this subsection. This subsection (~~shall~~) does not apply to child  
36 support collection actions issued under chapter 26.18, 26.23, or  
37 74.20A RCW, if otherwise permitted by federal law, or to collection

1 actions for taxes imposed under Title 82A RCW (the new title created  
2 in section 1302 of this act).

3 (3) The right of a person to a pension, annuity, or retirement  
4 allowance or disability allowance, or death benefits, or any optional  
5 benefit, or any other right accrued or accruing to any citizen of the  
6 state of Washington under any employee benefit plan, and any fund  
7 created by such a plan or arrangement, (~~shall be~~) is exempt from  
8 execution, attachment, garnishment, or seizure by or under any legal  
9 process whatever. This subsection (~~shall~~) does not apply to child  
10 support collection actions issued under chapter 26.18, 26.23, or  
11 74.20A RCW if otherwise permitted by federal law, or to collection  
12 actions for taxes imposed under Title 82A RCW (the new title created  
13 in section 1302 of this act). This subsection (~~shall~~) permits  
14 benefits under any such plan or arrangement to be payable to a  
15 spouse, former spouse, child, or other dependent of a participant in  
16 such plan to the extent expressly provided for in a qualified  
17 domestic relations order that meets the requirements for such orders  
18 under the plan, or, in the case of benefits payable under a plan  
19 described in 26 U.S.C. Sec. 403(b) or 408 of the internal revenue  
20 code of 1986, as amended, or section 409 of such code as in effect  
21 before January 1, 1984, to the extent provided in any order issued by  
22 a court of competent jurisdiction that provides for maintenance or  
23 support. This subsection does not prohibit actions against an  
24 employee benefit plan, or fund for valid obligations incurred by the  
25 plan or fund for the benefit of the plan or fund.

26 (4) For the purposes of this section, the term "employee benefit  
27 plan" means any plan or arrangement that is described in RCW  
28 49.64.020, including any Keogh plan, whether funded by a trust or by  
29 an annuity contract, and in 26 U.S.C. Sec. 401(a) or 403(a) of the  
30 internal revenue code of 1986, as amended; or that is a tax-sheltered  
31 annuity or a custodial account described in section 403(b) of such  
32 code or an individual retirement account or an individual retirement  
33 annuity described in section 408 of such code; or a Roth individual  
34 retirement account described in section 408A of such code; or a  
35 medical savings account or a health savings account described in  
36 sections 220 and 223, respectively, of such code; or a retirement  
37 bond described in section 409 of such code as in effect before  
38 January 1, 1984. The term "employee benefit plan" (~~shall~~) does not  
39 include any employee benefit plan that is established or maintained  
40 for its employees by the government of the United States, by the



1 state of Washington under chapter 2.10, 2.12, 41.26, 41.32, 41.34,  
2 41.35, 41.37, 41.40, or 43.43 RCW or RCW 41.50.770, or by any agency  
3 or instrumentality of the government of the United States.

4 (5) An employee benefit plan (~~shall be~~) is deemed to be a  
5 spendthrift trust, regardless of the source of funds, the  
6 relationship between the trustee or custodian of the plan and the  
7 beneficiary, or the ability of the debtor to withdraw or borrow or  
8 otherwise become entitled to benefits from the plan before  
9 retirement. This subsection (~~shall~~) does not apply to child support  
10 collection actions issued under chapter 26.18, 26.23, or 74.20A RCW,  
11 if otherwise permitted by federal law, or to collection actions for  
12 taxes imposed under Title 82A RCW (the new title created in section  
13 1302 of this act). This subsection (~~shall~~) permits benefits under  
14 any such plan or arrangement to be payable to a spouse, former  
15 spouse, child, or other dependent of a participant in such plan to  
16 the extent expressly provided for in a qualified domestic relations  
17 order that meets the requirements for such orders under the plan, or,  
18 in the case of benefits payable under a plan described in 26 U.S.C.  
19 Sec. 403(b) or 408 of the internal revenue code of 1986, as amended,  
20 or section 409 of such code as in effect before January 1, 1984, to  
21 the extent provided in any order issued by a court of competent  
22 jurisdiction that provides for maintenance or support.

23 (6)(a) Unless prohibited by federal law, nothing contained in  
24 subsection (3), (4), or (5) of this section (~~shall~~) may be  
25 construed as a termination or limitation of a spouse's community  
26 property interest in an employee benefit plan held in the name of or  
27 on account of the other spouse, who is the participant or the account  
28 holder spouse. Unless prohibited by applicable federal law, at the  
29 death of the nonparticipant, nonaccount holder spouse, the  
30 nonparticipant, nonaccount holder spouse may transfer or distribute  
31 the community property interest of the nonparticipant, nonaccount  
32 holder spouse in the participant or account holder spouse's employee  
33 benefit plan to the nonparticipant, nonaccount holder spouse's  
34 estate, testamentary trust, inter vivos trust, or other successor or  
35 successors pursuant to the last will of the nonparticipant,  
36 nonaccount holder spouse or the law of intestate succession, and that  
37 distributee may, but (~~shall~~) is not (~~be~~) required to, obtain an  
38 order of a court of competent jurisdiction, including a nonjudicial  
39 binding agreement or order entered under chapter 11.96A RCW, to  
40 confirm the distribution.

1       **(b)** For purposes of subsection (3) of this section, the  
2 distributee of the nonparticipant, nonaccount holder spouse's  
3 community property interest in an employee benefit plan (~~shall be~~)  
4 is considered a person entitled to the full protection of subsection  
5 (3) of this section. The nonparticipant, nonaccount holder spouse's  
6 consent to a beneficiary designation by the participant or account  
7 holder spouse with respect to an employee benefit plan (~~shall~~) does  
8 not, absent clear and convincing evidence to the contrary, be deemed  
9 a release, gift, relinquishment, termination, limitation, or transfer  
10 of the nonparticipant, nonaccount holder spouse's community property  
11 interest in an employee benefit plan.

12       **(c)** For purposes of this subsection(~~, the term~~):

13       **(i)** "Nonparticipant, nonaccount holder spouse" means the spouse  
14 of the person who is a participant in an employee benefit plan or in  
15 whose name an individual retirement account is maintained. (~~As used~~  
16 ~~in this subsection,~~)

17       **(ii)** An order of a court of competent jurisdiction entered under  
18 chapter 11.96A RCW includes an agreement, as that term is used under  
19 RCW 11.96A.220.

20       **Sec. 1005.** RCW 41.24.240 and 1995 c 11 s 13 are each amended to  
21 read as follows:

22       **(1)** The right of any person to any future payment under the  
23 provisions of this chapter (~~shall~~) is not (~~be~~) transferable or  
24 assignable at law or in equity, and none of the moneys paid or  
25 payable or the rights existing under this chapter, (~~shall be~~) is  
26 subject to execution, levy, attachment, garnishment, or other legal  
27 process, or to the operation of any bankruptcy or insolvency law.  
28 This section (~~shall~~) is not be applicable to any child support  
29 collection action taken under chapter 26.18, 26.23, or 74.20A RCW.  
30 Benefits under this chapter (~~shall be~~) are payable to a spouse or  
31 ex-spouse to the extent expressly provided for in any court decree of  
32 dissolution or legal separation or in any court order or court-  
33 approved property settlement agreement incident to any court decree  
34 of dissolution or legal separation.

35       **(2)** Nothing in this chapter (~~shall~~) may be construed to deprive  
36 any participant, eligible to receive a pension hereunder, from  
37 receiving a pension under any other act to which that participant may  
38 become eligible by reason of services other than or in addition to  
39 his or her services under this chapter.

1 (3) Subsection (1) of this section does not exempt any pension or  
2 other benefit received under this chapter from tax under Title 82A  
3 RCW (the new title created in section 1302 of this act), nor does it  
4 prohibit the department of retirement systems from complying with the  
5 tax withholding requirements of that title.

6 **Sec. 1006.** RCW 41.32.052 and 2012 c 159 s 20 are each amended to  
7 read as follows:

8 (1) Subject to subsections (2) ~~((and))~~, (3), and (4) of this  
9 section, the right of a person to a pension, an annuity, a retirement  
10 allowance, or disability allowance, to the return of contributions,  
11 any optional benefit or death benefit, any other right accrued or  
12 accruing to any person under the provisions of this chapter and the  
13 moneys in the various funds created by this chapter ~~((shall be))~~ are  
14 unassignable, and are hereby exempt from any state, county, municipal  
15 or other local tax, and shall not be subject to execution,  
16 garnishment, attachment, the operation of bankruptcy or insolvency  
17 laws, or other process of law whatsoever whether the same be in  
18 actual possession of the person or be deposited or loaned.

