
Distributions to Local Entities

View interactive reports by Local Entity and Distribution Source on
<http://fiscal.wa.gov/RevenueDistributions.aspx>

For further information, please contact Senate Committee Services at 360-786-7711

State Assistance

Title	City Criminal Justice Assistance – Contracted Programs Innovative Programs Violent Crime Population
RCW	82.14.330
Year Enacted	1990
Description	The state provides formula funding for criminal justice purposes to cities and towns each fiscal year.
Purpose	In order to ensure public safety, it is necessary to provide fiscal assistance to local governments for criminal justice systems. (RCW 82.14.300)
Use of Funds	<p>“Contracted Programs,” “Violent Crime,” and “Population” distributions must be used for criminal justice purposes defined as activities that substantially assist the criminal justice system, including domestic violence programs and advocates as defined in RCW 70.123.020. Additionally, these distributions may not be used to replace or supplant existing funding, which is defined as calendar year 1989 actual operating expenditures for criminal justice purposes, excluding expenditures for extraordinary events not likely to reoccur; changes in contracted for criminal justice services, beyond the control of the local jurisdiction receiving the services; and major nonrecurring capital expenditures.</p> <p>“Innovative Programs” distributions must be used for 1) innovative law enforcement strategies; 2) programs to help at-risk children or child abuse victim response programs; and 3) programs designed to reduce the level of domestic violence or to provide counseling for domestic violence victims.</p>
Recipients/ Eligibility	<p>All cities and towns are eligible for “Population” and “Innovative Programs” distributions.</p> <p>Cities and towns that contract with another governmental agency for the majority of the city's law enforcement services may notify the Department of Commerce by November 30th of their eligibility to receive “Contracted Services” distribution the following calendar year.</p> <p>Cities and towns eligible for a “Violent Crime” distribution must have a three-year average violent crime rate in excess of 150 percent of the statewide three-year average violent crime as reported annually by the Washington Association of Sheriffs and Police Chiefs.</p>

State Assistance

If a city substantially decriminalizes or repeals its criminal code after July 1, 1990, and does not reimburse the county for costs associated with criminal cases under RCW 3.50.800 or 3.50.805(2), the city's distribution is given to the county in which the city is located.

Current Distribution Methodology

RCW 82.14.320 directs a state general fund transfer each fiscal year into the Municipal Criminal Justice Assistance Account. The transfer is to increase each fiscal year by the state's fiscal growth factor under RCW 43.135.025.

Sixteen (16) percent of funds are distributed ratably (proportionally) by population. No city or town may receive less than \$1,000 from this distribution.

Twenty (20) percent of funds are distributed ratably by population to cities and towns eligible for a "Violent Crime" distribution, but no more than \$1 per capita.

Ten (10) percent of funds are distributed on a per capita basis to "Contracted Services" cities and towns.

Fifty-four (54) percent of funds are distributed on a per capita basis for "Innovative Programs."

No city or town may receive more than 30 percent of total funds from Population and High Crime distributions.

Recent Distributions Total*

Fiscal Year	Total Distribution	% Change
2014	\$6,398,704	9.18%
2013	\$5,860,744	4.58%
2012	\$5,604,068	0.65%
2011	\$5,567,666	4.07%
2010	\$5,350,049	5.04%
2009	\$5,093,252	

*Cities receive two Municipal Criminal Justice Assistance distributions based solely on population, but are combined into a single distribution by the Office of State Treasurer. Amounts in this chart do not include the distribution by Population under RCW 82.14.330. Instead such amounts are included in the City Criminal Justice Assistance – High Crime & Population description. Amounts in this chart contain the total of the Contracted Services, Innovative Programs and Violent Crime distributions under RCW 82.14.330.

Method of Receipt

Distributed by the Office of State Treasurer quarterly each January, April, July and October.

Administration Office of State Treasurer

History

In 1990, city and county governments experienced significant increases in the demand for public services due to population increases and changing patterns of illegal behavior. As a result, the Legislature enacted a series of fiscal reforms to assist local government, including additional local criminal justice funding through the creation of the Municipal Criminal Justice Assistance Account. This funding would expire January 1, 1994. A legislative task force on county and city finances was formed to develop long-term solution to criminal justice system funding.

In the first year of distribution, fiscal year 1991, cities and towns received \$10 million from the Municipal Criminal Justice Assistance Account. Of that amount, a one-time state general fund contribution of 5.0 million was made in fiscal year 1991. A percentage (1.1937 percent) of motor vehicle excise taxes (MVET) would be deposited into the account for distribution beginning July 1, 1991 and ending January 1, 1994. The first fiscal year MVET transfer was estimated to be \$5 million; future transfers would grow thereafter at the same rate as MVET revenue. For fiscal year 1991, each city with a population under 10,000 received a distribution of \$3,250 and the remainder of funds were distributed ratably by population. For fiscal year 1992 and thereafter, each city with a population under 10,000 received a distribution of \$2,750 and the remainder of funds were distributed ratably by population. (Chapter 1, Laws of 1990 2nd ex. sess.)

In 1991, the Legislature provided a definition of criminal justice purposes and non-supplanting of funds. (Chapter 311, Laws of 1991)

In 1993, the Municipal Criminal Justice Assistance Account was made permanent as recommended by the legislative task force. The account continued to be funded from a 1.1937 percent MVET transfer with growth being limited in certain fiscal years. Domestic violence programs and advocates as defined in RCW 70.123.020 was added as an allowable use of funds.

In 1993, the Legislature also made significant changes to the eligibility and distribution methodology. Twenty (20) percent of funds were to be distributed to eligible Violent Crime cities and towns ratably by population. Sixteen (16) percent of funds were distributed to all cities and towns ratably by population. The remaining 64 percent of funds were divided for innovative law enforcement strategies (14 percent), at-risk youth and child abuse victim programs (20 percent), domestic violence reduction programs (20 percent), and contracted for law enforcement services (10 percent). All cities and towns would request these funds from the Department of Community Development to be distributed based on criteria it developed. (Chapter 21, Laws of 1993 1st spec. sess.)

In 1995, the Legislature allowed up to 5 percent of County Criminal Justice Assistance Account funds be made available Washington State Patrol crime laboratory appropriations. (Chapter 398, Laws of 1995)

In 1998, the percentage distribution of MVET to the Municipal Criminal Justice Assistance Account was reduced from 1.1937 percent to 1.085 percent for fiscal year 1999 and then to 0.778 percent for fiscal year 2000 and beyond. However, beginning with fiscal year 2000, the State Treasurer was directed to transfer \$4.6 million of state general funds to the account each fiscal year increasing with the state fiscal growth factor. The combination of these actions was estimated to increase funds to the Municipal Criminal Justice Assistance Account by 11 percent. (Chapter 321, Laws of 1998)

On January 1, 2000, the MVET was repealed by Initiative 695. The Legislature temporarily backfilled lost MVET revenue to the account for the remainder of fiscal years 2000-2002. However, since fiscal year 2003, these distributions from the Municipal Criminal Justice Assistance Account has been funded solely with state general fund transfers as directed by RCW 82.14.320.

In 2003, cities and towns no longer needed to apply to the Department Community, Trade and Economic Development for distributions. Instead, 10 percent of funds would be distributed on a per capita basis to cities and towns eligible for a Contracted Services distribution. The remaining 54 percent of funds would be distributed on a per capita bases to all cities and towns for Special Program uses. (Chapter 90, Laws of 2003)

In 2011, the omnibus operating budget temporarily reduced the amount deposited into Municipal Criminal Justice Assistance Account by 3.4 percent for fiscal years 2012 and 2013. (Section 971, Chapter 50, Laws of 2011)

State Assistance

Title	City Criminal Justice Assistance – High Crime Population
RCW	82.14.320
Year Enacted	1990
Description	The state provides formula funding for criminal justice purposes to cities and towns each fiscal year.
Purpose	In order to ensure public safety, it is necessary to provide fiscal assistance to local governments for criminal justice systems. (RCW 82.14.300)
Use of Funds	<p>Funds must be used for criminal justice purposes defined as activities that substantially assist the criminal justice system, including domestic violence programs and advocates as defined in RCW 70.123.020, and publications and educational efforts to assist parents dealing with runaway or at-risk youth.</p> <p>Funds may not be used to replace or supplant existing funding, which is defined as calendar year 1989 actual operating expenditures for criminal justice purposes, excluding expenditures for extraordinary events not likely to reoccur; changes in contracted for criminal justice services, beyond the control of the local jurisdiction receiving the services; and major nonrecurring capital expenditures.</p>
Recipients/ Eligibility	<p>All cities and towns are eligible for a “Population” distribution.</p> <p>Cities and towns eligible for a “High Crime” distribution:</p> <ul style="list-style-type: none">• Have a crime rate in excess of 125 percent of statewide average as reported annually by the Washington Association of Sheriffs and Police Chiefs;• Have levied the optional basic sales tax authorized under RCW 82.14.030(2) at the maximum rate or the real estate excise tax under RCW 82.46.010(3) at the maximum rate; and• Have a per capita yield from the 0.5 basic sales tax yields less than 150 percent of the statewide average per capita yield. <p>If a city substantially decriminalizes or repeals its criminal code after July 1, 1990, and does not reimburse the county for costs associated with criminal cases under RCW 3.50.800 or 3.50.805(2), the city's distribution is given to the county in which the city is located.</p>

State Assistance

Current Distribution Methodology

RCW 82.14.320 directs a state general fund transfer each fiscal year into the Municipal Criminal Justice Assistance Account. The transfer is to increase each fiscal year by the state's fiscal growth factor under RCW 43.135.025.

Seventy (70) percent of funds are distributed to individual cities and towns ratably (proportionally) by population.

Thirty (30) percent of funds are distributed ratably by population to cities and towns eligible for a "High Crime" distribution and have a crime rate greater than 175 percent of the statewide average crime rate. No city may receive more than 50 percent of these funds; if a city or town distribution is reduced because of this limit, the excess is added to the pool of funds to be distributed by population-only.

No city or town may receive more than 30 percent of funds through both Population and High Crime distributions.

Recent Distributions Total*

Fiscal Year	Total Distribution	% Change
2014	\$8,836,306	9.18%
2013	\$8,093,408	4.58%
2012	\$7,738,950	0.65%
2011	\$7,688,683	4.07%
2010	\$7,388,162	5.04%
2009	\$7,033,538	

*Cities receive two Municipal Criminal Justice Assistance Account distributions based solely on population, but are combined into a single distribution by the Office of State Treasurer. Amounts in this chart contain the total of the High Crime distribution under RCW 82.14.320, Population under RCW 82.14.320 and Population under RCW 82.14.330.

Method of Receipt

Distributed by the Office of State Treasurer quarterly each January, April, July and October.

Administration

Office of State Treasurer

History

In 1990, city and county governments experienced significant increases in the demand for public services due to increases in population and changing patterns of legal and illegal behavior. As a result, the Legislature enacted a series of fiscal reforms to assist local government, including temporary funding for local criminal justice purposes through the creation of the Municipal Criminal Justice Assistance Account. These additional funds could not be used to replace or supplant existing

funding for criminal justice purposes. The funds were set to expire January 1, 1994 and a legislative task force on county and city finances was formed to develop long-term solution to criminal justice system funding.

In the first year of distribution, fiscal year 1991, cities and towns received \$10 million from the Municipal Criminal Justice Assistance Account. Of that amount, a one-time state general fund contribution of 5.0 million was made in fiscal year 1991. A percentage (1.1937 percent) of motor vehicle excise taxes (MVET) would be deposited into the account for distribution beginning July 1, 1991 and ending January 1, 1994. The first fiscal year MVET transfer was estimated to be \$5 million; future transfers would grow thereafter at the same rate as MVET revenue. Thirty percent of funds were distributed to cities and towns eligible for a High Crime distribution if the jurisdiction's crime rate was greater than two times the statewide average. The remainder of funds were distributed ratably by population. (Chapter 1, Laws of 1990 2nd ex. sess.)

In 1991, the Legislature provided a definition of criminal justice purposes and non-supplanting of funds. (Chapter 311, Laws of 1991)

In 1992, funds were distributed to cities and towns eligible for a High Crime distribution if the jurisdiction's crime rate was greater than 175% of the statewide average. Additionally, no city or town could receive more than 50 percent of this distribution. (Chapter 55, Laws of 1992)

In 1993, the Municipal Criminal Justice Assistance Account was made permanent as recommended by the legislative task force. The account continued to be funded from a 1.1937 percent MVET transfer with growth being limited in certain fiscal years. Domestic violence programs and advocates as defined in RCW 70.123.020 was added as an allowable use of funds. (Chapter 21, Laws of 1993 1st spec. sess.)

In 1995, the Legislature allowed up to 5 percent of County Criminal Justice Assistance Account funds be made available Washington State Patrol crime laboratory appropriations. (Chapter 398, Laws of 1995)
Also, publications and educational efforts to assist parents dealing with runaway or at-risk youth was added as an allowable use of funds. (Chapter 312, Laws of 1999)

In 1998, the percentage distribution of MVET to the Municipal Criminal Justice Assistance Account was reduced from 1.1937 percent to 1.085 percent for fiscal year 1999 and then to 0.778 percent for fiscal year 2000 and beyond. However, beginning with fiscal year 2000, the State Treasurer was directed to transfer \$4.6 million of state general funds to the account each fiscal year increasing with the state fiscal growth factor. The combination of these actions was estimated to increase funds to the Municipal Criminal Justice Assistance Account by 11 percent. (Chapter 321, Laws of 1998)

On January 1, 2000, the MVET was repealed by Initiative 695. The Legislature temporarily backfilled lost MVET revenue to the account for the remainder of fiscal years 2000-2002. However, since fiscal year 2003, these distributions from the

State Assistance

Municipal Criminal Justice Assistance Account has been funded solely with state general fund transfers as directed by RCW 82.14.330.