19 (2)(a) This section ~~((shall not be deemed to))~~ does not prohibit  
20 a beneficiary of a retirement allowance who is eligible:

21 ~~((a))~~ (i) Under RCW 41.05.080 from authorizing monthly  
22 deductions therefrom for payment of premiums due on any group  
23 insurance policy or plan issued for the benefit of a group comprised  
24 of public employees of the state of Washington or its political  
25 subdivisions;

26 ~~((b))~~ (ii) Under a group health care benefit plan approved  
27 pursuant to RCW 28A.400.350 or 41.05.065 from authorizing monthly  
28 deductions therefrom, of the amount or amounts of subscription  
29 payments, premiums, or contributions to any person, firm, or  
30 corporation furnishing or providing medical, surgical, and hospital  
31 care or other health care insurance; or

32 ~~((c))~~ (iii) Under this system from authorizing monthly  
33 deductions therefrom for payment of dues and other membership fees to  
34 any retirement association composed of retired teachers and/or public  
35 employees pursuant to a written agreement between the director and  
36 the retirement association.

37 (b) Deductions under (a) ~~((and (b)))~~ (i) and (ii) of this  
38 subsection ~~((shall))~~ must be made in accordance with rules that may  
39 be adopted by the director.

1           (3) Subsection (1) of this section (~~shall~~) does not prohibit  
2 the department from complying with (a) a wage assignment order for  
3 child support issued pursuant to chapter 26.18 RCW, (b) an order to  
4 withhold and deliver issued pursuant to chapter 74.20A RCW, (c) a  
5 notice of payroll deduction issued pursuant to RCW 26.23.060, (d) a  
6 mandatory benefits assignment order issued by the department, (e) a  
7 court order directing the department of retirement systems to pay  
8 benefits directly to an obligee under a dissolution order as defined  
9 in RCW 41.50.500(3) which fully complies with RCW 41.50.670 and  
10 41.50.700, or (f) any administrative or court order expressly  
11 authorized by federal law.

12           (4) Subsection (1) of this section does not exempt any pension or  
13 other benefit received under this chapter from tax under Title 82A  
14 RCW (the new title created in section 1302 of this act), nor does it  
15 prohibit the department of retirement systems from complying with the  
16 tax withholding requirements of that title.

17           **Sec. 1007.** RCW 41.35.100 and 2012 c 159 s 24 are each amended to  
18 read as follows:

19           (1) Subject to subsections (2) (~~and~~), (3), and (4) of this  
20 section, the right of a person to a pension, an annuity, or  
21 retirement allowance, any optional benefit, any other right accrued  
22 or accruing to any person under the provisions of this chapter, the  
23 various funds created by this chapter, and all moneys and investments  
24 and income thereof, are (~~hereby~~) exempt from any state, county,  
25 municipal, or other local tax, and (~~shall~~) are not (~~be~~) subject  
26 to execution, garnishment, attachment, the operation of bankruptcy or  
27 insolvency laws, or other process of law whatsoever, whether the same  
28 be in actual possession of the person or be deposited or loaned and  
29 (~~shall be~~) are unassignable.

30           (2) This section does not prohibit a beneficiary of a retirement  
31 allowance from authorizing deductions therefrom for payment of  
32 premiums due on any group insurance policy or plan issued for the  
33 benefit of a group comprised of public employees of the state of  
34 Washington or its political subdivisions and which has been approved  
35 for deduction in accordance with rules that may be adopted by the  
36 state health care authority and/or the department. This section also  
37 does not prohibit a beneficiary of a retirement allowance from  
38 authorizing deductions therefrom for payment of dues and other  
39 membership fees to any retirement association or organization the

1 membership of which is composed of retired public employees, if a  
2 total of three hundred or more of such retired employees have  
3 authorized such deduction for payment to the same retirement  
4 association or organization.

5 (3) Subsection (1) of this section does not prohibit the  
6 department from complying with (a) a wage assignment order for child  
7 support issued pursuant to chapter 26.18 RCW, (b) an order to  
8 withhold and deliver issued pursuant to chapter 74.20A RCW, (c) a  
9 notice of payroll deduction issued pursuant to RCW 26.23.060, (d) a  
10 mandatory benefits assignment order issued by the department, (e) a  
11 court order directing the department of retirement systems to pay  
12 benefits directly to an obligee under a dissolution order as defined  
13 in RCW 41.50.500(3) which fully complies with RCW 41.50.670 and  
14 41.50.700, or (f) any administrative or court order expressly  
15 authorized by federal law.

16 (4) Subsection (1) of this section does not exempt any pension or  
17 other benefit received under this chapter from tax under Title 82A  
18 RCW (the new title created in section 1302 of this act), nor does it  
19 prohibit the department of retirement systems from complying with the  
20 tax withholding requirements of that title.

21 **Sec. 1008.** RCW 41.40.052 and 2012 c 159 s 26 are each amended to  
22 read as follows:

23 (1) Subject to subsections (2) ~~((and))~~, (3), and (4) of this  
24 section, the right of a person to a pension, an annuity, or  
25 retirement allowance, any optional benefit, any other right accrued  
26 or accruing to any person under the provisions of this chapter, the  
27 various funds created by this chapter, and all moneys and investments  
28 and income thereof, are ~~((hereby))~~ exempt from any state, county,  
29 municipal, or other local tax, and ~~((shall))~~ are not ~~((be))~~ subject  
30 to execution, garnishment, attachment, the operation of bankruptcy or  
31 insolvency laws, or other process of law whatsoever, whether the same  
32 be in actual possession of the person or be deposited or loaned and  
33 ~~((shall be))~~ are unassignable.

34 (2)(a) This section ~~((shall not be deemed to))~~ does not prohibit  
35 a beneficiary of a retirement allowance from authorizing deductions  
36 therefrom for payment of premiums due on any group insurance policy  
37 or plan issued for the benefit of a group comprised of public  
38 employees of the state of Washington or its political subdivisions  
39 and which has been approved for deduction in accordance with rules

1 that may be adopted by the state health care authority and/or the  
2 department, and this section (~~shall not be deemed to~~) does not  
3 prohibit a beneficiary of a retirement allowance from authorizing  
4 deductions therefrom for payment of dues and other membership fees to  
5 any retirement association or organization the membership of which is  
6 composed of retired public employees, if a total of three hundred or  
7 more of such retired employees have authorized such deduction for  
8 payment to the same retirement association or organization.

9 (b) This section does not prohibit a beneficiary of a retirement  
10 allowance from authorizing deductions from that allowance for  
11 charitable purposes on the same terms as employees and public  
12 officers under RCW 41.04.035 and 41.04.036.

13 (3) Subsection (1) of this section (~~shall~~) does not prohibit  
14 the department from complying with (a) a wage assignment order for  
15 child support issued pursuant to chapter 26.18 RCW, (b) an order to  
16 withhold and deliver issued pursuant to chapter 74.20A RCW, (c) a  
17 notice of payroll deduction issued pursuant to RCW 26.23.060, (d) a  
18 mandatory benefits assignment order issued by the department, (e) a  
19 court order directing the department of retirement systems to pay  
20 benefits directly to an obligee under a dissolution order as defined  
21 in RCW 41.50.500(3) which fully complies with RCW 41.50.670 and  
22 41.50.700, or (f) any administrative or court order expressly  
23 authorized by federal law.

24 (4) Subsection (1) of this section does not exempt any pension or  
25 other benefit received under this chapter from tax under Title 82A  
26 RCW (the new title created in section 1302 of this act), nor does it  
27 prohibit the department of retirement systems from complying with the  
28 tax withholding requirements of that title.

29 **Sec. 1009.** RCW 41.44.240 and 2012 c 159 s 27 are each amended to  
30 read as follows:

31 (1) The right of a person to a pension, annuity or a retirement  
32 allowance, to the return of contribution, the pension, annuity or  
33 retirement allowance itself, any optional benefit, any other right  
34 accrued or accruing to any person under the provisions of this  
35 chapter, and the moneys in the fund created under this chapter  
36 (~~shall~~) are not (~~be~~) subject to execution, garnishment, or any  
37 other process whatsoever whether the same be in actual possession of  
38 the person or be deposited or loaned.