In 2011, the omnibus operating budget temporarily reduced the amount deposited into Municipal Criminal Justice Assistance Account by 3.4 percent for fiscal years 2012 and 2013. (Section 971, Chapter 50, Laws of 2011)

State Assistance

Title	City DUI Enforcement Assistance County DUI Enforcement Assistance
RCW	46.68.260
Year Enacted	1998
Description	The state provides Impaired Driving Safety Account funds to counties, cities and towns to offset costs for implementing criminal justice laws related to driving under the influence.
Purpose	To offset county, city and town criminal justice costs from ten separate driving under the influence laws enacted in 1998.
Use of Funds	Funds must be used for enforcing laws relating to driving and boating while under the influence of either an intoxicating liquor or any drug.
Recipients/ Eligibility	Counties, cities and towns. If a city substantially decriminalizes or repeals its criminal code after July 1, 1990, and does not reimburse the county for costs associated with criminal cases under RCW 3.50.800 or 3.50.805(2), the city's distribution is given to the county in which the city is located.
Current Distribution Methodology	<p>The Impaired Driving Safety Account receives a portion (63 percent) of a \$150 fee charged to reissue a driver's license after suspension or revocation due to a violation of RCW 46.20.308 (implied consent), RCW 46.61.502 (driving under the influence) and/or RCW 46.61.504 (physical control of a vehicle under the influence). (RCW 46.68.260)</p> <p>Impaired Driving Safety Account funds are distributed to counties, cities and towns through an omnibus operating budget appropriation to the County Criminal Justice Assistance Account and the Municipal Criminal Justice Assistance Account. Total funds deposited in the account are split between counties (60 percent) and cities and towns (40 percent); this fund split was established with the first appropriation in 1998.</p> <p>Individual counties receive their share based on the relative share of each county's funding factor as provided in RCW 82.14.310, which is the sum of:</p> <ul style="list-style-type: none"> • The population of the county as determined by the Office of Financial Management, divided by one thousand, and multiplied by two-tenths; • The crime rate of the county, multiplied by three-tenths; and

State Assistance

- The annual number of criminal cases filed in the county superior court, for each one thousand in population, multiplied by five-tenths.

Individual cities received their share ratably (proportionally) based on population as provided in RCW 82.14.330.

Recent Distributions Total

Fiscal Year	Total Distribution	% Change
2014	\$2,009,500	1.41%
2013	\$1,981,500	-4.90%
2012	\$2,083,500	-3.76%
2011	\$2,165,000	-36.45%
2010	\$3,407,000	88.08%
2009	\$1,811,500	

Method of Receipt

Distributed by the Office of State Treasurer quarterly each January, April, July and October.

Administration

Office of Financial Management

History

Ten laws relating to driving under the influence were enacted in 1998. Of these, five pieces of legislation (Chapters 206 through 210, Laws of 1998) included a provision that if the legislation mandated an increased level of service by local government, the local government may submit claims for reimbursement by the legislature, subject to verification by the Office of Financial Management. The Governor vetoed these provision stating it would add an unnecessary additional bureaucratic layer to the existing process for handling claims under RCW 43.135.060.

RCW 43.135.060 provides that after July 1, 1995, the Legislature shall not impose responsibility for new programs or increased levels of service under existing programs on any political subdivision of the state unless the subdivision is fully reimbursed by the state for the costs of the new programs or increases in service levels. Reimbursement by the state may be made by a specific appropriation or increases in state distributions of revenue to political subdivisions occurring after January 1, 1998.

The state's liability for reimbursement of local government costs under RCW 43.135.060 has been limited by the courts. First, the cost must be from responsibilities imposed by the legislature to be reimbursable; costs from judicial or executive branch actions are excluded. *Seattle v. State*, 100 Wn.2d 16, 666 P.2d 359 (1983). When a new program or increased level of service is found, reimbursement is required only if the new program or increased service benefits to the public. *State v. Howard*, 106 Wn.2d 39, 722 P.2d 783 (1985). Additionally, the

State Assistance

state need only reimburse for costs which are the direct result of the legislative action and quantifiable. *Tacoma v. State*, 117 Wn.2d 348, 816 P.2d 7 (1981). Thus, only the incremental cost from a modification to an existing program is reimbursable and modifications to improve the efficiency, fairness or order of an existing program need not be reimbursed at all.

The Special Appropriations to the Governor section of the Legislative Budget Notes for the 1998 supplemental budget includes the note: "Funding is provided for the costs of implementing drunk driving legislation. Funds will be distributed to local governments through the Municipal Criminal Justice Assistance Account and County Criminal Justice Assistance Account (Impaired Driving Safety Account)." The language of that initial appropriation, along with the 60/40 split of Impaired Driving Safety Account funds between counties and cities, has been included in every subsequent omnibus operating budget. (Sections 713 and 714, Chapter 346, Laws of 1998)

State Assistance

Title	City DUI Enforcement Assistance County DUI Enforcement Assistance
RCW	46.68.260
Year Enacted	1998
Description	The state provides Impaired Driving Safety Account funds to counties, cities and towns to offset costs for implementing criminal justice laws related to driving under the influence.
Purpose	To offset county, city and town criminal justice costs from ten separate driving under the influence laws enacted in 1998.
Use of Funds	Funds must be used for enforcing laws relating to driving and boating while under the influence of either an intoxicating liquor or any drug.
Recipients/ Eligibility	Counties, cities and towns. If a city substantially decriminalizes or repeals its criminal code after July 1, 1990, and does not reimburse the county for costs associated with criminal cases under RCW 3.50.800 or 3.50.805(2), the city's distribution is given to the county in which the city is located.
Current Distribution Methodology	<p>The Impaired Driving Safety Account receives a portion (63 percent) of a \$150 fee charged to reissue a driver's license after suspension or revocation due to a violation of RCW 46.20.308 (implied consent), RCW 46.61.502 (driving under the influence) and/or RCW 46.61.504 (physical control of a vehicle under the influence). (RCW 46.68.260)</p> <p>Impaired Driving Safety Account funds are distributed to counties, cities and towns through an omnibus operating budget appropriation to the County Criminal Justice Assistance Account and the Municipal Criminal Justice Assistance Account. Total funds deposited in the account are split between counties (60 percent) and cities and towns (40 percent); this fund split was established with the first appropriation in 1998.</p> <p>Individual counties receive their share based on the relative share of each county's funding factor as provided in RCW 82.14.310, which is the sum of:</p> <ul style="list-style-type: none"> • The population of the county as determined by the Office of Financial Management, divided by one thousand, and multiplied by two-tenths; • The crime rate of the county, multiplied by three-tenths; and

State Assistance

- The annual number of criminal cases filed in the county superior court, for each one thousand in population, multiplied by five-tenths.

Individual cities received their share ratably (proportionally) based on population as provided in RCW 82.14.330.

Recent Distributions Total

Fiscal Year	Total Distribution	% Change
2014	\$2,009,500	1.41%
2013	\$1,981,500	-4.90%
2012	\$2,083,500	-3.76%
2011	\$2,165,000	-36.45%
2010	\$3,407,000	88.08%
2009	\$1,811,500	

Method of Receipt

Distributed by the Office of State Treasurer quarterly each January, April, July and October.

Administration

Office of Financial Management

History

Ten laws relating to driving under the influence were enacted in 1998. Of these, five pieces of legislation (Chapters 206 through 210, Laws of 1998) included a provision that if the legislation mandated an increased level of service by local government, the local government may submit claims for reimbursement by the legislature, subject to verification by the Office of Financial Management. The Governor vetoed these provision stating it would add an unnecessary additional bureaucratic layer to the existing process for handling claims under RCW 43.135.060.

RCW 43.135.060 provides that after July 1, 1995, the Legislature shall not impose responsibility for new programs or increased levels of service under existing programs on any political subdivision of the state unless the subdivision is fully reimbursed by the state for the costs of the new programs or increases in service levels. Reimbursement by the state may be made by a specific appropriation or increases in state distributions of revenue to political subdivisions occurring after January 1, 1998.

The state's liability for reimbursement of local government costs under RCW 43.135.060 has been limited by the courts. First, the cost must be from responsibilities imposed by the legislature to be reimbursable; costs from judicial or executive branch actions are excluded. *Seattle v. State*, 100 Wn.2d 16, 666 P.2d 359 (1983). When a new program or increased level of service is found, reimbursement is required only if the new program or increased service benefits to the public. *State v. Howard*, 106 Wn.2d 39, 722 P.2d 783 (1985). Additionally, the

State Assistance

state need only reimburse for costs which are the direct result of the legislative action and quantifiable. *Tacoma v. State*, 117 Wn.2d 348, 816 P.2d 7 (1981). Thus, only the incremental cost from a modification to an existing program is reimbursable and modifications to improve the efficiency, fairness or order of an existing program need not be reimbursed at all.

The Special Appropriations to the Governor section of the Legislative Budget Notes for the 1998 supplemental budget includes the note: "Funding is provided for the costs of implementing drunk driving legislation. Funds will be distributed to local governments through the Municipal Criminal Justice Assistance Account and County Criminal Justice Assistance Account (Impaired Driving Safety Account)." The language of that initial appropriation, along with the 60/40 split of Impaired Driving Safety Account funds between counties and cities, has been included in every subsequent omnibus operating budget. (Sections 713 and 714, Chapter 346, Laws of 1998)

State Assistance

Title	County Auditor Historical Document Preservation Assistance
RCW	36.22.170
Year Enacted	1989
Description	The state distributes funds to county auditor offices for preservation of historical documents.
Purpose	Many old documents recorded or filed with county officials are found to be deteriorating due to age and environment degradation and documents require preservation in the public interest before they are irreparably damaged. (Chapter 204, Laws of 1989)
Use of Funds	Funds must be used for ongoing preservation of historical documents of county offices and departments.
Recipients/ Eligibility	County auditor offices
Current Distribution Methodology	<p>The state imposes a \$5 surcharge on all documents recorded in county auditor offices, except instruments recorded by the Employment Security Department are subject to a \$2 surcharge. The county legislative authority retains \$1 of the \$5 surcharge to promote historical preservation and historical programs, which may include document preservation. Of the amount remaining, 50 percent is retained by the county solely for ongoing preservation of historic documents. The other 50 percent is transmitted to the State Treasurer for distribution to counties in the following manner:</p> <ul style="list-style-type: none">• Half of funds are equally distributed among the counties, and• Half of funds are be distributed among the counties in direct proportion to their population as it relates to the total state's population. (RCW 36.22.170)

State Assistance

Recent Distributions Total*

Fiscal Year	Total Distribution	% Change
2014	\$3,789,037	24.76%
2013	\$3,037,146	-6.80%
2012	\$3,258,838	-3.86%
2011	\$3,389,550	-24.98%
2010	\$4,518,318	25.19%
2009	\$3,609,210	

*These amounts reflect the distributions made through the Office of State Treasurer only and do not include the amount retained by the county.

Method of Receipt

Distributed by the Office of State Treasurer annually each July.

Administration

Office of State Treasurer

History

In 1989, the Legislature imposed \$2 surcharge on all documents recorded with the county auditor. Half of the surcharge was retained by the county solely for ongoing preservation of historic documents. County auditors were required to transmit the remaining half to the State Treasurer for distribution according to the current methodology. This portion of the surcharge was originally set to expire January 1, 1995, but was made permanent in 1993. (Chapter 204, Laws of 1989 and Chapter 37, Laws of 1993).

In 2005, the surcharge was increased to \$5 except for Employment Security Department instruments, which are only subject to a \$2 surcharge. The county legislative authority was allowed to retain \$1 of the \$5 surcharge to promote historical preservation and historical programs, which may include document preservation. (Chapter 442, Laws of 2005)

State Assistance

Title	County Autopsy Cost Assistance
RCW	68.50.104
Year Enacted	1983
Description	The state provides a portion of Death Investigation Account funds to counties to offset costs for conducting autopsies.
Purpose	To offset county autopsy costs.
Use of Funds	Funds must be used for contracted pathologists services for autopsies; salaries for county coroners, county medical examiners, or their employees; and reimbursement for autopsies of certain sudden, unexplained child deaths.
Recipients/ Eligibility	Counties
Current Distribution Methodology	<p>Funding is subject to appropriation. Of amount appropriated from the Death Investigation Account for this purpose, counties may seek reimbursement of:</p> <ul style="list-style-type: none"> • Up to 40 percent of costs of contracting for the services of a pathologist to perform an autopsy; • Up to 25 percent of salaries of pathologists who are primarily engaged in performing autopsies and are county coroners, county medical examiners, or their employees; or • Autopsies conducted under RCW 43.103.100 for certain sudden, unexplained child deaths. <p>Counties that reduce funds appropriated for these purposes below 1983 budgeted levels are not eligible for a distribution.</p>

**Recent
Distributions
Total**

Fiscal Year	Total Distribution	% Change
2014	\$1,421,021	2.87%
2013	\$1,381,414	-3.47%
2012	\$1,431,027	0.61%
2011	\$1,422,346	6.04%
2010	\$1,341,349	-3.56%
2009	\$1,390,853	

State Assistance

Method of Receipt Distributed by the Office of State Treasurer semi-annually each February and August.

Administration Office of State Treasurer

History The cost of autopsy is a cost of the county in which the autopsy is performed. (RCW 68.50.104)

In 1983, the Legislature established the Death Investigations Account to be funded by increased fees for certified copies of vital records. One purpose of the account is to reimburse counties for autopsy costs. Allowable costs included up to 40 percent of contracted pathologist services to perform an autopsy and up to 25 percent of salaries of pathologists who are primarily engaged in performing autopsies and are county coroners, county medical examiners, or their employees. However, no county can reduce funds appropriated for these purposes below 1983 budgeted levels and receive a distribution. The amount of \$600,000 was appropriated in the 1983-1985 biennium to be distributed pro rata to counties based on billings submitted to the State Treasurer. (Chapter 16, Laws of 1983 1st ex. sess.)

In 2001, the Legislature added as an allowable cost the reimbursement of autopsy expenses for a child under the age of three whose death was sudden and unexplained, the death scene investigation and autopsy are conducted under RCW 43.103.100(4) and (5); and the autopsy is performed at a facility designed for that purpose. (Chapter 82, Laws of 2001)

State Assistance

Title	County Criminal Justice Assistance
RCW	82.14.310
Year Enacted	1990
Description	The state provides formula funding for criminal justice purposes to counties each fiscal year.
Purpose	In order to ensure public safety, it is necessary to provide fiscal assistance to local governments for criminal justice systems. (RCW 82.14.300)
Use of Funds	<p>Funds must be used for criminal justice purposes defined as activities that substantially assist the criminal justice system, including domestic violence programs and advocates as defined in RCW 70.123.020.</p> <p>Funds may not be used to replace or supplant existing funding, which is defined as calendar year 1989 actual operating expenditures for criminal justice purposes, excluding expenditures for extraordinary events not likely to reoccur; changes in contracted for criminal justice services, beyond the control of the local jurisdiction receiving the services; and major nonrecurring capital expenditures.</p>
Recipients/ Eligibility	Counties
Current Distribution Methodology	<p>RCW 82.14.310 directs a state general fund transfer each fiscal year into the County Criminal Justice Assistance Account. The transfer is to increase each fiscal year by the state's fiscal growth factor under RCW 43.135.025.</p> <p>Individual counties receive their share based on the relative share of each county's funding factor, which is the sum of:</p> <ul style="list-style-type: none">• The population of the county as determined by the Office of Financial Management, divided by one thousand, and multiplied by two-tenths;• The crime rate of the county, multiplied by three-tenths; and• The annual number of criminal cases filed in the county superior court, for each one thousand in population, multiplied by five-tenths.