1       (2) This section (~~shall~~) does not apply to child support  
2 collection actions taken under chapter 26.18, 26.23, or 74.20A RCW  
3 against benefits payable under any such plan or arrangement. Benefits  
4 under this chapter (~~shall be~~) are payable to a spouse or ex-spouse  
5 to the extent expressly provided for in any court decree of  
6 dissolution or legal separation or in any court order or court-  
7 approved property settlement agreement incident to any court decree  
8 of dissolution or legal separation.

9       (3) Subsection (1) of this section does not exempt any pension or  
10 other benefit received under this chapter from tax under Title 82A  
11 RCW (the new title created in section 1302 of this act), nor does it  
12 prohibit the department of retirement systems from complying with the  
13 tax withholding requirements of that title.

14       **Sec. 1010.** RCW 41.26.053 and 2012 c 159 s 21 are each amended to  
15 read as follows:

16       (1) Subject to subsections (2) (~~and~~), (3), and (4) of this  
17 section, the right of a person to a retirement allowance, disability  
18 allowance, or death benefit, to the return of accumulated  
19 contributions, the retirement, disability or death allowance itself,  
20 any optional benefit, any other right accrued or accruing to any  
21 person under the provisions of this chapter, and the moneys in the  
22 fund created under this chapter, are (~~hereby~~) exempt from any  
23 state, county, municipal, or other local tax and (~~shall~~) are not  
24 (~~be~~) subject to execution, garnishment, attachment, the operation  
25 of bankruptcy or insolvency laws, or any other process of law  
26 whatsoever, whether the same be in actual possession of the person or  
27 be deposited or loaned and (~~shall be~~) are unassignable.

28       (2) On the written request of any person eligible to receive  
29 benefits under this section, the department may deduct from such  
30 payments the premiums for life, health, or other insurance. The  
31 request on behalf of any child or children (~~shall~~) must be made by  
32 the legal guardian of such child or children. The department may  
33 provide for such persons one or more plans of group insurance,  
34 through contracts with regularly constituted insurance carriers or  
35 health care service contractors.

36       (3) Subsection (1) of this section (~~shall~~) does not prohibit  
37 the department from complying with (a) a wage assignment order for  
38 child support issued pursuant to chapter 26.18 RCW, (b) an order to  
39 withhold and deliver issued pursuant to chapter 74.20A RCW, (c) a

1 notice of payroll deduction issued pursuant to RCW 26.23.060, (d) a  
2 mandatory benefits assignment order issued by the department, (e) a  
3 court order directing the department of retirement systems to pay  
4 benefits directly to an obligee under a dissolution order as defined  
5 in RCW 41.50.500(3) which fully complies with RCW 41.50.670 and  
6 41.50.700, or (f) any administrative or court order expressly  
7 authorized by federal law.

8 (4) Subsection (1) of this section does not exempt any pension or  
9 other benefit received under this chapter from tax under Title 82A  
10 RCW (the new title created in section 1302 of this act), nor does it  
11 prohibit the department of retirement systems from complying with the  
12 tax withholding requirements of that title.

13 **Sec. 1011.** RCW 43.43.310 and 2012 c 159 s 28 are each amended to  
14 read as follows:

15 (1) Except as provided in subsections (2) (~~and~~), (3), and (4)  
16 of this section, the right of any person to a retirement allowance or  
17 optional retirement allowance under (~~the provisions hereof~~) this  
18 section and all moneys and investments and income thereof are exempt  
19 from any state, county, municipal, or other local tax and (~~shall~~)  
20 are not (~~be~~) subject to execution, garnishment, attachment, the  
21 operation of bankruptcy or the insolvency laws, or other processes of  
22 law whatsoever, whether the same be in actual possession of the  
23 person or be deposited or loaned and (~~shall be~~) are unassignable  
24 except as herein specifically provided.

25 (2) Subsection (1) of this section (~~shall~~) does not prohibit  
26 the department of retirement systems from complying with (a) a wage  
27 assignment order for child support issued pursuant to chapter 26.18  
28 RCW, (b) an order to withhold and deliver issued pursuant to chapter  
29 74.20A RCW, (c) a notice of payroll deduction issued pursuant to RCW  
30 26.23.060, (d) a mandatory benefits assignment order issued pursuant  
31 to chapter 41.50 RCW, (e) a court order directing the department of  
32 retirement systems to pay benefits directly to an obligee under a  
33 dissolution order as defined in RCW 41.50.500(3) which fully complies  
34 with RCW 41.50.670 and 41.50.700, or (f) any administrative or court  
35 order expressly authorized by federal law.

36 (3) Subsection (1) of this section (~~shall not be deemed to~~)  
37 does not prohibit a beneficiary of a retirement allowance from  
38 authorizing deductions therefrom for payment of premiums due on any  
39 group insurance policy or plan issued for the benefit of a group



1 comprised of members of the Washington state patrol or other public  
2 employees of the state of Washington, or for contributions to the  
3 Washington state patrol memorial foundation.

4 (4) Subsection (1) of this section does not exempt any pension or  
5 other benefit received under this chapter from tax under Title 82A  
6 RCW (the new title created in section 1302 of this act), nor does it  
7 prohibit the department of retirement systems from complying with the  
8 tax withholding requirements of that title.

9 NEW SECTION. Sec. 1012. RCW 6.15.025 (Exemption of pension or  
10 retirement plan benefits from execution for judgment for out-of-state  
11 income tax) and 1991 c 123 s 3 are each repealed.

12 **PART XI**

13 **REDUCING THE STATE SALES TAX**

14 **Sec. 1101.** RCW 82.08.020 and 2014 c 140 s 12 are each amended to  
15 read as follows:

16 (1) There is levied and collected a tax equal to (~~six~~) three  
17 and five-tenths percent of the selling price on each retail sale in  
18 this state of:

19 (a) Tangible personal property, unless the sale is specifically  
20 excluded from the RCW 82.04.050 definition of retail sale;

21 (b) Digital goods, digital codes, and digital automated services,  
22 if the sale is included within the RCW 82.04.050 definition of retail  
23 sale;

24 (c) Services, other than digital automated services, included  
25 within the RCW 82.04.050 definition of retail sale;

26 (d) Extended warranties to consumers; and

27 (e) Anything else, the sale of which is included within the RCW  
28 82.04.050 definition of retail sale.

29 (2) There is levied and collected an additional tax on each  
30 retail car rental, regardless of whether the vehicle is licensed in  
31 this state, equal to five and nine-tenths percent of the selling  
32 price. The revenue collected under this subsection must be deposited  
33 in the multimodal transportation account created in RCW 47.66.070.

34 (3) Beginning July 1, 2003, there is levied and collected an  
35 additional tax of three-tenths of one percent of the selling price on  
36 each retail sale of a motor vehicle in this state, other than retail  
37 car rentals taxed under subsection (2) of this section. The revenue

1 collected under this subsection must be deposited in the multimodal  
2 transportation account created in RCW 47.66.070.

3 (4) For purposes of subsection (3) of this section, "motor  
4 vehicle" has the meaning provided in RCW 46.04.320, but does not  
5 include:

6 (a) Farm tractors or farm vehicles as defined in RCW 46.04.180  
7 and 46.04.181, unless the farm tractor or farm vehicle is for use in  
8 the production of marijuana;

9 (b) Off-road vehicles as defined in RCW 46.04.365;

10 (c) Nonhighway vehicles as defined in RCW 46.09.310; and

11 (d) Snowmobiles as defined in RCW 46.04.546.

12 (5) Beginning on December 8, 2005, 0.16 percent of the taxes  
13 collected under subsection (1) of this section must be dedicated to  
14 funding comprehensive performance audits required under RCW  
15 43.09.470. The revenue identified in this subsection must be  
16 deposited in the performance audits of government account created in  
17 RCW 43.09.475.

18 (6) The taxes imposed under this chapter apply to successive  
19 retail sales of the same property.

20 (7) The rates provided in this section apply to taxes imposed  
21 under chapter 82.12 RCW as provided in RCW 82.12.020.

22 **Sec. 1102.** RCW 82.08.020 and 2016 c 1 s 2 (Initiative Measure  
23 No. 1366) are each amended to read as follows:

24 (1) There is levied and collected a tax equal to (~~five~~) three  
25 and five-tenths percent of the selling price on each retail sale in  
26 this state of:

27 (a) Tangible personal property, unless the sale is specifically  
28 excluded from the RCW 82.04.050 definition of retail sale;

29 (b) Digital goods, digital codes, and digital automated services,  
30 if the sale is included within the RCW 82.04.050 definition of retail  
31 sale;

32 (c) Services, other than digital automated services, included  
33 within the RCW 82.04.050 definition of retail sale;

34 (d) Extended warranties to consumers; and

35 (e) Anything else, the sale of which is included within the RCW  
36 82.04.050 definition of retail sale.

37 (2) There is levied and collected an additional tax on each  
38 retail car rental, regardless of whether the vehicle is licensed in  
39 this state, equal to five and nine-tenths percent of the selling

1 price. The revenue collected under this subsection must be deposited  
2 in the multimodal transportation account created in RCW 47.66.070.

3 (3) Beginning July 1, 2003, there is levied and collected an  
4 additional tax of three-tenths of one percent of the selling price on  
5 each retail sale of a motor vehicle in this state, other than retail  
6 car rentals taxed under subsection (2) of this section. The revenue  
7 collected under this subsection must be deposited in the multimodal  
8 transportation account created in RCW 47.66.070.

9 (4) For purposes of subsection (3) of this section, "motor  
10 vehicle" has the meaning provided in RCW 46.04.320, but does not  
11 include:

12 (a) Farm tractors or farm vehicles as defined in RCW 46.04.180  
13 and 46.04.181, unless the farm tractor or farm vehicle is for use in  
14 the production of marijuana;

15 (b) Off-road vehicles as defined in RCW 46.04.365;

16 (c) Nonhighway vehicles as defined in RCW 46.09.310; and

17 (d) Snowmobiles as defined in RCW 46.04.546.

18 (5) Beginning on December 8, 2005, 0.16 percent of the taxes  
19 collected under subsection (1) of this section must be dedicated to  
20 funding comprehensive performance audits required under RCW  
21 43.09.470. The revenue identified in this subsection must be  
22 deposited in the performance audits of government account created in  
23 RCW 43.09.475.

24 (6) The taxes imposed under this chapter apply to successive  
25 retail sales of the same property.

26 (7) The rates provided in this section apply to taxes imposed  
27 under chapter 82.12 RCW as provided in RCW 82.12.020.

28 **Sec. 1103.** 2016 c 1 s 3 (Initiative Measure No. 1366)  
29 (uncodified) is amended to read as follows:

30 (1) Section 2 of this act and section 1102, chapter . . . , Laws  
31 of 2016 (section 1102 of this act) take(~~s~~) effect April 15, 2016,  
32 unless the contingency in subsection (2) of this section occurs.

33 (2) If the legislature, prior to April 15, 2016, refers to the  
34 ballot for a vote a constitutional amendment requiring two-thirds  
35 legislative approval or voter approval to raise taxes as defined by  
36 voter-approved Initiatives 960, 1053, and 1185 and section 6 of this  
37 act and majority legislative approval for fee increases as required  
38 by voter-approved Initiatives 960, 1053, and 1185 and codified in RCW

1 43.135.055 and further defined by subsection ~~((a))~~ (3) of this  
2 section, section 2 of this act expires on April 14, 2016.

3 ~~((a) [(3)])~~ (3) For the purposes of this section, "majority  
4 legislative approval for fee increases" means only the legislature  
5 may set a fee increase's amount and must list it in a bill so it can  
6 be subject to the ten-year cost projection and other accountability  
7 procedures required by RCW 43.135.031.

8 **PART XII**

9 **ELIMINATING THE STATE PROPERTY TAX**

10 **Sec. 1201.** RCW 84.52.065 and 1991 sp.s. c 31 s 16 are each  
11 amended to read as follows:

12 Subject to the limitations in RCW 84.55.010, in each year through  
13 calendar year 2016 the state ~~((shall))~~ must levy for collection in  
14 the following year for the support of common schools of the state a  
15 tax of three dollars and sixty cents per thousand dollars of assessed  
16 value upon the assessed valuation of all taxable property within the  
17 state adjusted to the state equalized value in accordance with the  
18 indicated ratio fixed by the state department of revenue. The state  
19 may not levy a tax for collection in calendar year 2018.

20 As used in this section, "the support of common schools" includes  
21 the payment of the principal and interest on bonds issued for capital  
22 construction projects for the common schools.

23 **Sec. 1202.** RCW 84.52.043 and 2015 3rd sp.s. c 44 s 323 are each  
24 amended to read as follows:

25 Within and subject to the limitations imposed by RCW 84.52.050 as  
26 amended, the regular ad valorem tax levies upon real and personal  
27 property by the taxing districts hereafter named are as follows:

28 (1) Levies of the senior taxing districts are as follows: (a)  
29 ~~((The levy by the state may not exceed three dollars and sixty cents~~  
30 ~~per thousand dollars of assessed value adjusted to the state~~  
31 ~~equalized value in accordance with the indicated ratio fixed by the~~  
32 ~~state department of revenue to be used exclusively for the support of~~  
33 ~~the common schools; (b))~~ The levy by any county may not exceed one  
34 dollar and eighty cents per thousand dollars of assessed value;  
35 ~~((e))~~ (b) the levy by any road district may not exceed two dollars  
36 and twenty-five cents per thousand dollars of assessed value; and  
37 ~~((d))~~ (c) the levy by any city or town may not exceed three dollars

1 and thirty-seven and one-half cents per thousand dollars of assessed  
2 value. However any county is hereby authorized to increase its levy  
3 from one dollar and eighty cents to a rate not to exceed two dollars  
4 and forty-seven and one-half cents per thousand dollars of assessed  
5 value for general county purposes if the total levies for both the  
6 county and any road district within the county do not exceed four  
7 dollars and five cents per thousand dollars of assessed value, and no  
8 other taxing district has its levy reduced as a result of the  
9 increased county levy.

10 (2) The aggregate levies of junior taxing districts and senior  
11 taxing districts(~~(, other than the state,)~~) may not exceed five  
12 dollars and ninety cents per thousand dollars of assessed valuation.  
13 The term "junior taxing districts" includes all taxing districts  
14 other than the state, counties, road districts, cities, towns, port  
15 districts, and public utility districts. The limitations provided in  
16 this subsection do not apply to: (a) Levies at the rates provided by  
17 existing law by or for any port or public utility district; (b)  
18 excess property tax levies authorized in Article VII, section 2 of  
19 the state Constitution; (c) levies for acquiring conservation futures  
20 as authorized under RCW 84.34.230; (d) levies for emergency medical  
21 care or emergency medical services imposed under RCW 84.52.069; (e)  
22 levies to finance affordable housing for very low-income housing  
23 imposed under RCW 84.52.105; (f) the portions of levies by  
24 metropolitan park districts that are protected under RCW 84.52.120;  
25 (g) levies imposed by ferry districts under RCW 36.54.130; (h) levies  
26 for criminal justice purposes under RCW 84.52.135; (i) the portions  
27 of levies by fire protection districts that are protected under RCW  
28 84.52.125; (j) levies by counties for transit-related purposes under  
29 RCW 84.52.140; (k) the portion of the levy by flood control zone  
30 districts that are protected under RCW 84.52.816; and (l) levies  
31 imposed by a regional transit authority under RCW 81.104.175.

32 **Sec. 1203.** RCW 84.52.050 and 1973 1st ex.s. c 194 s 1 are each  
33 amended to read as follows:

34 (1) Except as ((hereinafter)) provided in this section, the  
35 aggregate of all tax levies upon real and personal property by the  
36 state and all taxing districts, now existing or hereafter created,  
37 ((shall)) may not in any year exceed ((one percentum)) sixty-four  
38 one-hundredths of one percent of the true and fair value of such  
39 property in money(~~(: PROVIDED, HOWEVER, That)~~).

1 (2) Such aggregate limitation or any specific limitation imposed  
2 by law in conformity therewith may be exceeded only as authorized by  
3 law and in conformity with the provisions of Article VII, section 2  
4 (a), (b), or (c) of the Constitution of the state of Washington.

5 (3) Nothing ((herein shall)) in this section:

6 (a) Prevents levies at the rates now provided by law by or for  
7 any port or public utility district.

8 (b) Nothing herein contained prohibits the legislature from  
9 allocating or reallocating the authority to levy taxes between the  
10 taxing districts of the state and its political subdivisions in a  
11 manner which complies with the aggregate tax limitation set forth in  
12 this section.

13 (4) The term "taxing district" for the purposes of this section  
14 ((shall)) means any political subdivision, municipal corporation,  
15 district, or other governmental agency authorized by law to levy, or  
16 have levied for it, ad valorem taxes on property, other than a port  
17 or public utility district. ((Such aggregate limitation or any  
18 specific limitation imposed by law in conformity therewith may be  
19 exceeded only as authorized by law and in conformity with the  
20 provisions of Article VII, section 2(a), (b), or (c) of the  
21 Constitution of the state of Washington.