State Assistance

Recent Distributions Total

Fiscal Year	Total Distribution	% Change
2014	\$38,375,828	8.99%
2013	\$35,210,422	4.55%
2012	\$33,676,762	0.67%
2011	\$33,452,263	4.06%
2010	\$32,148,613	5.15%
2009	\$30,572,605	

Method of Receipt

Distributed by the Office of State Treasurer quarterly each January, April, July and October

Administration

Office of State Treasurer

History

In 1990, city and county governments experienced significant increases in the demand for public services due to population increases and changing patterns of illegal behavior. As a result, the Legislature enacted a series of fiscal reforms to assist local government, including additional local criminal justice funding through the creation of the County Criminal Justice Assistance Account. This funding would expire January 1, 1994. A legislative task force on county and city finances was formed to develop long-term solution to criminal justice system funding.

In the first year of distribution, fiscal year 1991, counties received \$32.5 million from the County Criminal Justice Assistance Account. Of that amount, a one-time state general fund contribution of \$7.5 million was made in fiscal year 1991. A percentage (5.9686 percent) of motor vehicle excise taxes (MVET) would be deposited into the account for distribution beginning July 1, 1991 and ending January 1, 1994. The first fiscal year MVET transfer was estimated to be \$25 million; future transfers would grow thereafter at the same rate as MVET revenue. Funds were distributed to individual counties based on current formula for distribution, which has not changed since enactment. (Chapter 1, Laws of 1990 2nd ex. sess.)

In 1991, the Legislature provided a definition of criminal justice purposes and non-supplanting of funds. (Chapter 311, Laws of 1991)

In 1993, the County Criminal Justice Assistance Account was made permanent as recommended by the legislative task force. The account continued to be funded from a 5.9686 percent MVET transfer, with growth being limited in certain fiscal years. Additionally, domestic violence programs and advocates as defined in RCW 70.123.020 was added as an allowable use of funds. (Chapter 21, Laws of 1993 1st spec. sess.)

State Assistance

In 1995, the Legislature allowed up to 5 percent of County Criminal Justice Assistance Account funds be made available Washington State Patrol crime laboratory appropriations. (Chapter 398, Laws of 1995)

In 1998, the percentage distribution of MVET to the County Criminal Justice Assistance Account was reduced from 5.9686 percent to 5.426 percent for fiscal year 1999 and then to 3.892 percent for fiscal year 2000 and beyond. However, beginning with fiscal year 2000, the State Treasurer was directed to transfer \$23.2 million of state general funds to the account each fiscal year increasing with the state fiscal growth factor. The combination of these actions was estimated to increase funds to the County Criminal Justice Assistance Account by 11 percent. (Chapter 321, Laws of 1998)

Juvenile dispositional hearings relating to petitions for at-risk youth, truancy, and children in need of services was added as allowable uses of the funds during the 1999-2001 and 2001-2003 biennia. (Chapter 309, Laws of 1999 and Chapter 7, Laws of 2001 2nd spec. sess.)

On January 1, 2000, the MVET was repealed by Initiative 695. The Legislature temporarily backfilled lost MVET revenue to the account for the remainder of fiscal years 2000-2002. However, since fiscal year 2003, the County Criminal Justice Assistance Account has been funded solely with state general fund transfer directed by RCW 82.14.310.

In 2011, the omnibus operating budget temporarily reduced the amount deposited into County Criminal Justice Assistance Account by 3.4 percent for fiscal years 2012 and 2013. (Section 970, Chapter 50, Laws of 2011)

State Assistance

Title	County Elected Prosecuting Attorney Salaries – State Contribution																						
RCW	RCW 36.17.020																						
Year Enacted	1969																						
Description	The state contributes an amount equal to one-half of the salary of a superior court judge toward the salary of each county elected prosecuting attorney.																						
Purpose	To recognize the dual role as state officer and county officer as reflected in various provisions of the Washington Constitution and state statute. The necessary skill and expertise of elected county prosecuting attorneys is the same regardless of county size. Tying their salary to that of a superior court judge furthers the state's interests and responsibilities.																						
Use of Funds	Funds must be used for the salary of the elected county prosecuting attorney.																						
Recipients/ Eligibility	Counties. Counties must contribute an amount equal to or greater than the amount contributed in 2008 towards the salary of its elected county prosecuting attorney.																						
Distribution Methodology	Each county receives an amount equal to one-half of the salary of a superior court judge. In each odd-numbered year, the Washington Citizens' Commission on Salaried Elected Officials sets a two-year salary schedule for superior court judges.																						
Recent Distributions Total*	<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Distributions</th> <th>% Change</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>\$2,950,602</td> <td>1.67%</td> </tr> <tr> <td>2013</td> <td>\$2,902,222</td> <td>0.00%</td> </tr> <tr> <td>2012</td> <td>\$2,902,222</td> <td>0.00%</td> </tr> <tr> <td>2011</td> <td>\$2,902,222</td> <td>0.00%</td> </tr> <tr> <td>2010</td> <td>\$2,902,222</td> <td>0.89%</td> </tr> <tr> <td>2009</td> <td>\$2,876,701</td> <td></td> </tr> </tbody> </table>		Fiscal Year	Distributions	% Change	2014	\$2,950,602	1.67%	2013	\$2,902,222	0.00%	2012	\$2,902,222	0.00%	2011	\$2,902,222	0.00%	2010	\$2,902,222	0.89%	2009	\$2,876,701	
Fiscal Year	Distributions	% Change																					
2014	\$2,950,602	1.67%																					
2013	\$2,902,222	0.00%																					
2012	\$2,902,222	0.00%																					
2011	\$2,902,222	0.00%																					
2010	\$2,902,222	0.89%																					
2009	\$2,876,701																						
Method of Receipt	Distributed by the Office of State Treasurer monthly.																						

State Assistance

Administration Office of State Treasurer

History

Article 11, Section 5 of the Washington State Constitution states that the Legislature must regulate the compensation of elected county officials, include elected county prosecuting attorneys. To implement this provision, the Legislature set salaries for elected county officials by office and by class of county to be paid by the county.

In 1969, the Legislature prohibited certain elected county prosecuting attorneys from engaging in the private practice of law and set their annual salary at \$20,000. Part-time elected county prosecuting attorneys were allowed to continue to engage in the private practice of law and set their annual salary at \$6,500. This legislation also directed that one-half the salary of each prosecuting attorney would be paid by the state. (Chapter 226, Laws of 1969 1st ex. sess.)

An amendment to Article 11, Section 5 of the State Constitution was approved by the voters in 1972. Amendment 57 authorized the Legislature to delegate to the county legislative authority the authority to set the salaries of its own members and other elected county officials. Implementing legislation allowed the legislative authority of the county to increase or decrease the salary of elected county officials beginning January 1, 1974, provided that the salary was not reduced below the salary level on January 1, 1973. (Chapter 88, Laws of 1973 1st ex. sess.) Although the elected county prosecuting attorney salary would now be set by the county's legislative authority, the requirement that state pay one-half the salary was not changed. (RCW 36.17.020)

In 2008, the requirement that state pay one-half the salary of an elected county prosecuting attorney was eliminated and replaced with a state contribution in an amount equal to one-half of the salary of a superior court judge. (Chapter 309, Laws of 2008).

State Assistance

Title	County Juvenile Crime Enforcement Assistance
RCW	Not applicable
Year Enacted	1997
Description	The state provides funding for adult court costs associated with implementation of Chapter 338, Laws of 1997 (Revising the Juvenile Code)
Purpose	To fund for adult court costs associated with implementation of Chapter 338, Laws of 1997 (Revising the Juvenile Code)
Use of Funds	Funds must be used for county adult court costs associated with implementation of Chapter 338, Laws of 1997 (Revising the Juvenile Code)
Recipients/ Eligibility	Counties
Current Distribution Methodology	<p>Funding is subject to appropriation. Of the amount appropriated, counties receive their share based on distribution methodology of the County Criminal Justice Assistance Account in RCW 82.14.310, which is the relative share of each county's funding factor. Each county's funding factor is the sum of:</p> <ul style="list-style-type: none"> • The population of the county as determined by the Office of Financial Management, divided by one thousand, and multiplied by two-tenths; • The crime rate of the county, multiplied by three-tenths; and • The annual number of criminal cases filed in the county superior court, for each one thousand in population, multiplied by five-tenths.

**Recent
Distributions
Total**

Fiscal Year	Total Distribution	% Change
2014	\$331,000	0%
2013	\$331,000	0%
2012	\$331,000	0%
2011	\$331,000	-6.23%
2010	\$353,000	0%
2009	\$353,000	

State Assistance

Method of Receipt

Distributed by the Office of State Treasurer monthly.

Administration

Department of Social and Health Services, Juvenile Rehabilitation Services Division

History

In 1997, the Legislature enacted Engrossed Third Substitute House Bill 3900 to address a wide range of juvenile offender issues, including the transfer of certain juvenile cases to adult court. (Chapter 338, Laws of 1997)

The 1997-1999 omnibus operating budget included a total \$11.1 million biennial appropriation to the Juvenile Rehabilitation Services Division of the Department of Social and Health Services for implementation of the legislation. Of that amount, \$527,000 was provided for deposit in the County Criminal Justice Assistance Account for distribution to counties for costs associated with the implementation of Chapter 338, Laws of 1997. The amount was increased to \$666,000 in the 1999-2001 omnibus operating budget and has since that time remained within that range of funding.

State Assistance

Title	County Legal Financial Obligation Grants													
RCW	2.56.190													
Year Enacted	2003													
Description	The state provides grants to counties for county clerk budgets for the billing of court ordered legal financial obligations of convicted offenders.													
Purpose	To promote an increased and more efficient collection of legal financial obligations and, as a result, improve the likelihood that collections will increase which will provide additional benefits to state and local government and, in particular, crime victims whose restitution is dependent upon the collections. Grant funding offsets county costs of collection. (Chapter 379, Laws of 2003)													
Use of Funds	Funds must be used for county clerk legal financial obligation collection costs.													
Recipients/ Eligibility	Counties													
Current Distribution Methodology	Funding is subject to appropriation. The Administrative Office of the Courts is required to distribute the entire appropriated amount to counties for county clerk budgets using a funding formula recommended by the Washington Association of County Officials (WACO), which is the relative volume of criminal sentences entered in each county during the years 2005-2009.													
Recent Distributions Total*	<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Total Distribution</th> <th>% Change</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>\$1,081,000</td> <td>N/A</td> </tr> <tr> <td>2013</td> <td>\$881,000</td> <td></td> </tr> <tr> <td>2012</td> <td>\$1,081,000</td> <td></td> </tr> </tbody> </table>		Fiscal Year	Total Distribution	% Change	2014	\$1,081,000	N/A	2013	\$881,000		2012	\$1,081,000	
Fiscal Year	Total Distribution	% Change												
2014	\$1,081,000	N/A												
2013	\$881,000													
2012	\$1,081,000													
	*Funding for the past three biennia (2009-11, 2011-13, and 2013-15) has been set at \$1,081,000. The uneven fiscal year split of the biennial appropriation was part of funding formula recommended by WACO.													
Method of Receipt	Distributed by the Administrative Office of the Courts annually.													

State Assistance

Administration Administrative Office of the Courts

History

Legal financial obligations (LFOs) are the fines, fees, and restitution amounts the court imposes at sentencing. LFO revenue generally is distributed to the state, county, county crime victim fund, and victim restitution.

Prior to 2003, the Department of Correction billed convicted offenders with outstanding LFOs and engaged in collections efforts. Some county clerks also engaged in active collections efforts with success, resulting in increased victim restitution payments and funds to the state and counties. A 2002 Legal Financial Obligations Work Group raised the possibility of county clerks taking a more comprehensive role in LFO collections.

In 2003, collection of LFOs was transferred from the Department of Corrections to county clerk offices. In conjunction with this transition of LFO collections, the Legislature authorized clerks to collect fees of up to \$100 annually to support their collection efforts. The legislation also created the LFO grant program. (Chapter 379, Laws of 2003)

The initial formula for distribution of LFO grants was based upon the relative volume of criminal sentences entered in each county during the years 1998-2002. In 2010, WACO voted to modify the distribution of funds by updating the sentencing statistics to the years 2005-2009 and to set the amount of the appropriation to be distributed each fiscal year.

In 2014, the Legislature reduced LFO grant funding by 50 percent. (Section 113. Chapter 221, Laws of 2014)

State Assistance

Title	County Public Health Assistance
RCW	N/A
Year Enacted	1993
Description	The state provides funding for public health services to local public health departments and districts each fiscal year.
Purpose	To provide local public health jurisdictions more flexible funding.
Use of Funds	To support local public health services, including public health nursing.
Recipients/ Eligibility	Funding is subject to appropriation; however, traditionally funds are distributed to each county health department, combined city-county health department, or health district designated under Chapter 70.05 RCW.
Current Distribution Methodology	Funds are distributed by appropriation through omnibus operating budget.

**Recent
Distributions
Total**

Fiscal Year	Total Distribution	% Change
2014*	\$36,386,000	51.61%
2013	\$24,000,000	0.00%
2012	\$24,000,000	7.61%
2011	\$22,303,000	-7.07%
2010	\$24,000,000	0.00%
2009	\$24,000,000	

*In 2014, the Legislature combined three distributions into one distribution through the State Treasurer:

- County Public Health Assistance that historically was appropriated in the omnibus operating budget - \$24 million each fiscal year;
- Local Capacity Development Funds (LCFD) that were distributed to county health departments/districts through the Department of Health budget - \$7.386 million each fiscal year; and
- Blue Ribbon Local Health Funds that were distributed to county health departments/districts through the Department of Health budget - \$5 million each fiscal year

State Assistance

Method of Receipt Distributed by the Office of State Treasurer semi-annually with one-half distributed in January and one-half distributed in July

Administration Office of State Treasurer

History Since 1939, counties were authorized to levy a property tax to support public health services. By 1975, the levy rate had increased to 4.5 cents for each \$1,000 of assessed value. In addition, each county was required to levy a property tax for the control of tuberculosis and other communicable diseases. By 1975, the levy rate had increased to 6.25 cents for each \$1,000 of assessed value.