22 ~~Nothing herein contained shall prohibit the legislature from~~  
23 ~~allocating or reallocating the authority to levy taxes between the~~  
24 ~~taxing districts of the state and its political subdivisions in a~~  
25 ~~manner which complies with the aggregate tax limitation set forth in~~  
26 ~~this section.))~~

27 **Sec. 1204.** RCW 36.58.150 and 1984 c 186 s 25 are each amended to  
28 read as follows:

29 (1) A solid waste disposal district ((shall)) does not have the  
30 power to levy an annual levy without voter approval, but it ((shall  
31 have)) has the power to levy a tax, in excess of the ((one percent))  
32 limitation in RCW 84.52.050, upon the property within the district  
33 for a one year period to be used for operating or capital purposes  
34 whenever authorized by the electors of the district pursuant to RCW  
35 84.52.052 and Article VII, section 2(a) of the state Constitution.

36 (a) A solid waste disposal district may issue general obligation  
37 bonds for capital purposes only, subject to the limitations  
38 prescribed in RCW 39.36.020(1), and may provide for the retirement of  
39 the bonds by voter-approved bond retirement tax levies pursuant to

1 Article VII, section 2(b) of the state Constitution and RCW  
2 84.52.056. Such general obligation bonds (~~(shall)~~) must be issued and  
3 sold in accordance with chapter 39.46 RCW.

4 (b) A solid waste disposal district may issue revenue bonds to  
5 fund its activities. Such revenue bonds may be in any form, including  
6 bearer bonds or registered bonds as provided in RCW 39.46.030.

7 (2) Notwithstanding subsection (1) of this section, such revenue  
8 bonds may be issued and sold in accordance with chapter 39.46 RCW.

9 **Sec. 1205.** RCW 36.60.040 and 1983 c 303 s 11 are each amended to  
10 read as follows:

11 A county rail district is not authorized to impose a regular ad  
12 valorem property tax levy but may:

13 (1) Levy an ad valorem property tax, in excess of the (~~one~~  
14 ~~percent~~) limitation in RCW 84.52.050, upon the property within the  
15 district for a one-year period to be used for operating or capital  
16 purposes whenever authorized by the voters of the district pursuant  
17 to RCW 84.52.052 and Article VII, section 2(a) of the state  
18 Constitution.

19 (2) Provide for the retirement of voter approved general  
20 obligation bonds, issued for capital purposes only, by levying bond  
21 retirement ad valorem property tax levies, in excess of the one  
22 percent limitation, whenever authorized by the voters of the district  
23 pursuant to Article VII, section 2(b) of the state Constitution and  
24 RCW 84.52.056.

25 **Sec. 1206.** RCW 36.69.145 and 2010 c 106 s 303 are each amended  
26 to read as follows:

27 (1) A park and recreation district may impose regular property  
28 tax levies in an amount equal to sixty cents or less per thousand  
29 dollars of assessed value of property in the district in each year  
30 for six consecutive years when specifically authorized so to do by a  
31 majority of at least three-fifths of the voters thereof approving a  
32 proposition authorizing the levies submitted at a special election or  
33 at the regular election of the district, at which election the number  
34 of voters voting "yes" on the proposition must constitute three-  
35 fifths of a number equal to forty per centum of the number of voters  
36 voting in such district at the last preceding general election when  
37 the number of voters voting on the proposition does not exceed forty  
38 per centum of the number of voters voting in such taxing district in

1 the last preceding general election; or by a majority of at least  
2 three-fifths of the voters thereof voting on the proposition if the  
3 number of voters voting on the proposition exceeds forty per centum  
4 of the number of voters voting in such taxing district in the last  
5 preceding general election. A proposition authorizing the tax levies  
6 may not be submitted by a park and recreation district more than  
7 twice in any twelve-month period. Ballot propositions must conform  
8 with RCW 29A.36.210. In the event a park and recreation district is  
9 levying property taxes, which in combination with property taxes  
10 levied by other taxing districts subject to the one percent  
11 limitation provided for in (~~Article 7, section 2, of our state~~  
12 ~~Constitution~~) RCW 84.52.050 that result in taxes in excess of the  
13 limitation provided for in RCW 84.52.043(2), the park and recreation  
14 district property tax levy must be reduced or eliminated as provided  
15 in RCW 84.52.010.

16 (2) The limitation in RCW 84.55.010 does not apply to the first  
17 levy imposed under this section following the approval of the levies  
18 by the voters under subsection (1) of this section.

19 **Sec. 1207.** RCW 36.73.060 and 2005 c 336 s 6 are each amended to  
20 read as follows:

21 (1) A district may levy an ad valorem property tax in excess of  
22 the (~~one percent~~) limitation in RCW 84.52.050 upon the property  
23 within the district for a one-year period whenever authorized by the  
24 voters of the district pursuant to RCW 84.52.052 and Article VII,  
25 section 2(a) of the state Constitution.

26 (2) A district may provide for the retirement of voter-approved  
27 general obligation bonds, issued for capital purposes only, by  
28 levying bond retirement ad valorem property tax levies in excess of  
29 the one percent limitation whenever authorized by the voters of the  
30 district pursuant to Article VII, section 2(b) of the state  
31 Constitution and RCW 84.52.056.

32 **Sec. 1208.** RCW 36.83.030 and 1983 c 130 s 3 are each amended to  
33 read as follows:

34 (1) A service district may levy an ad valorem property tax, in  
35 excess of the (~~one percent~~) limitation in RCW 84.52.050, upon the  
36 property within the district for a one-year period whenever  
37 authorized by the voters of the district pursuant to RCW 84.52.052  
38 and Article VII, section 2(a) of the state Constitution.



1 (2) A service district may provide for the retirement of voter  
2 approved general obligation bonds, issued for capital purposes only,  
3 by levying bond retirement ad valorem property tax levies, in excess  
4 of the one percent limitation, whenever authorized by the voters of  
5 the district pursuant to Article VII, section 2(b) of the state  
6 Constitution and RCW 84.52.056.

7 **Sec. 1209.** RCW 36.100.050 and 1988 ex.s. c 1 s 15 are each  
8 amended to read as follows:

9 (1) A public facilities district may levy an ad valorem property  
10 tax, in excess of the (~~one percent~~) limitation in RCW 84.52.050,  
11 upon the property within the district for a one-year period to be  
12 used for operating or capital purposes whenever authorized by the  
13 voters of the district pursuant to RCW 84.52.052 and Article VII,  
14 section 2(a) of the state Constitution.

15 (2) A public facilities district may provide for the retirement  
16 of voter-approved general obligation bonds, issued for capital  
17 purposes only, by levying bond retirement ad valorem property tax  
18 levies, in excess of the one percent limitation, whenever authorized  
19 by the voters of the district pursuant to Article VII, section 2(b)  
20 of the state Constitution and RCW 84.52.056.

21 **Sec. 1210.** RCW 67.38.130 and 2015 c 53 s 91 are each amended to  
22 read as follows:

23 (1) The governing body of a cultural arts, stadium and convention  
24 district may levy or cause to levy the following ad valorem taxes:

25 (~~(1)~~) (a)(i) Regular ad valorem property tax levies in an  
26 amount equal to twenty-five cents or less per thousand dollars of the  
27 assessed value of property in the district in each year for six  
28 consecutive years when specifically authorized so to do by a majority  
29 of at least three-fifths of the electors thereof approving a  
30 proposition authorizing the levies submitted at a general or special  
31 election, at which election the number of persons voting "yes" on the  
32 proposition (~~shall~~) constitutes three-fifths of a number equal to  
33 forty percentum of the total votes cast in such taxing district at  
34 the last preceding general election; or by a majority of at least  
35 three-fifths of the electors thereof voting on the proposition when  
36 the number of electors voting yes on the proposition exceeds forty  
37 percentum of the total votes cast in such taxing district in the last

1 preceding general election. Ballot propositions (~~shall~~) must  
2 conform with RCW 29A.36.210.

3 (ii)(A) In the event a cultural arts, stadium and convention  
4 district is levying property taxes, which in combination with  
5 property taxes levied by other taxing districts subject to the (~~one~~  
6 ~~percent~~) limitation provided for in (~~Article VII, section 2, of our~~  
7 ~~state Constitution~~) RCW 84.52.050 result in taxes in excess of the  
8 limitation provided for in RCW 84.52.043, the cultural arts, stadium  
9 and convention district property tax levy (~~shall~~) must be reduced  
10 or eliminated before the property tax levies of other taxing  
11 districts are reduced(~~PROVIDED, That no~~).

12 (B) Cultural arts, stadium, and convention districts may pledge  
13 anticipated revenues derived from the property tax herein authorized  
14 as security for payments of bonds issued pursuant to (~~subsection~~  
15 ~~(1)~~) (a)(i) of this (~~section: PROVIDED, FURTHER, That such~~)  
16 subsection.

17 (C) The limitation (~~shall~~) in (a)(ii)(A) of this subsection  
18 does not apply to property taxes approved pursuant to (~~subsections~~  
19 ~~(2) and (3)~~) (b) and (c) of this (~~section~~) subsection.

20 (iii) The limitation in RCW 84.55.010 (~~shall apply~~) applies to  
21 levies after the first levy authorized under this section following  
22 the approval of such levy by voters pursuant to this section.

23 (~~(2)~~) (b) An annual excess ad valorem property tax for general  
24 district purposes when authorized by the district voters in the  
25 manner prescribed by (~~section 27~~) Article VII, section 2 of the  
26 state Constitution and by RCW 84.52.052.

27 (~~(3)~~) (c) Multiyear excess ad valorem property tax levies used  
28 to retire general obligation bond issues when authorized by the  
29 district voters in the manner prescribed by (~~section 27~~) Article  
30 VII, section 2 of the state Constitution and by RCW 84.52.056.

31 (2) The district (~~shall~~) must include in its regular property  
32 tax levy for each year a sum sufficient to pay the interest and  
33 principal on all outstanding general obligation bonds issued without  
34 voter approval pursuant to RCW 67.38.110 and may include a sum  
35 sufficient to create a sinking fund for the redemption of all  
36 outstanding bonds.

37 **Sec. 1211.** RCW 84.52.010 and 2015 3rd sp.s. c 44 s 325 and 2015  
38 3rd sp.s. c 24 s 405 are each reenacted and amended to read as  
39 follows:

1 (1) Except as is permitted under RCW 84.55.050, all taxes must be  
2 levied or voted in specific amounts.

3 (2) The rate percent of all taxes for state and county purposes,  
4 and purposes of taxing districts coextensive with the county, must be  
5 determined, calculated and fixed by the county assessors of the  
6 respective counties, within the limitations provided by law, upon the  
7 assessed valuation of the property of the county, as shown by the  
8 completed tax rolls of the county, and the rate percent of all taxes  
9 levied for purposes of taxing districts within any county must be  
10 determined, calculated and fixed by the county assessors of the  
11 respective counties, within the limitations provided by law, upon the  
12 assessed valuation of the property of the taxing districts  
13 respectively.

14 (3) When a county assessor finds that the aggregate rate of tax  
15 levy on any property, that is subject to the limitations set forth in  
16 RCW 84.52.043 or 84.52.050, exceeds the limitations provided in  
17 either of these sections, the assessor must recompute and establish a  
18 consolidated levy in the following manner:

19 (a) The full certified rates of tax levy for state, county,  
20 county road district, regional transit authority, and city or town  
21 purposes must be extended on the tax rolls in amounts not exceeding  
22 the limitations established by law; however any state levy takes  
23 precedence over all other levies and may not be reduced for any  
24 purpose other than that required by RCW 84.55.010. If, as a result of  
25 the levies imposed under RCW 36.54.130, 84.34.230, 84.52.069,  
26 84.52.105, the portion of the levy by a metropolitan park district  
27 that was protected under RCW 84.52.120, 84.52.125, 84.52.135, and  
28 84.52.140, and the portion of the levy by a flood control zone  
29 district that was protected under RCW 84.52.816, the combined rate of  
30 regular property tax levies that are subject to the ~~((one percent  
31 limitation exceeds one percent of the true and fair value of any  
32 property))~~ limitation under RCW 84.52.050 exceeds the limitation  
33 under RCW 84.52.050, then these levies must be reduced as follows:

34 (i) The portion of the levy by a flood control zone district that  
35 was protected under RCW 84.52.816 must be reduced until the combined  
36 rate no longer exceeds ~~((one percent of the true and fair value of  
37 any property))~~ the limitation under RCW 84.52.050 or must be  
38 eliminated;

39 (ii) If the combined rate of regular property tax levies that are  
40 subject to the ~~((one percent limitation still exceeds one percent of~~

1 ~~the true and fair value of any property))~~ limitation under RCW  
2 84.52.050 still exceeds the limitation under RCW 84.52.050, the levy  
3 imposed by a county under RCW 84.52.140 must be reduced until the  
4 combined rate no longer exceeds ~~((one percent of the true and fair~~  
5 ~~value of any property))~~ the limitation under RCW 84.52.050 or must be  
6 eliminated;

7 (iii) If the combined rate of regular property tax levies that  
8 are subject to the ~~((one percent limitation still exceeds one percent~~  
9 ~~of the true and fair value of any property))~~ limitation under RCW  
10 84.52.050 still exceeds the limitation under RCW 84.52.050, the  
11 portion of the levy by a fire protection district that is protected  
12 under RCW 84.52.125 must be reduced until the combined rate no longer  
13 exceeds ~~((one percent of the true and fair value of any property))~~  
14 the limitation under RCW 84.52.050 or must be eliminated;

15 (iv) If the combined rate of regular property tax levies that are  
16 subject to the ~~((one percent limitation still exceeds one percent of~~  
17 ~~the true and fair value of any property))~~ limitation under RCW  
18 84.52.050 still exceeds the limitation under RCW 84.52.050, the levy  
19 imposed by a county under RCW 84.52.135 must be reduced until the  
20 combined rate no longer exceeds ~~((one percent of the true and fair~~  
21 ~~value of any property))~~ the limitation under RCW 84.52.050 or must be  
22 eliminated;

23 (v) If the combined rate of regular property tax levies that are  
24 subject to the ~~((one percent limitation still exceeds one percent of~~  
25 ~~the true and fair value of any property))~~ limitation under RCW  
26 84.52.050 still exceeds the limitation under RCW 84.52.050, the levy  
27 imposed by a ferry district under RCW 36.54.130 must be reduced until  
28 the combined rate no longer exceeds ~~((one percent of the true and~~  
29 ~~fair value of any property))~~ the limitation under RCW 84.52.050 or  
30 must be eliminated;

31 (vi) If the combined rate of regular property tax levies that are  
32 subject to the ~~((one percent limitation still exceeds one percent of~~  
33 ~~the true and fair value of any property))~~ limitation under RCW  
34 84.52.050 still exceeds the limitation under RCW 84.52.050, the  
35 portion of the levy by a metropolitan park district that is protected  
36 under RCW 84.52.120 must be reduced until the combined rate no longer  
37 exceeds ~~((one percent of the true and fair value of any property))~~  
38 the limitation under RCW 84.52.050 or must be eliminated;

39 (vii) If the combined rate of regular property tax levies that  
40 are subject to the ~~((one percent limitation still exceeds one percent~~

1 ~~of the true and fair value of any property))~~ limitation under RCW  
2 84.52.050 still exceeds the limitation under RCW 84.52.050, then the  
3 levies imposed under RCW 84.34.230, 84.52.105, and any portion of the  
4 levy imposed under RCW 84.52.069 that is in excess of thirty cents  
5 per thousand dollars of assessed value, must be reduced on a pro rata  
6 basis until the combined rate no longer exceeds (~~one percent of the~~  
7 ~~true and fair value of any property))~~ the limitation under RCW  
8 84.52.050 or must be eliminated; and

9 (viii) If the combined rate of regular property tax levies that  
10 are subject to the (~~one percent limitation still exceeds one percent~~  
11 ~~of the true and fair value of any property))~~ limitation under RCW  
12 84.52.050 still exceeds the limitation under RCW 84.52.050, then the  
13 thirty cents per thousand dollars of assessed value of tax levy  
14 imposed under RCW 84.52.069 must be reduced until the combined rate  
15 no longer exceeds (~~one percent of the true and fair value of any~~  
16 ~~property or~~) the limitation under RCW 84.52.050 or must be  
17 eliminated.