As part of a local public health development program reform, the Legislature increased the general property tax levy rate for public health services to 9 cents for each \$1,000 assessed value for a 2 year period. Effective January 1, 1997, this property tax was repealed along with the property tax levy for control of tuberculosis and other communicable diseases. Thereafter, all counties were required to annually budget and appropriate a sum for public health work to improve local health department management, community health responsiveness, and fiscal health. (Chapter 291, Laws of 1975 ex. sess. and Legislative Budget Notes 1975-77).

In 1990, the Washington Health Care Cost Control and Access Commission was formed to recommend changes to ensure universal access to health services for the state's residents. The Commission considered population-based services provide by state and local health departments were cost-effective and a critical strategy for the long-term containment of health care costs. The Commission's final report recommended increasing state and local public health funding from \$233 million to \$480 million annually by fiscal year 2000.

In 1993, the Legislature enacted many of the Commission's recommendations including increasing public health funding. The Commission's report recommended a variety of revenue sources to fund public health. The legislature chose to fund local public health services by redirecting 2.95 percent of Motor Vehicle Excise Tax (MVET) collections to counties to be used exclusively for local public health services. At the same time, an MVET distribution to cities and towns for police, fire, and public health protection was reduced from 8.83 percent to 5.88 percent. Public health funds were distributed to individual counties based on population.

In addition to MVET funds, the legislature created the Public Health Services Account (RCW 43.72.902) from which funds appropriated into the account would be distributed to counties based on population. Fund from the account could be used only for maintaining and improving the health of Washington residents through the public health system. In the 1993-95 biennium, \$10 million was appropriated to the account for distribution to counties. (Chapter 492, Laws of 1993)

Initiative 695, passed in 1999, limited the MVET to a flat \$30 per vehicle per year causing local public health to lose its distribution from this tax source. To offset the loss of MVET funds, the Legislature began to appropriate funds in specific amounts to local public health departments and districts to restore 90 percent of prior MVET distributions. Total distributions was approximately \$24 million each fiscal year. That amount remained unchanged since its original enactment. (Section 730, Chapter 1, Laws of 2000).

In 2007, the Legislature increased public health funding based on recommendations by the Blue Ribbon Commission on Health Care Costs and Access. A total of \$20 million in state funds distributed through the Department of Health to local health departments and districts and were provided to support five primary local public health functions. Each year local health jurisdictions will receive the greater of \$100,000 or:

- For jurisdictions with $\leq 400,000$, \$75,000, plus a per capita amount
- For jurisdictions with $> 400,000$, \$25,000, plus a per capita amount

(Chapter 259, Laws of 2007 and Section 222, Chapter 522, Laws of 2007)

In 2011, total funding for Blue Ribbon Local Health Funds was reduced by \$10 million. (Section 219, Chapter 50, Laws of 2011 1st sp. sess.)

In 2014, County Public Health Assistance, Local Capacity Development Funds, and Blue Ribbon Local Health Funds were combined into a single distribution through the Office of State Treasurer to local public health departments and districts. (Section 710, Chapter 4, Laws of 2013 2nd sp. sess.)

State Assistance

Title	County Superior Court Judge Salaries and Benefits – State Contribution													
RCW	Article 4, Section 13 and Article 28, Section 1 of the Washington State Constitution													
Year Enacted	1889 and 1986													
Description	The state constitution provides that one-half of the salary of each county superior court judge be paid by the state, and the other one-half paid by the county or counties for which he is elected. Additionally, the entire cost of retirement and health benefits for each county superior court judge is paid by the state.													
Purpose	To recognize the dual role as state officer and county officer as reflected in various provisions of the Washington Constitution and state statute.													
Use of Funds	Funds must be used for the salary and benefits of the elected county superior court judge.													
Recipients/ Eligibility	County superior court judges													
Current Distribution Methodology	<p>In each odd-numbered year, the Washington Citizens' Commission on Salaried Elected Officials sets a two-year salary schedule for superior court judges. The state pays one-half of the salary cost.</p> <p>Retirement benefits are based on the employer contribution rate to the Public Employee Retirement System modified by a judicial benefit multiplier. Health benefits are based on the monthly employer funding rate for insurance benefit premiums as set in the omnibus operating budget. The state funds the total employer cost of these benefits.</p>													
Recent Distributions Total*	<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Total Distribution</th> <th>% Change</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>\$22,768,184</td> <td>5.41%</td> </tr> <tr> <td>2013</td> <td>\$21,600,481</td> <td>-1.33%</td> </tr> <tr> <td>2012</td> <td>\$21,892,044</td> <td></td> </tr> </tbody> </table> <p>*For consolidated courts, distributions by county were calculated using the percentage of each county's total superior court filings in the consolidated court for calendar year 2013.</p>		Fiscal Year	Total Distribution	% Change	2014	\$22,768,184	5.41%	2013	\$21,600,481	-1.33%	2012	\$21,892,044	
Fiscal Year	Total Distribution	% Change												
2014	\$22,768,184	5.41%												
2013	\$21,600,481	-1.33%												
2012	\$21,892,044													

State Assistance

Method of Receipt Distributed by Administrative Office of the Courts. Salary payments are made directly to county superior court judges twice each month according to the state's payroll calendar. Payments for retirement and health benefits are made directly to the Department of Retirement Systems and Public Employee Benefits Board monthly.

Administration Administrative Office of the Courts

History With the adoption of the Washington State Constitution, the state paid one-half the salary cost of each superior court judge. Historically, the state paid the full cost of retirement and health benefits. In 1995, the state reduced its contribution to one-half the cost of benefits and began conditioning county receipt of other state shared revenues to payment of half the cost of superior court judge benefits. In 2001, Thurston County filed a lawsuit to require the state to continue paying the full cost of benefits.

In 2003, a Thurston County superior court issued a decision that the state is required to pay one-half of superior court judges salaries under the state constitution, but is not constitutionally required to pay any portion of their benefits. However, because the Legislature failed to amend the necessary statutes in a policy bill to transfer responsibility for benefit costs from the state to the counties, the state was required by statute to fund superior court judge benefit costs in their entirety.

State Assistance

Title	Court Appointed Special Advocate Coordinator Grants													
RCW	Not applicable													
Year Enacted	2007													
Description	The state provides funds to county and tribal courts for Court Appointed Special Advocate (CASA) coordinators.													
Purpose	To increase the number of CASA volunteers who act as Guardians ad Litem for abused and neglected children in the dependency court system.													
Use of Funds	Funds must be used to increase or maintain the number of volunteers serving children to National CASA best practice standards. Funding may not be used to shall not be used to supplant existing local funding for the CASA program.													
Recipients/ Eligibility	County and tribal courts that operate CASA programs.													
Current Distribution Methodology	Funding is distributed based on the ratio of the four year average of active juvenile civil dependency cases in the court(s) the program operates to the total number of statewide cases. The resulting percentages are applied to the amount appropriated and available for the program.													
Recent Distributions Total	<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Total Distribution</th> <th>% Change</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>\$3,045,058</td> <td>0%</td> </tr> <tr> <td>2013</td> <td>\$3,045,055</td> <td>0%</td> </tr> <tr> <td>2012</td> <td>\$3,045,056</td> <td></td> </tr> </tbody> </table>		Fiscal Year	Total Distribution	% Change	2014	\$3,045,058	0%	2013	\$3,045,055	0%	2012	\$3,045,056	
Fiscal Year	Total Distribution	% Change												
2014	\$3,045,058	0%												
2013	\$3,045,055	0%												
2012	\$3,045,056													
Method of Receipt	Distributed by the Administrative Office of the Courts monthly.													
Administration	Administrative Office of the Courts													

State Assistance

History

In 2000, funds from the Department of Community, Trade and Economic Development were transferred to the AOC in the omnibus operating budget for local Court Appointed Special Advocate (CASA) programs to hire volunteer coordinators. In 2007, funds were provided to increase the number of CASA volunteers to National CASA best practice standards. CASA programs train volunteer advocates to serve as Guardians ad Litem for abused and neglected children in the dependency court system. CASA programs operate in 35 counties and three tribal courts. Combined, these programs supervise over 2,000 CASA volunteers annually. (Section 113, Chapter 522, Laws of 2007)

State Assistance

Title	Court Interpreter Assistance
RCW	2.42.120 and 2.43.040
Year Enacted	2008
Description	The state provides funds to pay up to 50 percent of expenses for an interpreter appointed by a judicial officer in a proceeding before a court at public expense.
Purpose	To reduce the county and city costs for providing interpreter services in court proceedings.
Use of Funds	Funds must be used qualified interpreter expenses.
Recipients/ Eligibility	<p>Counties and cities may apply for funds for their superior, district and municipal courts.</p> <p>For interpreter for a non-English speaking person:</p> <ul style="list-style-type: none">• The interpreter appointed must be an interpreter certified or registered by AOC or where the necessary language is not certified or registered, the interpreter has been qualified by the judicial officer;• The court conducting the legal proceeding has an approved language assistance plan that complies with RCW 2.43.090; and• The fee paid to the interpreter for services is in accordance with standards established by the administrative office of the courts. Local courts must agree to pay the interpreter \$50 an hour. Payment for mileage expenses is required, but not travel time. <p>Each recipient of funds were required by November 15, 2009, to provide AOC with a report assessing their interpreter needs and resources and fiscal years 2005-2009 interpreter expenditures.</p>
Current Distribution Methodology	Funding is subject to appropriation. Funds are allocated to each jurisdiction based on its percentage of eligible court interpreting costs for the past two years when compared to total eligible court interpreting costs statewide during the same period. Each jurisdiction's percentage is applied to the total amount available for distribution in the fiscal year to determine its maximum distribution.

State Assistance

Recent Distributions Total*

Fiscal Year	Total Distribution	% Change
2014	\$594,699	N/A
2013	\$590,513	
2012	\$564,268	

*The appropriation is generally \$600,000 each fiscal year. Distributions are based on actual expenditures of eligible counties and cities.

Method of Receipt

Distributed by the Administrative Office of the Courts monthly as counties and cities seek reimbursement for their actual costs.

Administration

Administrative Office of the Courts

History

In 2008, the Legislature began requiring language assistance plans in each court of the state to provide a framework for the provision of interpreter service for persons accessing the court system in both civil and criminal matters. In the same legislation, a court interpreter assistance program was created to allow AOC to pay up to one-half the cost of qualifying interpreters for the hearing impaired and for non-English speaking persons in court proceedings. The program has remained unchanged since enactment. (Chapter 291, Laws of 2008)

State Assistance

Title	Distressed City Assistance
RCW	43.08.290
Year Enacted	2005
Description	The state provides formula funding to cities and towns to ensure that each has a minimum level of revenue for basic governmental operations.
Purpose	To assist counties and cities for which the repeal of the Motor Vehicle Excise Tax (MVET) had the greatest fiscal impact. (RCW 44.28.805)
Use of Funds	Funds may be used for any purpose.
Recipients/ Eligibility	Cities and towns who are certified as eligible by the Department of Revenue each October based on the distribution formula below.
Current Distribution Methodology	One and six-tenth of one percent (1.6 percent) of state real estate excise tax is deposited into the City-County Assistance Account under RCW 43.08.290. Thus, total funds available for distribution are dependent on the volume and value of real estate transactions subject to the tax.

Half of the amount deposited is distributed to cities and towns each fiscal year. Distributions are made to ensure that sum of revenue received from 1) the 0.5 percent local basic sales tax, and 2) any streamlined sales tax mitigation payments are increased to provide each city and town, depending on population, with:

Incorporated Population	THE GREATER OF:
<= 5,000 AND Less than twice the statewide average per capita assessed property value	Amount necessary to increase sales tax revenue up to 55 percent of the statewide weighted average per capita collections from the 0.5 percent local basic sales tax (RCW 82.14.030(1)) in the previous fiscal year OR Amount of local government assistance provided in the 2003-2005 omnibus operating budget BUT No more than \$100,000 (adjusted annually by IPD)
<= 5,000	Amount necessary to increase sales tax revenue up to 55 percent of the statewide weighted average per capita

State Assistance

<p>AND</p> <p>Less than 55 percent of the statewide average per capita assessed property value</p>	<p>collections from the 0.5 percent local basic sales tax (RCW 82.14.030(1)) in the previous fiscal year</p> <p>OR</p> <p>Amount of local government assistance provided in the 2003-2005 omnibus operating budget</p> <p>OR</p> <p>55% property tax equalization based on per capita assessed values per \$1,000 assessed value</p> <p>BUT</p> <p>No more than \$100,000 (adjusted annually by IPD)</p>
<p>> 5,000</p> <p>AND</p> <p>Less than the statewide average per capita assessed property value</p>	<p>Amount necessary to increase sales tax revenue up to 55 percent of the statewide weighted average per capita collections from the 0.5 percent local basic sales tax (RCW 82.14.030(1)) in the previous fiscal year</p> <p>BUT</p> <p>No more than \$100,000 (adjusted annually by IPD)</p>
<p>> 5,000</p> <p>AND</p> <p>Less than 55 percent of the statewide average per capita assessed property value</p>	<p>Amount necessary to increase sales tax revenue up to 55 percent of the statewide weighted average per capita collections from the 0.5 percent local basic sales tax (RCW 82.14.030(1)) in the previous fiscal year</p> <p>OR</p> <p>55% property tax equalization based on per capita assessed values per \$1,000 assessed value</p> <p>BUT</p> <p>No more than \$100,000 (adjusted annually by IPD)</p>

If revenues are insufficient to fund distributions, distributions must be ratably (proportionally) reduced. If revenues exceed the amount necessary to fund distributions, excess funds must be divided ratably based upon population among those cities and towns receiving a distribution and imposing the 0.5 percent local optional sales tax (RCW 82.14.030(2)) at the maximum rate.

Recent Distributions Total

Fiscal Year	Total Distribution	% Change
2014	\$5,175,278	15.03%
2013	\$4,498,920	39.69%
2012	\$3,220,593	-41.87%
2011	\$5,540,498	-3.64%
2010	\$5,749,900	65.62%
2009	\$3,471,688	

State Assistance

Method of Receipt Distributed by the Office of State Treasurer quarterly each January, April, July, and October.

Administration Department of Revenue

History The Motor Vehicle Excise Tax (MVET) was used by the Legislature to distribute revenue to local governments for a variety of local purposes, including criminal justice assistance, fire and police protection, sales tax equalization, and public health services. During the 1999-2001 biennium, the MVET was forecasted to generate approximately \$1.6 billion, of which approximately 23.6 percent would be distributed to local government.

On January 1, 2000, the MVET was repealed by Initiative 695. The Legislature temporarily backfilled lost MVET distributions for county and municipal sales tax equalization for the remainder of fiscal years 2000-2002. However, in the 2002 supplemental budget, the Legislature eliminated this \$47.3 million annual distribution to cities and towns beginning in fiscal year 2003. In its place, the Legislature funded \$8 million in fiscal year 2003 for distribution to selected cities and towns through the Department of Community, Trade and Economic Development. (Section 724, Chapter 371, Laws of 2002)

The 2003-05 biennial omnibus operating budget provided a total of \$5 million to specified cities and towns for fiscal years 2004 and 2005. (Section 721, Chapter 25, Laws of 2003)

To provide a more consistent non-state general fund distributions, the Legislature created the City-County Assistance Account to be funded by state real estate excise tax (REET) collections. Prior to this change, 7.7 percent of REET collections were deposited in the Public Works Assistance Account (PWAA) to assist local governments with low interest loans for roads and bridges, water and waste water systems, and solid waste and recycling facilities. This legislation reduced the portion of the REET collections deposited in the PWAA from 7.7 percent to 6.1 percent to deposit 1.6 percent of REET collections into the new City-County Assistance Account. Distributions from the account would be split equally between cities and counties according to separate distribution formulas for cities and counties. (Chapter 450, Laws of 2005).

In 2009, the Legislature made changes to the distribution schedule, moving the certification date for eligibility from March to October, to ease administration. Streamlined sales tax mitigation payments were added to the formula for determining eligibility and distribution amounts. (Chapter 127, Laws of 2009)

State Assistance

Title	Distressed County Assistance
RCW	43.08.290
Year Enacted	2005
Description	The state provides formula funding to counties to ensure that each has a minimum level of revenue for basic governmental operations.
Purpose	To assist counties and cities for which the repeal of the Motor Vehicle Excise Tax (MVET) had the greatest fiscal impact. (RCW 44.28.805)
Use of Funds	Funds may be used for any purpose.
Recipients/ Eligibility	Counties who are certified as eligible by the Department of Revenue each October based on the formula for distribution below.
Current Distribution Methodology	<p>One and six-tenth of one percent (1.6 percent) of state real estate excise tax is deposited into the City-County Assistance Account under RCW 43.08.290. Thus, total funds available for distribution are dependent on the volume and value of real estate transactions subject to the tax.</p>

Half of the amount deposited is distributed to counties each fiscal year. Distributions are made to ensure that sum of revenue received from 1) the 0.5 percent local basic sales tax, and 2) any streamlined sales tax mitigation payments are increased to provide each county, depending on population, with:

Unincorporated Population	THE GREATER OF:
<= 15,000	\$250,000 (adjusted annually by IPD) OR 70 percent of the statewide weighted average per capita collections from the 0.5 percent local basic sales tax (RCW 82.14.030(1)) in the previous fiscal year OR Amount of local government assistance provided in the 2003-2005 omnibus operating budget.
> 15,000 to <= 100,000	\$250,000 (adjusted annually by IPD) OR

State Assistance

	70 percent of the statewide weighted average per capita collections from the 0.5 percent local basic sales tax in the previous fiscal year
> 100,000	\$250,000 (adjusted annually by IPD) OR 65 percent of the statewide weighted average per capita collections from the 0.5 percent local basic sales tax in the previous fiscal year

If revenues are insufficient to fund distributions, distributions must be ratably (proportionally) reduced. If revenues exceed the amount necessary to fund distributions, excess funds must be divided ratably based upon unincorporated population among those counties receiving a distribution and imposing the 0.5 percent local optional sales tax (RCW 82.14.030(2)) at the maximum rate.

Recent Distributions Total

Fiscal Year	Total Distribution	% Change
2014	\$5,175,278	15.03%
2013	\$4,498,920	39.69%
2012	\$3,220,593	-41.87%
2011	\$5,540,498	-3.64%
2010	\$5,749,900	65.62%
2009	\$3,471,688	

Method of Receipt

Distributed by the Office of State Treasurer quarterly each January, April, July, and October.

Administration

Department of Revenue

History

The Motor Vehicle Excise Tax (MVET) was used by the Legislature to distribute revenue to local governments for a variety of local purposes, including criminal justice assistance, fire and police protection, sales tax equalization, and public health services. During the 1999-2001 biennium, the MVET was forecasted to generate approximately \$1.6 billion, of which approximately 23.6 percent would be distributed to local government.

On January 1, 2000, the MVET was repealed by Initiative 695. The Legislature temporarily backfilled lost MVET distributions for county and municipal sales tax equalization for the remainder of fiscal years 2000-2002. However, in the 2002 supplemental budget, the Legislature eliminated this \$25.1 million annual distribution to counties beginning in fiscal year 2003. In its place, the Legislature provided \$5 million in fiscal year 2003 for distribution to eighteen selected counties

through the Department of Community, Trade and Economic Development. (Section 724, Chapter 371, Laws of 2002)

The 2003-05 biennial omnibus operating budget provided a total of \$5 million for sixteen specified counties for fiscal years 2004 and 2005. (Section 720, Chapter 25, Laws of 2003) This total amount was increased to \$9 million in the 2004 supplemental omnibus operating budget. (Section 716, Chapter 25, Laws of 2004)

To provide more consistent non-state general fund distributions, the Legislature created the City-County Assistance Account to be funded by state real estate excise tax (REET) collections. Prior to this change, 7.7 percent of REET collections were deposited in the Public Works Assistance Account (PWAA) to assist local governments with low interest loans for roads and bridges, water and waste water systems, and solid waste and recycling facilities. This legislation reduced the portion of the REET collections deposited in the PWAA from 7.7 percent to 6.1 percent to deposit 1.6 percent of REET collections into the new City-County Assistance Account. Distributions from the account would be split equally between cities and counties according to their separate distribution formulas. (Chapter 450, Laws of 2005).

In 2009, the Legislature made changes to the distribution schedule, moving the certification date for eligibility from March to October, to ease administration. Streamlined sales tax mitigation payments were added to the formula for determining eligibility and distribution amounts. (Chapter 127, Laws of 2009)

State Assistance

Title	District and Municipal Court Judges Salaries – State Contribution
RCW	2.56.030
Year Enacted	2005
Description	The state contributes funding for district court judges and qualifying elected municipal court judges salaries.
Purpose	To offset costs of operating courts of limited jurisdiction, which improve access to justice by relieving the caseload burden of county superior courts.
Use of Funds	Funds must be used for the salary of the county district court judge or elected municipal court judge.
Recipients/ Eligibility	<p>Counties</p> <p>Cities qualify for funding if:</p> <ul style="list-style-type: none">• The judge is serving in an elected position;• The city has established by ordinance that a full-time judge is compensated at a rate equivalent to at least ninety-five percent, but not more than one hundred percent, of a district court judge salary or for a part-time judge on a pro rata basis the same equivalent; and• The city has certified to the office of the administrator for the courts that the conditions in (b)(i) and (ii) of this subsection have been met. <p>All cities, towns, and counties that receive state funding for elected district or municipal court judges' salaries are required to create trial court improvement accounts. An amount equal to 100 percent of the state's funding for judges' salaries must be deposited into the trial court improvement account. Funds in the account must be used to fund improvements to court staffing, programs, facilities, and services.</p>
Current Distribution Methodology	Funding is subject to appropriation. The Administrative Office of the Courts (AOC) was directed to develop a distribution formula for appropriated amounts that does not differentiate between district and elected municipal court judges. Funds are distributed on a proportional basis to all qualifying jurisdictions.

State Assistance

Recent Distributions Total

Fiscal Year	Total Distribution	% Change
2014	\$3,175,000	0%
2013	\$3,175,000	0%
2012	\$3,175,000	0%

Method of Receipt

Distributed by the Administrative Office of the Courts quarterly.

Administration

Administrative Office of the Courts

History

In 2002, a Court Funding Task Force was convened by the Washington State [Board for Judicial Administration](#) to study the funding of Washington's trial courts. The task force issued its report in 2004 and recommended that the state assume 50 percent of the cost of district court salaries and elected municipal court judges salaries.

In 2005, the Legislature increased a variety of court fees to fund trial court improvements, including creating a program to fund district court judges and qualifying elected municipal court judges salaries. The goal of the program was to increase funding over several years to reach a 50 percent state contribution to such salary costs. However, the program has remained unchanged since enactment. (Chapter 457, Laws of 2005)

The appropriated amount funded approximately 17 percent of judge's salary costs in FY 13.

State Assistance

Title	Family and Juvenile Court Improvement Grants
RCW	2.56.230
Year Enacted	2008
Description	The state provides grant funds to county superior courts to implement the principles of Unified Family Court.
Purpose	To assist superior courts in improving their family and juvenile court systems, especially in dependency cases, with the goals of assuring a stable and well-trained judiciary in family and juvenile law. (Chapter 279, Laws of 2008)
Use of Funds	<p>Funds must be used to improve and support family and juvenile court operations based on standards developed by the Administrative Office of the Courts (AOC) and approved by the Board for Judicial Administration (BJA). The standards may allow courts to use the funds to:</p> <ul style="list-style-type: none">• Pay for family and juvenile court training of commissioners and judges or pay for pro tem commissioners and judges to assist the court while the commissioners and judges receive training;• Increase judicial and nonjudicial staff, including administrative staff to improve case coordination and referrals in family and juvenile cases, guardian ad litem volunteers or court appointed special advocates, security, and other staff;• Improve the court facility to better meet the needs of children and families;• Improve referral and treatment options for court participants, including enhancing court facilitator programs and family treatment court and increasing the availability of alternative dispute resolution;• Enhance existing family and children support services funded by the courts and expand access to social service programs for families and children ordered by the court; and• Improve or support family and juvenile court operations in any other way deemed appropriate by the administrator for the courts. <p>Funds may not be used to supplant any existing local, state or federal funds for the court.</p>
Recipients/ Eligibility	A superior court may apply for grants by submitting a local improvement plan with AOC.

State Assistance

**Current
Distribution
Methodology**

AOC allocates available grant moneys based upon the needs of the court as expressed in their local improvement plan. Upon receipt of grant funds, each superior court must submit to AOC a spending plan detailing the use of funds. At the end of the fiscal year, the superior court must submit to AOC a financial report comparing the spending plan to actual expenditures.

**Recent
Distributions
Total***

Fiscal Year	Total Distribution	% Change
2014	\$598,818	7.82%
2013	\$555,409	-0.47%
2012	\$558,005	3.59%

*For consolidated courts, distributions by county were calculated using the percentage of each county's total dependency and parental termination filings in the consolidated court for calendar year 2013.

**Method of
Receipt**

Distributed by the Administrative Office of the Courts monthly as counties seek reimbursement for their actual costs.

Administration

Administrative Office of the Courts

History

In 2008, the family and juvenile court improvement program was created. To be eligible for grant money, the court's plan must meet criteria developed by the AOC that is consistent with Unified Family Court principles and approved by the BJA. In addition, the court's plan must:

- Commit to a chief judge assignment to the family and juvenile court for a minimum of two years;
- Implement the principal of one judicial team hearing all of the proceedings in a case involving one family, especially in dependency case, and
- Require court commissioners and judges assigned to family and juvenile court to receive a minimum of 30 hours specialized training in topics related to family and juvenile law within six months of assuming duties on the family and juvenile court.

The program has not changed since enactment. (Chapter 279, Laws of 2008)

State Assistance

Title	Law Enforcement Officers' and Firefighters' Retirement System – Plan 2 State Contribution
RCW	41.26.725
Year Enacted	1977 and 2002
Description	The state funds 20 percent of the annual contribution rate of the Law Enforcement Officers' and Firefighters' (LEOFF) Plan 2 retirement system.
Purpose	To reduce local government employer costs for enrolled members of LEOFF Plan 2.
Use of Funds	Funds must be used for LEOFF Plan 2 retirement contributions.
Recipients/ Eligibility	Local governments with actively employed LEOFF Plan 2 members (fully employed, fully compensated, and fully commissioned law enforcement officers and firefighters). This includes counties, cities, towns, fire protection districts, regional fire authorities and ports (firefighters only).
Current Distribution Methodology	<p>The LEOFF Plan 2 Board is authorized to set contribution rates based on an actuarial analysis of the plan in odd-numbered years. The rates are effective for the next ensuing biennium subject to revision by the Legislature. (RCW 41.45.0604)</p> <p>An appropriation is made in the omnibus operating budget to the Department of Retirement Systems to pay 20 percent of the contribution rate on an monthly basis for each member of the plan based on payroll information provided by employers.</p>

**Recent
Distributions
Total**

Fiscal Year	Total Distribution	% Change
2014	\$55,551,000	2.41%
2013	\$54,246,000	2.80%
2012	\$52,770,000	1.43%
2011	\$52,024,000	1.74%
2010	\$51,136,000	0.00%
2009	\$51,137,000	

State Assistance

Method of Receipt Based on payroll information provided by employers, the Department of Retirement Systems directs the Office of State Treasurer to transfer funds to the LEOFF Plan 2 Fund.

Administration Department of Retirement Systems

History In 1977, the Legislature created the LEOFF Plan retirement system (LEOFF Plan 2). As of October 1, 1977, full-time, fully compensated and fully commissioned law enforcement officers and fire fighters were enrolled members of LEOFF Plan 2, which provides retirement benefits to covered members. As enacted, the share of the contribution rate into the plan was set at 20 percent state, 30 percent employer and 50 percent employee. The state share of the contribution rate has remained unchanged since enactment. (chapter 294, Laws of 1977 ex. sess.)