18 (b) The certified rates of tax levy subject to these limitations  
19 by all junior taxing districts imposing taxes on such property must  
20 be reduced or eliminated as follows to bring the consolidated levy of  
21 taxes on such property within the provisions of these limitations:

22 (i) First, the certified property tax levy authorized under RCW  
23 84.52.821 must be reduced on a pro rata basis or eliminated;

24 (ii) Second, if the consolidated tax levy rate still exceeds  
25 these limitations, the certified property tax levy rates of those  
26 junior taxing districts authorized under RCW 36.68.525, 36.69.145,  
27 35.95A.100, and 67.38.130 must be reduced on a pro rata basis or  
28 eliminated;

29 (iii) Third, if the consolidated tax levy rate still exceeds  
30 these limitations, the certified property tax levy rates of flood  
31 control zone districts other than the portion of a levy protected  
32 under RCW 84.52.816 must be reduced on a pro rata basis or  
33 eliminated;

34 (iv) Fourth, if the consolidated tax levy rate still exceeds  
35 these limitations, the certified property tax levy rates of all other  
36 junior taxing districts, other than fire protection districts,  
37 regional fire protection service authorities, library districts, the  
38 first fifty cent per thousand dollars of assessed valuation levies  
39 for metropolitan park districts, and the first fifty cent per

1 thousand dollars of assessed valuation levies for public hospital  
2 districts, must be reduced on a pro rata basis or eliminated;

3 (v) Fifth, if the consolidated tax levy rate still exceeds these  
4 limitations, the first fifty cent per thousand dollars of assessed  
5 valuation levies for metropolitan park districts created on or after  
6 January 1, 2002, must be reduced on a pro rata basis or eliminated;

7 (vi) Sixth, if the consolidated tax levy rate still exceeds these  
8 limitations, the certified property tax levy rates authorized to fire  
9 protection districts under RCW 52.16.140 and 52.16.160 and regional  
10 fire protection service authorities under RCW 52.26.140(1) (b) and  
11 (c) must be reduced on a pro rata basis or eliminated; and

12 (vii) Seventh, if the consolidated tax levy rate still exceeds  
13 these limitations, the certified property tax levy rates authorized  
14 for fire protection districts under RCW 52.16.130, regional fire  
15 protection service authorities under RCW 52.26.140(1)(a), library  
16 districts, metropolitan park districts created before January 1,  
17 2002, under their first fifty cent per thousand dollars of assessed  
18 valuation levy, and public hospital districts under their first fifty  
19 cent per thousand dollars of assessed valuation levy, must be reduced  
20 on a pro rata basis or eliminated.

21 **Sec. 1212.** RCW 84.69.020 and 2005 c 502 s 9 are each amended to  
22 read as follows:

23 (1) On the order of the county treasurer, ad valorem taxes paid  
24 before or after delinquency (~~(shall)~~) must be refunded if they were:

25 ~~((1))~~ (a) Paid more than once;

26 ~~((2))~~ (b) Paid as a result of manifest error in description;

27 ~~((3))~~ (c) Paid as a result of a clerical error in extending the  
28 tax rolls;

29 ~~((4))~~ (d) Paid as a result of other clerical errors in listing  
30 property;

31 ~~((5))~~ (e) Paid with respect to improvements which did not exist  
32 on assessment date;

33 ~~((6))~~ (f) Paid under levies or statutes adjudicated to be  
34 illegal or unconstitutional;

35 ~~((7))~~ (g) Paid as a result of mistake, inadvertence, or lack of  
36 knowledge by any person exempted from paying real property taxes or a  
37 portion thereof pursuant to RCW 84.36.381 through 84.36.389, as now  
38 or hereafter amended;

1       ~~((8))~~ (h) Paid as a result of mistake, inadvertence, or lack of  
2 knowledge by either a public official or employee or by any person  
3 with respect to real property in which the person paying the same has  
4 no legal interest;

5       ~~((9))~~ (i) Paid on the basis of an assessed valuation which was  
6 appealed to the county board of equalization and ordered reduced by  
7 the board;

8       ~~((10))~~ (j) Paid on the basis of an assessed valuation which was  
9 appealed to the state board of tax appeals and ordered reduced by the  
10 board(~~:- PROVIDED, That~~). However, the amount refunded under  
11 (~~subsections (9) and (10)~~) (i) and (j) of this (~~section shall~~)  
12 subsection may only be for the difference between the tax paid on the  
13 basis of the appealed valuation and the tax payable on the valuation  
14 adjusted in accordance with the board's order;

15       ~~((11))~~ (k) Paid as a state property tax levied upon property,  
16 the assessed value of which has been established by the state board  
17 of tax appeals for the year of such levy(~~:- PROVIDED, HOWEVER,~~  
18 ~~That~~). However, the amount refunded (~~shall~~) may only be for the  
19 difference between the state property tax paid and the amount of  
20 state property tax which would, when added to all other property  
21 taxes within the (~~one percent~~) limitation of Article VII, section 2  
22 of the state Constitution equal (~~one percent~~) the percentage under  
23 RCW 84.52.050 of the assessed value established by the board;

24       ~~((12))~~ (l) Paid on the basis of an assessed valuation which was  
25 adjudicated to be unlawful or excessive(~~:- PROVIDED, That~~). However,  
26 the amount refunded (~~shall be~~) is for the difference between the  
27 amount of tax which was paid on the basis of the valuation adjudged  
28 unlawful or excessive and the amount of tax payable on the basis of  
29 the assessed valuation determined as a result of the proceeding;

30       ~~((13))~~ (m) Paid on property acquired under RCW 84.60.050, and  
31 canceled under RCW 84.60.050(2);

32       ~~((14))~~ (n) Paid on the basis of an assessed valuation that was  
33 reduced under RCW 84.48.065;

34       ~~((15))~~ (o) Paid on the basis of an assessed valuation that was  
35 reduced under RCW 84.40.039; or

36       ~~((16))~~ (p) Abated under RCW 84.70.010.

37       (2) No refunds under the provisions of this section (~~shall~~) may  
38 be made because of any error in determining the valuation of  
39 property, except as authorized in subsection(~~s (9), (10), (11), and~~  
40 ~~(12)~~) (1)(i), (j), (k), and (l) of this section nor may any refunds

1 be made if a bona fide purchaser has acquired rights that would  
2 preclude the assessment and collection of the refunded tax from the  
3 property that should properly have been charged with the tax. Any  
4 refunds made on delinquent taxes (~~(shall)~~) must include the  
5 proportionate amount of interest and penalties paid. However, no  
6 refunds as a result of an incorrect payment authorized under  
7 subsection (~~(+8+)~~) (1)(h) of this section made by a third party payee  
8 (~~(shall)~~) may be granted. The county treasurer may deduct from moneys  
9 collected for the benefit of the state's levy, refunds of the state  
10 levy including interest on the levy as provided by this section and  
11 chapter 84.68 RCW.

12 (3) The county treasurer of each county (~~(shall)~~) must make all  
13 refunds determined to be authorized by this section, and by the first  
14 Monday in February of each year, report to the county legislative  
15 authority a list of all refunds made under this section during the  
16 previous year. The list is to include the name of the person  
17 receiving the refund, the amount of the refund, and the reason for  
18 the refund.

19 **Sec. 1213.** RCW 39.89.020 and 2001 c 212 s 2 are each amended to  
20 read as follows:

21 The definitions in this section apply throughout this chapter  
22 unless the context clearly requires otherwise.

23 (1) "Assessed value of real property" means the valuation of real  
24 property as placed on the last completed assessment roll.

25 (2) "Local government" means any city, town, county, port  
26 district, or any combination thereof.

27 (3) "Ordinance" means any appropriate method of taking  
28 legislative action by a local government.

29 (4) "Public improvements" means:

30 (a) Infrastructure improvements within the increment area that  
31 include:

32 (i) Street and road construction and maintenance;

33 (ii) Water and sewer system construction and improvements;

34 (iii) Sidewalks and streetlights;

35 (iv) Parking, terminal, and dock facilities;

36 (v) Park and ride facilities of a transit authority;

37 (vi) Park facilities and recreational areas; and

38 (vii) Storm water and drainage management systems; and

39 (b) Expenditures for any of the following purposes:



1 (i) Providing environmental analysis, professional management,  
2 planning, and promotion within the increment area, including the  
3 management and promotion of retail trade activities in the increment  
4 area;

5 (ii) Providing maintenance and security for common or public  
6 areas in the increment area; or

7 (iii) Historic preservation activities authorized under RCW  
8 35.21.395.

9 (5) "Public improvement costs" means the costs of: (a) Design,  
10 planning, acquisition, site preparation, construction,  
11 reconstruction, rehabilitation, improvement, and installation of  
12 public improvements; (b) relocating, maintaining, and operating  
13 property pending construction of public improvements; (c) relocating  
14 utilities as a result of public improvements; (d) financing public  
15 improvements, including interest during construction, legal and other  
16 professional services, taxes, insurance, principal and interest costs  
17 on general indebtedness issued to finance public improvements, and  
18 any necessary reserves for general indebtedness; (e) assessments  
19 incurred in revaluing real property for the purpose of determining  
20 the tax allocation base value that are in excess of costs incurred by  
21 the assessor in accordance with the revaluation plan under chapter  
22 84.41 RCW, and the costs of apportioning the taxes and complying with  
23 this chapter and other applicable law; and (f) administrative  
24 expenses and feasibility studies reasonably necessary and related to  
25 these costs, including related costs that may have been incurred  
26 before adoption of the ordinance authorizing the public improvements  
27 and the use of community revitalization financing to fund the costs  
28 of the public improvements.

29 (6) "Regular property taxes" means regular property taxes as  
30 defined in RCW 84.04.140, ~~except((;—(a)))~~ regular property taxes  
31 levied by port districts or public utility districts specifically for  
32 the purpose of making required payments of principal and interest on  
33 general indebtedness((; and (b) regular property taxes levied by the  
34 state for the support of the common schools under RCW 84.52.065)).  
35 Regular property taxes do not include excess property tax levies that  
36 are exempt from the aggregate limits for junior and senior taxing  
37 districts as provided in RCW 84.52.043.

38 (7) "Tax allocation base value" means the true and fair value of  
39 real property located within an increment area for taxes imposed in  
40 the year in which the increment area is created, plus twenty-five

1 percent of any increase in the true and fair value of real property  
2 located within an increment area that is placed on the assessment  
3 rolls after the increment area is created.

4 (8) "Tax allocation revenues" means those tax revenues derived  
5 from the imposition of regular property taxes on the increment value  
6 and distributed to finance public improvements.

7 (9) "Increment area" means the geographic area from which taxes  
8 are to be appropriated to finance public improvements authorized  
9 under this chapter.

10 (10) "Increment value" means seventy-five percent of any increase  
11 in the true and fair value of real property in an increment area that  
12 is placed on the tax rolls after the increment area is created.

13 (11) "Taxing districts" means a governmental entity that levies  
14 or has levied for it regular property taxes upon real property  
15 located within a proposed or approved increment area.

16 (12) "Value of taxable property" means the value of the taxable  
17 property as defined in RCW 39.36.015.

18 **Sec. 1214.** RCW 43.99H.060 and 2009 c 500 s 8 and 2009 c 479 s 32  
19 are each reenacted and amended to read as follows:

20 (1) For bonds issued for the purposes of RCW 43.99H.020(16), on  
21 each date on which any interest or principal and interest payment is  
22 due, the board of regents or the board of trustees of Washington  
23 State University shall cause the amount computed in RCW 43.99H.040(1)  
24 to be paid out of the appropriate building account or capital  
25 projects account to the state treasurer for deposit into the general  
26 fund of the state treasury.

27 (2) For bonds issued for the purposes of RCW 43.99H.020(15), on  
28 each date on which any interest or principal and interest payment is  
29 due, the state treasurer shall transfer the amount computed in RCW  
30 43.99H.040(2) from the capitol campus reserve account, hereby created  
31 in the state treasury, to the general fund of the state treasury. At  
32 the time of sale of the bonds issued for the purposes of RCW  
33 43.99H.020(15), and on or before June 30th of each succeeding year  
34 while such bonds remain outstanding, the state finance committee  
35 shall determine, based on current balances and estimated receipts and  
36 expenditures from the capitol campus reserve account, that portion of  
37 principal and interest on such RCW 43.99H.020(15) bonds which will,  
38 by virtue of payments from the capitol campus reserve account, be

1 reimbursed from sources other than "general state revenues" as that  
2 term is defined in Article VIII, section 1 of the state Constitution.

3 (3) For bonds issued for the purposes of RCW 43.99H.020(17), on  
4 each date on which any interest or principal and interest payment is  
5 due, the director of the department of labor and industries shall  
6 cause fifty percent of the amount computed in RCW 43.99H.040(3) to be  
7 transferred from the accident fund created in RCW 51.44.010 and fifty  
8 percent of the amount computed in RCW 43.99H.040(3) to be transferred  
9 from the medical aid fund created in RCW 51.44.020, to the general  
10 fund of the state treasury.

11 (4) For bonds issued for the purposes of RCW 43.99H.020(18), on  
12 each date on which any interest or principal and interest payment is  
13 due, the board of regents of the University of Washington shall cause  
14 the amount computed in RCW 43.99H.040(4) to be paid out of University  
15 of Washington nonappropriated local funds to the state treasurer for  
16 deposit into the general fund of the state treasury.

17 ~~((5) For bonds issued for the purposes of RCW 43.99H.020(4), on  
18 each date on which any interest or principal and interest payment is  
19 due, the state treasurer shall transfer from property taxes in the  
20 state general fund levied for the support of the common schools under  
21 RCW 84.52.065 to the general fund of the state treasury for  
22 unrestricted use the amount computed in RCW 43.99H.040(6).))~~

23 **Sec. 1215.** RCW 43.99I.040 and 2011 1st sp.s. c 43 s 612 are each  
24 amended to read as follows:

25 (1) ~~((On each date on which any interest or principal and  
26 interest payment is due on bonds issued for the purposes of RCW  
27 43.99I.020(4), the state treasurer shall transfer from property taxes  
28 in the state general fund levied for this support of the common  
29 schools under RCW 84.52.065 to the general fund of the state treasury  
30 for unrestricted use the amount computed in RCW 43.99I.030 for the  
31 bonds issued for the purposes of RCW 43.99I.020(4).~~

32 ~~(2))~~ On each date on which any interest or principal and  
33 interest payment is due on bonds issued for the purposes of RCW  
34 43.99I.020(~~((5))~~) (4), the state treasurer (~~(shall)~~) must transfer  
35 from higher education operating fees deposited in the general fund to  
36 the general fund of the state treasury for unrestricted use, or if  
37 chapter 231, Laws of 1992 (Senate Bill No. 6285) becomes law and  
38 changes the disposition of higher education operating fees from the  
39 general fund to another account, the state treasurer shall transfer

1 the proportional share from the University of Washington operating  
2 fees account, the Washington State University operating fees account,  
3 and the Central Washington University operating fees account the  
4 amount computed in RCW 43.99I.030 for the bonds issued for the  
5 purposes of RCW 43.99I.020(~~((+6))~~) (5).

6 ~~((+3)) On each date on which any interest or principal and  
7 interest payment is due on bonds issued for the purposes of RCW  
8 43.99I.020(6), the state treasurer shall transfer from the data  
9 processing revolving fund created in RCW 43.19.791 to the general  
10 fund of the state treasury the amount computed in RCW 43.99I.030 for  
11 the bonds issued for the purposes of RCW 43.99I.020(6).~~

12 ~~(+4))~~ (2) On each date on which any interest or principal and  
13 interest payment is due on bonds issued for the purpose of RCW  
14 43.99I.020(~~((+7))~~) (6), the Washington state dairy products commission  
15 ~~((shall))~~ must cause the amount computed in RCW 43.99I.030 for the  
16 bonds issued for the purposes of RCW 43.99I.020(~~((+7))~~) (6) to be paid  
17 out of the commission's general operating fund to the state treasurer  
18 for deposit into the general fund of the state treasury.

19 ~~((+5))~~ (3) The higher education operating fee accounts for the  
20 University of Washington, Washington State University, and Central  
21 Washington University established by chapter 231, Laws of 1992 and  
22 repealed by chapter 18, Laws of 1993 1st sp. sess. are reestablished  
23 in the state treasury for purposes of fulfilling debt service  
24 reimbursement transfers to the general fund required by bond  
25 resolutions and covenants for bonds issued for purposes of RCW  
26 43.99I.020(~~((+5))~~) (4).

27 ~~((+6))~~ (4) For bonds issued for purposes of RCW  
28 43.99I.020(~~((+5))~~) (4), on each date on which any interest or  
29 principal and interest payment is due, the board of regents or board  
30 of trustees of the University of Washington, Washington State  
31 University, or Central Washington University shall cause the amount  
32 as determined by the state treasurer to be paid out of the local  
33 operating fee account for deposit by the universities into the state  
34 treasury higher education operating fee accounts. The state treasurer  
35 shall transfer the proportional share from the University of  
36 Washington operating fees account, the Washington State University  
37 operating fees account, and the Central Washington University  
38 operating fees account the amount computed in RCW 43.99I.030 for the  
39 bonds issued for the purposes of RCW 43.99I.020(~~((+6))~~) (5) to  
40 reimburse the general fund.