State Assistance

Title	Motor Vehicle Fuel Tax Distributions – County Ferry Operations																			
RCW	47.56.725																			
Year Enacted	1975																			
Description	The Department of Transportation is authorized to enter into continuing agreements with Pierce, Skagit and Whatcom counties to distribute up to \$500,000 each year to offset 50 percent of any deficit incurred the previous fiscal year in the operation and maintenance the county’s ferry system.																			
Purpose	To provide funds to cover county ferry operating costs.																			
Use of Funds	Funds must be used for county ferry operation and maintenance costs.																			
Recipients/ Eligibility	Pierce, Skagit and Whatcom counties. Each county must maintain tolls on its ferries at least equal to tolls in place on January 1, 1990.																			
Current Distribution Methodology	Subject to review by the Department of Transportation, the annual operating and maintenance deficit is defined as the total of operations and maintenance expenditures less the sum of ferry toll revenues and that portion of fuel tax revenue distributions which are attributable to the county ferry. Distributions collectively cannot exceed \$1 million in any biennium.																			
Recent Distributions Total	<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Total Distribution</th> <th>% Change</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>\$500,000</td> <td>0%</td> </tr> <tr> <td>2012</td> <td>\$500,000</td> <td>0%</td> </tr> <tr> <td>2011</td> <td>\$500,000</td> <td>0%</td> </tr> <tr> <td>2010</td> <td>\$500,000</td> <td>0%</td> </tr> <tr> <td>2009</td> <td>\$500,000</td> <td></td> </tr> </tbody> </table>		Fiscal Year	Total Distribution	% Change	2013	\$500,000	0%	2012	\$500,000	0%	2011	\$500,000	0%	2010	\$500,000	0%	2009	\$500,000	
Fiscal Year	Total Distribution	% Change																		
2013	\$500,000	0%																		
2012	\$500,000	0%																		
2011	\$500,000	0%																		
2010	\$500,000	0%																		
2009	\$500,000																			
Method of Receipt	Distributed by the Office of State Treasurer annually generally in the month of October.																			
Administration	Office of State Treasurer and Department of Transportation																			

History

In 1975, recognizing that toll revenue was insufficient to cover the operating expenses of county ferry systems, the Legislature authorized the Washington Transportation Commission to enter into continuing agreements with Pierce, Skagit and Whatcom counties to reimburse each county for 50 percent of any deficit incurred the previous fiscal year in the operation and maintenance the county's ferry system. To be eligible for funds, the tolls of each county ferry system as of the effective date of the legislation could not be decreased. Funding was subject to appropriation and \$120,000 was appropriated for the 1975-1977 biennium for this purpose. (Chapter 21, Laws of 1975 1st ex. sess.)

In 1976, the Legislature allowed for appropriations for county ferry operations to be deducted from the total net fuel tax to be distributed to counties. (Chapter 57, Laws of 1975-76 2nd ex. sess.)

In 1977, the total amount that could be distributed in any biennium was capped at \$500,000. (Chapter 51, Laws of 1977)

In 1986, responsibility for the distribution was transferred to the Department of Transportation. (Chapter 7, Laws of 1984)

In 1991, the total amount that could be distributed in any biennium was increased to \$1 million. To be eligible for funds, each county was required to maintain tolls at least equal to tolls in place on January 1, 1990. (Chapter 310, Laws of 1991)

State Assistance

Title	Parents Representation Program
RCW	Not applicable
Year Enacted	2000
Description	OPD contracts with qualified attorneys to represent indigent parents, custodians and legal guardians involved in child dependency and termination of parental rights proceedings.
Purpose	To enhance the quality of defense representation in child dependency and termination of parental rights proceedings.
Use of Funds	Funds are used for contracted attorneys, contracted social workers, and some expert witness costs.
Recipients/ Eligibility	<p>The omnibus operating budget directs the counties in which the program operates. Funding is currently appropriated to operate in 31 of the 39 counties:</p> <p>Asotin, Benton, Chelan, Clallam, Clark, Columbia, Cowlitz, Ferry, Franklin, Garfield, Grant, Grays Harbor, Jefferson, King, Klickitat, Kitsap, Kittitas, Mason, Pacific, Pend Oreille, Pierce (portion of caseload), Skagit, Skamania, Snohomish, Spokane, Stevens, Thurston, Wahkiakum, Whatcom, Whitman, and Yakima.</p> <p>Counties without the state OPD Parents Representation Program use their own resources to provide public defense services for indigent parents involved in child dependency and termination of parental rights proceedings.</p>
Current Distribution Methodology	The Office of Public Defense contracts directly with attorneys, social workers, and expert witnesses to provide services. Contracted attorneys and social workers may provide services within multiple counties depending on child dependency and termination caseloads.

**Recent
Distributions
Total***

Fiscal Year	Total Distribution	% Change
2014	\$11,698,955	-018%
2013	\$11,720,231	4.77%
2012	\$11,186,659	-1.87%
2011	\$11,400,330	0.16%

State Assistance

2010	\$11,381,823	0.58%
2009	\$11,316,695	

*For FY 14, the Distribution Source by Local Entity, Local Entity by Distribution Source and All Entity Drill-In displays for each county shows funding for contract attorneys and social workers, but not expert witnesses (\$364,311 of the total amount). Additionally, the amount assigned to each county in the displays are estimates; a new case management system recently implemented will provide more accurate assignment by county for FY 15.

Method of Receipt

The Office of Public Defense provides the service within the county. For Pierce County, only a portion of the caseload is serve by the Office of Public Defense.

Administration

Office of Public Defense

History

The 1999 Legislature directed the state Office of Public Defense (OPD) to recommend strategies to ensure that an equitable method for paying for indigent defense costs in dependency and termination proceeding is established. (Chapter 371, Laws of 1999) At that time, the cost to fund the defense of an indigent parent in a dependency or termination proceeding rested exclusively with the county. In its report, OPD found that severe inequities exist between the amount of state funding spent on the state's case and county funding provided for parents' defense. The report recommended that adequate state funding be appropriated for defense representation, accompanied by mandatory defense practice standards.

In 2000, the Legislature appropriated \$500,000 to OPD to establish an adequate defense representation pilot program during fiscal year 2001 to be held in one eastern and one western Washington juvenile court. Benton and Franklin counties, which share a juvenile court, and Pierce County juvenile court were selected as sites. The legislative appropriation specified five program goals:

- Reduce the number of continuances requested by attorneys, including those based on their unavailability;
- Set maximum caseload requirement of 90 dependency and termination cases per full-time attorney;
- Enhance defense attorneys' practice standards, including reasonable time for case preparation and the delivery of adequate client advice;
- Support the use of investigative and expert services in dependency cases; and
- Ensure implementation of indigency screenings of parents, guardians, and legal custodians.

Following a program evaluation that found improvements in child outcomes and family reunifications, in 2005, the Legislature provided additional funding to expand the program into ten counties. (Section 114, Chapter 518, Laws of 2005)

State Assistance

In 2006, the Legislature provided funding to expand the program to an additional 5 counties in fiscal year 2006 and an additional 7 counties in fiscal year 2007. At the close of fiscal year 2007, the following 25 counties participated in the program: Benton, Chelan, Clallam, Clark, Cowlitz, Ferry, Franklin, Grant, Grays Harbor, Jefferson, Klickitat, Kitsap, Kittitas, Mason, Pacific, Pend Oreille, Pierce, Skagit, Skamania, Snohomish, Spokane, Stevens, Thurston, Wahkiakum and Yakima. (Section 113, Chapter 372, Laws of 2006)

In 2013, the Legislature provided additional funding to expand the program into Asotin, Columbia, Garfield, King, Whatcom, and Whitman counties in fiscal year 2015. (Section 115, Chapter 4, Laws of 2013 2nd sp. Sess.)

State Assistance

Title	Public Defense Improvement Grants
RCW	10.101.050 - 10.101.080
Year Enacted	2005
Description	The state provides funding to counties and cities to improve the quality of public indigent defense services.
Purpose	To improve the quality of legal representation directly received by indigent defendants who have a constitutional right to counsel in trial court criminal proceedings.
Use of Funds	Funds must be used for trial court public indigent defense services and may not be used to supplant existing local funds for this purpose.
Recipients/ Eligibility	<p>Each county and city must apply for funding and document to the state Office of Public Defense (OPD) that it is meeting the standards for provision of indigent defense services as endorsed by the Washington State Bar Association or that the funds received under this chapter have been used to make appreciable demonstrable improvements in the delivery of public indigent defense services. (RCW 10.101.060)</p> <p>Each county and city receiving state funding must require that attorneys providing public defense services attend training approved by OPD at least once per calendar year. In addition, each county and city receiving state funding must submit annual reports on public indigent defense expenditures, caseloads and other information to OPD.</p>
Current Distribution Methodology	<p>Funding is subject to appropriation. Of the total amount appropriated, 90 percent must be distributed to eligible counties and 10 percent must be distributed to eligible cities.</p> <p>The county share is distributed:</p> <ul style="list-style-type: none">• Six (6) percent divided equally by the total number of eligible counties.• Of the remaining 94 percent, half is distributed on a pro rata basis by population of eligible counties and half is distributed on a pro rata basis based upon the annual number of criminal cases filed in superior courts of eligible counties.

State Assistance

The city share is distributed through a competitive grant process based on criteria OPD develops in consultation with the Association of Washington Cities.

Recent Distributions Total

Fiscal Year	Total Distribution	% Change
2014	\$5,987,792	-0.82%
2013	\$6,037,500	-2.40%
2012	\$6,185,723	1.24%
2011	\$6,109,805	-2.77%
2010	\$6,284,160	-0.93%
2009	\$6,343,074	

Method of Receipt

The Office of Public Defense distributes funds in December for use by the recipient counties and cities during the following calendar year.

Administration

Office of Public Defense

History

Responding to reports by the Washington State Bar Association Blue Ribbon Task Force on Indigent Defense and the Board for Judicial Administration Court Funding Task Force, the Legislature directed the Office of Public Defense (OPD) to distribute appropriated funds to counties and to no more than 5 eligible cities to improve the quality of public indigent defense services. County funds were to be distributed by statutory formula and city funds were to be distributed as determined by the OPD based on grant applications. The 90/10 split of funds between counties and cities and distribution methodology has remained unchanged since enactment. (Chapter 157, Laws of 2005)

While the eligibility of counties has remained unchanged since enactment, the limitation that no more than 5 eligible cities receive funds was removed in 2007. (Chapter 59, laws of 2007)

State Assistance

Title	Runaway and At-Risk Youth (Becca) County Juvenile Court Costs
RCW	28A.225.035, 28A.225.090, and 43.135.060
Year Enacted	1995
Description	The state reimburses counties for a portion of the costs incurred from truancy petitions in juvenile court.
Purpose	To reimburse counties for a portion of their costs to process truancy petitions.
Use of Funds	Funds must be use offset the costs associated with processing, hearing and deciding truancy cases in juvenile court.
Recipients/ Eligibility	Counties for their juvenile courts.
Current Distribution Methodology	<p>The number of Children in Need of Services (CHINS) filings and At-Risk-Youth (ARY) filings for the prior three years for each county are summed. Each county's sum is then divided by the total filings for the state during the same period to produce each county's percentage, which is then multiplied by 46 percent of the total amount appropriated.</p> <p>The number of Truancy filings for the prior three years for each county are summed. Each county's sum is then divided by the total filings for the state during the same period to produce each county's percentage, which is then multiplied by 54 percent of the total amount appropriated.</p> <p>If the total amount from both distributions are less than \$10,000, the county receives \$10,000.</p>

**Recent
Distributions
Total***

Fiscal Year	Total Distribution	% Change
2014	\$7,313,000	0%
2013	\$7,313,000	-11.38%
2012	\$8,252,000	

*For consolidated courts, distributions by county were calculated using the percentage of each county's total CHINS, ARY, and Truancy filings in the consolidated court for calendar year 2013.

State Assistance

Funds are also provided to school districts for their costs in implementing the Becca law. Such funding does not appear in these amounts for distribution; school district funds are appropriated to the Office of Superintendent of Public Instruction for distribution.

Method of Receipt Distributed by the Administrative Office of the Courts monthly as county juvenile courts seek reimbursement for actual filings.

Administration Administrative Office of the Courts

History The Becca law is a law designed to curb youth school truancy. The law requires a school to inform a student's parents of unexcused absences and to meet with the student and parents if unexcused absences continue to accumulate. The school may take legal action in juvenile court when a student has five unexcused absences in a month. If a student has seven unexcused absences in a month, or ten in an academic year, the school district must file a truancy petition in juvenile court. If the truancy continues, the court can take several actions, including ordering a youth to a county detention facility and ordering the parents to perform community service and pay fines. The court has a number of options at this stage, including ordering the youth to attend school; ordering the youth to attend another public school, an alternative school, a dropout prevention program, or skill center; or, ordering the youth to attend a private non-sectarian school or program. If the youth fails to comply with the court order, the court can require the youth to report to a county detention facility and order the parents to perform community service and pay fines.

Although the state provided funding to counties for implementation of the Becca law, counties filed a lawsuit under RCW 43.135.060 claiming the level of funding was inadequate to reimburse them for the cost of their new responsibilities. RCW 43.135.060 provides that after July 1, 1995, the legislature shall not impose responsibility for new programs or increased levels of service under existing programs on any political subdivision of the state unless the subdivision is fully reimbursed by the state for the costs of the new programs or increases in service levels. Although the state's liability for reimbursement of local government costs under RCW 43.135.060 has been limited by the courts, the state settled this case and agreed to provide additional funding.

In 2012, the Legislature eliminated the requirement that school districts file truancy petitions for truant students who are 17 years old. As a result, funding was reduced to reflect fewer cases filed with county juvenile courts. (Chapter 157, Laws of 2012).

State Assistance

Title	State Payments of Deferred Property Tax																							
RCW	84.37.090 and 84.38.120																							
Year Enacted	2007 and 1975																							
Description	The state pays each local taxing or assessment district the amount of taxes or assessments deferred under the senior/disabled person program under Chapter 84.38 RCW and low-income person program under Chapter 84.37 RCW.																							
Purpose	To maintain local taxing district funds and shift the risk of repayment of deferred taxes to the state.																							
Use of Funds	Funds must be used for the purposes in which the property tax or assessment was levied.																							
Recipients/ Eligibility	Local taxing or assessment districts																							
Distribution Methodology	Distributions are based on the amount of property tax and special assessments deferred.																							
Recent Distributions Total	<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Distributions</th> <th>% Change</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>\$1,804,169</td> <td>5.07%</td> </tr> <tr> <td>2013</td> <td>\$1,717,121</td> <td>14.81%</td> </tr> <tr> <td>2012</td> <td>\$1,495,640</td> <td>-7.97%</td> </tr> <tr> <td>2011</td> <td>\$1,625,135</td> <td>23.15%</td> </tr> <tr> <td>2010</td> <td>\$1,319,660</td> <td>21.55%</td> </tr> <tr> <td>2009</td> <td>\$1,085,649</td> <td></td> </tr> </tbody> </table>			Fiscal Year	Distributions	% Change	2014	\$1,804,169	5.07%	2013	\$1,717,121	14.81%	2012	\$1,495,640	-7.97%	2011	\$1,625,135	23.15%	2010	\$1,319,660	21.55%	2009	\$1,085,649	
Fiscal Year	Distributions	% Change																						
2014	\$1,804,169	5.07%																						
2013	\$1,717,121	14.81%																						
2012	\$1,495,640	-7.97%																						
2011	\$1,625,135	23.15%																						
2010	\$1,319,660	21.55%																						
2009	\$1,085,649																							
Method of Receipt	Distributed by the Office of State Treasurer																							
Administration	Department of Revenue																							

History

The state allows persons who are at least 60 years of age or retired or disabled with combined disposable income of \$40,000 or less and who meet other qualifying criteria to defer special assessments and/or real property taxes on the person's primary residence. (Chapter 84.38 RCW and Chapter 291, Laws of 1975)

Additionally, homeowners with combined disposable income of \$57,000 or less and who meet other qualifying criteria may defer one-half of the current year special assessments and/or real property taxes on the person's primary residence. (Chapter 84.37 RCW and Chapter 2, Laws of 2007 sp. sess.)

Unlike exemption programs, which shift the tax burden of exempt property onto other taxpayers, deferred taxes under these programs are to be repaid at the time of sale, death of the claimant (with no surviving qualifying spouse/domestic partner), condemnation, or if the claimant no longer resides in the property or ceases to meet qualifying criteria. Taxes deferred under chapter 84.38 RCW accrue interest at a rate of 5 percent per year. The interest rate for taxes deferred under chapter 84.37 RCW is currently 2 percent and varies annually based on the average federal short-term rate. The Department of Revenue records a lien to secure the state's interest in the property until the deferral balance is repaid.

Since the inception of these programs, the state has paid to local taxing districts the amount that might otherwise become delinquent without the deferral program. This arrangement allows districts to maintain their existing level of funding during the deferral period. Additionally, although deferred property tax collections are generally stable, the risk of non-payment of the deferral is shifted entirely to the state through this distribution.

State Assistance

Title	State Payments in Lieu of Taxes – Natural Area Preserves & Natural Resources Conservation Areas
RCW	79.70.130 and 79.71.130
Year Enacted	2005
Description	For certain lands acquired by the state for natural areas preserves or natural resources conservation areas, the State Treasurer must distribute to the county, for distribution to local taxing districts, an amount in lieu of real property taxes plus any weed control assessments that would be due if the lands were privately owned.
Purpose	To compensate local taxing districts for revenue that would be generated from the property tax but for state acquisition of the land for natural areas preserves or natural resources conservation areas.
Use of Funds	Funds must be used for the purposes in which the property tax or assessment was levied.
Recipients/ Eligibility	Local taxing districts
Current Distribution Methodology	Distributions are based on the property tax generated at the open space land tax rate. The county assessor and county legislative authority must assist the State Treasurer in determining the amount of tax that would otherwise be due. The county must distribute the amount received to all local taxing districts in the same way it would distribute local property taxes from private property. Amounts received for weed control assessments are distributed to the appropriate weed district.

**Recent
Distributions
Total**

Fiscal Year	Total Distribution	% Change
2013	\$1,448,690	5.57%
2012	\$1,372,222	12.92%
2011	\$1,215,199	--
2010*	\$3,437,378	--
2009	\$0	

*Payments for fiscal years 2007 and 2008 were made in August, 2009, which falls within fiscal year 2010. The distribution for fiscal year 2009 was \$1,141,797 and for fiscal year 2010 was \$1,215,199.

State Assistance

Method of Receipt Distributed by the Office of State Treasurer annually.

Administration Office of State Treasurer

History In 2005, the Legislature created the Riparian Protection Account to fund the acquisition, enhancement or restoration of riparian habitat. Lands acquired by state agencies using account funds are subject to payments in lieu of property tax and weed control assessments. In addition, the Legislature made lands acquired by the Department of Natural Resources and the Department of Fish and Wildlife using Habitat Conservation Account funds subject to payments in lieu of property tax and weed control assessments. (Chapter 303, Laws of 2005)

State Assistance

Title	State Harbor and Tideland Lease Payments																				
RCW	79.115.150																				
Year Enacted	1982																				
Description	Rents from leases of state owned harbor areas or tidelands located in towns are distributed to those towns.																				
Purpose	No legislative history of purpose could be found.																				
Use of Funds	Funds must be used for water-related improvements.																				
Recipients/ Eligibility	Towns with state owned harbor areas or tidelands that generate lease revenue.																				
Current Distribution Methodology	All rent paid is distributed to the town in which the leased land is located.																				
Recent Distributions Total	<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Total Distribution</th> <th>% Change</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>\$65,708</td> <td>-20.04%</td> </tr> <tr> <td>2012</td> <td>\$82,177</td> <td>20.61%</td> </tr> <tr> <td>2011</td> <td>\$68,135</td> <td>-3.22%</td> </tr> <tr> <td>2010</td> <td>\$70,401</td> <td>-17.18%</td> </tr> <tr> <td>2009</td> <td>\$85,006</td> <td></td> </tr> </tbody> </table>			Fiscal Year	Total Distribution	% Change	2013	\$65,708	-20.04%	2012	\$82,177	20.61%	2011	\$68,135	-3.22%	2010	\$70,401	-17.18%	2009	\$85,006	
Fiscal Year	Total Distribution	% Change																			
2013	\$65,708	-20.04%																			
2012	\$82,177	20.61%																			
2011	\$68,135	-3.22%																			
2010	\$70,401	-17.18%																			
2009	\$85,006																				
Method of Receipt	Distributed by the Office of State Treasurer twice each year in July and January.																				
Administration	Department of Natural Resources																				
History	In 1982, the Legislature began sharing the rents paid under leases of state harbor areas and tidelands. If the leased land was located in a Port district, the Port would receive 25 percent of the rent to be used only for harbor or waterfront																				

improvement purposes. The remaining 75 percent was deposited in the Capitol Purchase and Development Account. If the leased land was located outside a Port district, the 25 percent would be distributed to county, city or town in which the land was located subject to the same restricted use. (Chapter 8, Laws of 1982 2nd ex. sess. and Chapter 21, Laws of 1982 1st ex. sess.)

In 1983, the Legislature provided that 100 percent of rents from leases of state owned harbor areas or tidelands located in towns be distributed to those towns. (Chapter 153, Laws of 1983)

In 1984, the Legislature terminated distributions to all local governments other than towns to increase funding to the Aquatic Lands Enhancement Account. (Chapter 221, Laws of 1984)

State Assistance

Title	State Vessel Registration Fees																			
RCW	88.02.650																			
Year Enacted	1989																			
Description	Funds from general vessel registration fees that exceed \$1.1 million each fiscal year are distributed to eligible counties for boating safety/education and law enforcement programs.																			
Purpose	To address the incidence of fatalities and injuries due to recreational boating on our state's waters and to provide for safe waterways and public enjoyment, portions of vessel registration fees were made available for local boating safety and other boating recreation purposes.																			
Use of Funds	Funds must be used for boating safety/education and law enforcement programs and may not replace existing local funds for boating safety programs.																			
Recipients/ Eligibility	Counties and other local jurisdictions with local boating safety programs approved by the Washington State Parks and Recreation Commission.																			
Current Distribution Methodology	Funding is distributed to each county based on numbers of registered vessels by county of moorage. Each county is responsible for an equitable distribution of the funds to other jurisdictions within the county with approved boating safety programs.																			
Recent Distributions Total	<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Total Distribution</th> <th>% Change</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>\$1,546,253</td> <td>-6.66%</td> </tr> <tr> <td>2012</td> <td>\$1,656,594</td> <td>34.01%</td> </tr> <tr> <td>2011</td> <td>\$1,236,193</td> <td>-36.96%</td> </tr> <tr> <td>2010</td> <td>\$1,960,907</td> <td>-0.61%</td> </tr> <tr> <td>2009</td> <td>\$1,973,031</td> <td></td> </tr> </tbody> </table>		Fiscal Year	Total Distribution	% Change	2013	\$1,546,253	-6.66%	2012	\$1,656,594	34.01%	2011	\$1,236,193	-36.96%	2010	\$1,960,907	-0.61%	2009	\$1,973,031	
Fiscal Year	Total Distribution	% Change																		
2013	\$1,546,253	-6.66%																		
2012	\$1,656,594	34.01%																		
2011	\$1,236,193	-36.96%																		
2010	\$1,960,907	-0.61%																		
2009	\$1,973,031																			
Method of Receipt	Distributed by the Office of State Treasurer annually in the month of March or April.																			
Administration	Office of State Treasurer and State Parks and Recreation Commission																			

History

In 1987, the Legislature directed the State Parks and Recreation Commission to convene a taskforce to review state boating safety efforts in light of the high number of boating accidents in the state. The taskforce identified additional educational efforts that could decrease such incidents. To fund these efforts, the Legislature directed that any amount generated from general vessel registration fees above \$1.1 million per fiscal year shall be distributed to counties by the State Treasurer for boating safety/education and law enforcement programs. Funds must be deposited into a separate account and may not be used to supplant existing local funds for boating safety programs.

Any fees not distributed to counties due to the absence of an approved boating safety program, are distributed to the State Parks and Recreation Commission for awards to local governments to offset law enforcement and boating safety impacts of boaters recreating in jurisdictions other than where registered. These awards are not included in the distribution amounts made by the Office of State Treasurer.

Eligibility for funds and the distribution methodology remains unchanged from its original enactment. (Chapter 7, Laws of 1983)

State Assistance

Title	Streamlined Sales & Use Tax Mitigation Payments
RCW	RCW 82.14.495 - .500
Year Enacted	2007
Description	The state provides funds to local jurisdictions that demonstrated an actual net loss of local sales tax revenue from the state's adoption of the Streamlined Sales and Use Tax Agreement's local sales tax sourcing provisions.
Purpose	Mitigate the unintended revenue redistribution effect of the sourcing law change among local jurisdictions. Additionally, mitigation was intended to offset the negative implications the sourcing law change may have on industry sectors such as warehousing and manufacturing.
Use of Funds	Funds may be used for any lawful purpose of the local jurisdiction.
Recipients/ Eligibility	Local jurisdictions that had imposed a sales tax on July 1, 2008, and could demonstrate an actual net loss of local sales tax revenue from the state's adoption of the Streamlined Sales and Use Tax Agreement's local sales tax sourcing provisions. Local jurisdictions include counties, cities, towns, public transportation benefit authorities, regional taxing district, regional centers, public facilities districts, and the football stadium authority.
Distribution Methodology	<p>Beginning July 1, 2008, the Department of Revenue (DOR), with the assistance of an oversight committee composed of local jurisdictions, determined the amount of net loss of sales tax quarterly to each local jurisdiction from the sourcing change by analyzing and comparing data from tax return information and tax collections. Mitigation payments were distributed quarterly using this information. Beginning December 31, 2009, mitigation distributions were fixed to an annual amount to be paid in quarterly increments. The Department may make adjustments to mitigation amounts based on an annual review of distributions.</p> <p>For public facilities districts only, if the DOR determined that within three fiscal years of the sourcing change that the district experienced a net loss of at least 0.50 percent of sales and use tax collections, the district was authorized to increase its rate of tax to offset the loss up to 0.037 percent.</p>

State Assistance

Recent Distributions Total*

Fiscal Year	Distributions	% Change
2014	\$24,022,572	-0.05%
2013	\$24,034,404	-1.67%
2012	\$24,442,125	-3.82%
2011	\$25,412,211	-2.20%
2010	\$25,983,731	22.04%
2009	\$21,291,127	

*Chart does not include increased funds to public facilities districts (See Public Facilities District Tax Program)

Method of Receipt

Distributed by the Office of State Treasurer quarterly each March, June, September, and December

Administration

Department of Revenue

History

An effort began in 2000 by the Federation of Tax Administrators, the Multistate Tax Commission, the National Conference of State Legislatures, and the National Governors Association, to simplify and modernize sales and use tax collection and administration nationwide for the benefit of businesses and as a strategy to compel remote (e.g. internet) sellers to collect state sales and use taxes. The effort was known as the Streamlined Sales Tax Project (SSTP). In 2002 the Legislature authorized the DOR to be a voting member in the SSTP.

The SSTP created the Streamlined Sales and Use Tax Agreement (SSUTA) that simplified sales tax administration through uniform tax definitions; uniform and simplified exemption administration; rate simplification; state-level administration of all sales tax, and uniform sourcing of sales tax.

Legislation enacted in 2003 and 2007 fully conformed Washington's sales tax system to the SSUTA. This included changing most local sales tax sourcing to a destination based system, beginning July 1, 2008. Under a destination based system, if a good is received by the purchaser at the business location of the seller, the sale is sourced to the seller's business location and is subject to that location's tax. If a good is not received by the purchaser at the seller's business location, the sale is sourced to the location where receipt occurs and is subject to that location's tax. (Chapter 6, Law of 2007)

Prior to this change, Washington's local sales tax sourcing was an origin based system. Under an origin based system, the sale of a good is sourced to the location of the retail outlet at or from which delivery is made. Thus, local jurisdictions with a high proportion of businesses that delivered goods outside their borders (e.g. warehousing, furniture delivery) lost local sales tax through the sourcing change. Ten jurisdictions represent 85 percent of streamlined mitigation payments: King

State Assistance

County Metropolitan Transit, Kent, Sound Transit, Auburn, King County, Tukwila, Issaquah, Spokane Valley, Fife, and Woodinville.

The omnibus operating budget temporarily reduced streamlined mitigation payments by 3.4 percent during fiscal years 2012 and 2013. (Chapter 50, Laws of 2011 1st sp. sess.)

State Revenue Sharing

Title	Federal Flood Control Lease Payments																			
RCW	Not applicable																			
Year Enacted	1936																			
Description	Seventy-five percent of all moneys received by the United States during any fiscal year on account of the leasing of lands acquired by the United States for flood control, navigation, and allied purposes, including the development of hydroelectric power, are paid at the end of each federal fiscal year to the state in which such property is situated, to be expended by the Legislature for public schools, county roads or county government expenses. (33 U.S.C. § 701c-3) For this distribution, the state appropriates the funds to counties and not schools.																			
Purpose	To share revenue generated from property that would otherwise be taxable but for federal government acquisition for flood control.																			
Use of Funds	Funds must be used for public schools, county roads or county government expenses.																			
Recipients/ Eligibility	Counties with land acquired by the United States for flood control purposes that generate revenue from leases.																			
Current Distribution Methodology	The Department of Interior determines the amount by county for distribution. Funds are appropriated to these counties through the omnibus operating budget.																			
Recent Distributions Total	<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Total Distribution</th> <th>% Change</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>\$45,835</td> <td>151.33%</td> </tr> <tr> <td>2012</td> <td>\$18,237</td> <td>-48.72%</td> </tr> <tr> <td>2011</td> <td>\$35,567</td> <td>-21.04%</td> </tr> <tr> <td>2010</td> <td>\$45,044</td> <td>30.40%</td> </tr> <tr> <td>2009</td> <td>\$34,543</td> <td></td> </tr> </tbody> </table>		Fiscal Year	Total Distribution	% Change	2013	\$45,835	151.33%	2012	\$18,237	-48.72%	2011	\$35,567	-21.04%	2010	\$45,044	30.40%	2009	\$34,543	
Fiscal Year	Total Distribution	% Change																		
2013	\$45,835	151.33%																		
2012	\$18,237	-48.72%																		
2011	\$35,567	-21.04%																		
2010	\$45,044	30.40%																		
2009	\$34,543																			
Method of Receipt	Distributed by the Office of State Treasurer annually each January																			

State Revenue Sharing

Administration Office of State Treasurer

History In 1936, Congress enacted the Flood Control Act of 1936 (19 Stat. 1570) declaring food control to be proper federal activity in the national interest. The Act provides for joint federal, state and local responsibility for flood control policy and infrastructure. For example, state and local governments are responsible for land use and zoning decisions guiding development in floodplains and coastal areas, but share in the cost of federally-funded flood control infrastructure and for its operation and maintenance.

Recognizing that federal acquisition of lands for flood control purposes may reduce state and local government tax revenues, the Act provided that 25 percent of funds from leases on such property would be provided to the states and affected counties for public schools and county road purposes. In 1946, Congress increased the percentage return to the state from 25 percent to 75 percent. In 1953, use of the funds to defray the expenses of county government was added as an allowable use to funds.

State Revenue Sharing

Title	Federal Secure Rural Schools and Community Self-Preservation Act Fund – County Roads or Public Schools
RCW	Chapter 28A.520 RCW
Year Enacted	1982
Description	Of the moneys received by the state from the federal government in accordance with Title 16, section 500, United States Code, 50 percent must be spent by eligible counties on public schools or public roads. For this distribution, the state appropriates the funds to counties for public roads.
Purpose	To compensate state and local governments for revenue that could be generated from the land but for federal government acquisition for national forests.
Use of Funds	Funds must be used for public schools or public roads. Because public schools in eligible counties receive separate dedicated distributions from the Federal Secure Rural Schools and Community Self-Preservation Act Fund administered by the Office of Superintendent of Public Instruction, this distribution has been used by counties for public roads.
Recipients/ Eligibility	Counties in which a United States forest reserve (i.e. national forest) is located. If the national forest is located in more than one state or county, the distributive share to each will be in proportional to its area within the national forest.
Current Distribution Methodology	Total funding is determined by congressional appropriation. Under the current reauthorization of the program, each county must elect one of two distribution calculations offered. A county's election to receive a payment must be transmitted by the Governor to the United States Forest Service.

Recent Distributions Total

Fiscal Year	Total Distribution	% Change
2013	\$9,599,293	-5.57%
2012	\$10,165,032	-30.48%
2011	\$14,620,847	-9.99%
2010	\$16,242,709	-10.50%
2009	\$18,148,976	

State Revenue Sharing

Method of Receipt Distributed by the Office of State Treasurer annually.

Administration Office of the Governor

History As part of the establishment of the federal national forest system, Congress provided that 25 percent of amounts received each fiscal year from the sale of timber, forest products or other sources from each national forest be paid to the state(s) in which such national forest is situated, to be expended as its Legislature directs for the benefit of public schools and public roads of the county or counties in which such national forest is situated. (16 U.S.C 500)

Due to the decline in revenue from timber harvests in national forests, Congress enacted the Secure Rural Schools and Community Self-Determination Act of 2000 (PL 106-393) to provide transitional financial assistance to affected counties. Authorization for these funds expired in 2006; however, the law has been reauthorized with lower levels of funds for distribution.

Reauthorizations since 2008 has based payments on 25-percent of the 7-year rolling average annual national forest receipts. The current authorization allows an eligible county to elect to receive its share of this rolling average payment or its share of the state's 25-percent payment. The state's 25-percent payment uses multiple factors, including acres of federal land within an eligible county, the county's share of the state's average of the 3 highest 25-percent and safety net payments during fiscal years 1968-1999, and an income adjustment based on the per capita personal income for each county.

State Tax Sharing

Title	Beer Tax Sharing – Border Areas Only
RCW	66.24.290(4)
Year Enacted	1997
Description	Three percent of funds generated from an additional \$1.482 per barrel beer tax on the first 60,000 barrels produced by small breweries (breweries producing no more than 2 million barrels) is distributed to eligible border areas.
Purpose	To provide supplemental resources to maintain police protection in certain counties and municipalities near international borders that are impacted by the constant volume and flow of travelers and visitors.
Use of Funds	Funds may be used for any purpose. However, to be eligible for a distribution, each county or city must use at least 2 percent of funds for the support of alcoholism or other drug addiction. (RCW 70.96A.087).
Recipients/ Eligibility	<p>Border areas are defined as any unincorporated area, city or town located within 7 miles of the Washington-Canadian border or any unincorporated area that is a point of land surrounded on three sides by saltwater and adjacent to the Canadian border. (RCW 66.08.195)</p> <p>No county, city or town in which the sale of liquor is forbidden is entitled to any distribution. (RCW 66.08.200-.210).</p> <p>Each county and city must devote not less 2.0 percent of its distribution of liquor excise taxes and profits for the support of alcoholism or other drug addiction. (RCW 70.96A.087)</p> <p>The Governor may direct the Office of State Treasurer to withhold distributions of liquor profits to any county, city or town found to be non-compliant with the state Growth Management Act. (RCW 36.70A.340 and 82.08.180)</p>
Current Distribution Methodology	Funds are distributed to eligible border areas ratably (proportionally) based on border area traffic totals (65 percent of funds), border-related crime (25 percent), and per capita law enforcement spending (10 percent). (RCW 66.08.195 - .198)

State Tax Sharing

**Recent
Distributions
Total**

Fiscal Year	Total Distribution	% Change
2014	\$39,087	12.18%
2013	\$34,844	2.40%
2012	\$34,026	11.12%
2011	\$30,622	11.64%
2010	\$27,429	4.94%
2009	\$26,139	

**Method of
Receipt**

Distributions are made by the Office of State Treasurer to border areas on the 25th day of the month following collection.

Administration

Liquor Control Board

History

In 1997, the Legislature changed beer tax rates and directed a portion of a new lower beer tax rate on small breweries to border areas. At that time, border areas were only entitled to additional funds from liquor profit sharing. (Chapter 451, Laws of 1997)

The history of the definition of “border areas” and the methodology for distributions are detailed in Liquor Profits & Liquor Profits - Border Areas.

State Tax Sharing

Title	City Annexation Tax Sharing Program
RCW	82.14.415
Year Enacted	2006
Description	Certain cities within King, Pierce and Snohomish counties that commenced an annexation of certain unincorporated areas may impose a local sales tax credited against the state sales tax to provide municipal services for the annexation area. Through the credit, the local government receives a portion of the state sales tax rather than consumers paying an additional local sales tax.
Purpose	To facilitate the Growth Management Act's (Chapter 36.70A RCW) policy of annexing unincorporated areas located in urban growth areas.
Use of Funds	Funds may be used solely to provide, maintain, and operate municipal services for the annexation area.
Recipients/ Eligibility	<p>Aany city located in a county with a population greater than 600,000 (currently King, Pierce and Snohomish counties) consistent with its comprehensive plan prior to January 1, 2015:</p> <ol style="list-style-type: none">1) Commences annexation of an area having a population of 10,000 or more; or2) Commences annexation of an area having a population of 4,000 or more for a city located in King County with population between 115,000 and 140,000; and3) Determines that the projected costs of annexing the area exceeds the expected general revenue that will be generated from the annexed area.
Distribution Methodology	<p>The maximum local sales tax rate a city may impose for each annexation is also limited to:</p> <ol style="list-style-type: none">1) 0.1 percent for each annexed area in which the population is 10,000 - 20,000;2) 0.2 percent for each annexed area in which the population is greater than 20,000; or3) 0.85 percent for an annexed area with a population greater than 16,000 if the annexed area was, prior to November 1, 2008, officially designated as a potential annexation area by more than one city, one of which has a population greater than 400,000.

State Tax Sharing

Additionally, the maximum cumulative local sales tax rate a city may impose:

- 1) 0.2 percent for the total number of annexed areas by the city;
- 2) 0.3 percent, beginning July 1, 2011, if the city commenced annexation of enough areas, prior to January 1, 2010, that would have otherwise allowed the city to increase the rate of tax to this amount absent the preceding limit; or
- 3) For annexation areas limited to a 0.85 percent rate, this is the maximum rate. Moreover, the tax distributed to a city must not exceed \$5 million in any fiscal year.

The local sales tax is imposed on all taxable events within the city's boundaries. The amount of state sales tax a city may receive is limited to no more than the difference between the city's cost of providing municipal services to the annexation area and the general revenue that the city would otherwise receive from the annexation area during each fiscal year. When that amount is reached, the local sales tax must cease for the remainder of the fiscal year. The local sales tax must expire 10-years from the date first imposed.

Recent Distributions Total

Fiscal Year	Distributions	% Change
2014	\$15,288,090	6.65%
2013	\$14,334,246	19.46%
2012	\$11,999,208	47.72%
2011	\$8,123,122	134.92%
2010	\$3,457,839	12.30%
2009	\$3,079,208	

Method of Receipt

Distributed by the Office of State Treasurer monthly

Administration

Office of Financial Management (certifies annexation population) and Department of Revenue (tax collection)

History

In 2004, the Legislature directed the Department of Community, Trade, and Economic Development (now the Department of Commerce) to study the progress of annexation and incorporation in six urban counties and to identify both barriers and incentives to fully achieving annexation or incorporation of the urban growth areas in these counties. Lack of funding for municipal services during the transition period following annexation was one of the barriers identified.

State Tax Sharing

As originally enacted in 2006, the city of Seattle was excluded from the tax. Additionally, the annexation had to commence prior to January 1, 2010 to qualify. (Chapter 361, Laws of 2006)

In 2009, the legislature extended the time to commence an annexation to January 1, 2015, and Seattle was authorized to participate, but at the tax rate of 0.85 percent. The maximum cumulative rate of tax also was increased from 0.2 percent to 0.3 percent for those areas not eligible for the 0.85 percent tax rate. (Chapter 550, Laws of 2009).

State Tax Sharing

Title	County Arterial Road Preservation																			
RCW	46.68.090(i)																			
Year Enacted	1990																			
Description	Of the state's 37.5 cent motor vehicle fuel tax and special fuel tax, 0.45 cent of the net tax is deposited into the County Arterial Preservation Account for distributed to counties. The net tax is the amount of funds generated from the taxes after statutory deductions for supervision, studies, and refunds and repayments.																			
Purpose	To assist counties with preservation and maintenance of county arterial roads.																			
Use of Funds	Funds must be used for improvements to sustain the structural, safety, and operational integrity of county arterial roads. County Road Administration Board (CRAB) rules further define allowable activities (WAC 136-300-070)																			
Recipients/ Eligibility	Counties who are in compliance with CRAB pavement management system requirements and submits annual report of proposed projects for funding. (WAC 136-300-050(5))																			
Current Distribution Methodology	To counties in proportions corresponding to the number of paved arterial lane miles in the unincorporated area of each county.																			
Recent Distributions Total (\$000)	<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Total Distribution</th> <th>% Change</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>\$15,166,461</td> <td>1.34%</td> </tr> <tr> <td>2012</td> <td>\$14,965,816</td> <td>-2.69%</td> </tr> <tr> <td>2011</td> <td>\$15,380,309</td> <td>1.28%</td> </tr> <tr> <td>2010</td> <td>\$15,185,782</td> <td>0.53%</td> </tr> <tr> <td>2009</td> <td>\$15,105,589</td> <td></td> </tr> </tbody> </table>		Fiscal Year	Total Distribution	% Change	2013	\$15,166,461	1.34%	2012	\$14,965,816	-2.69%	2011	\$15,380,309	1.28%	2010	\$15,185,782	0.53%	2009	\$15,105,589	
Fiscal Year	Total Distribution	% Change																		
2013	\$15,166,461	1.34%																		
2012	\$14,965,816	-2.69%																		
2011	\$15,380,309	1.28%																		
2010	\$15,185,782	0.53%																		
2009	\$15,105,589																			
Method of Receipt	Distributed by the Office of State Treasurer annually in the month of July or August																			
Administration	Office of State Treasurer and County Road Administration Board																			

History

Since 1939, the state has distributed shares of the "net tax" of motor vehicle fuel tax and special fuel taxes ("fuel taxes") to a variety of accounts for state and local transportation programs and for direct revenue sharing with counties, cities and towns. The net tax is the amount of funds generated from the taxes after statutory deductions for supervision, studies, and refunds, and in some years bond payments.

In 1990, the fuel tax was increased 5 cents in two steps to total of 23 cents on April 1, 1991. Forty-five hundredths (0.45) cent was allocated to the new County Arterial Preservation Account for distribution by the County Road Administration Board (CRAB) to counties in proportions corresponding to the number of paved arterial lane miles in the unincorporated area of each county. CRAB was directed to adopt reasonable rules and develop policies to implement this program and to assure that a pavement management system is used.

In 1999, the motor vehicle fuel tax rates were collapsed into one rate of 23 cents and allocations reorganized as percentages of the net tax. The following chart provides the destruction of the 23 cents by percentage and cent:

Account/Use	Percentage	Cent
State Motor Vehicle Fund	44.387	10.21
Counties for county roads	19.2287	4.42
Cities for city streets	10.6961	2.46
Urban Arterial Trust Account	7.5597	1.74
Transportation Improvement Account	5.6739	1.31
Special Category C Account	3.2609	0.75
Puget Sound Capital Construction Account	2.3726	0.55
Puget Sound Ferry Operations Account	2.3283	0.54
Rural Arterial Trust Account	2.5363	0.58
County Arterial Preservation Account	1.9565	0.45

The fuel tax was increased in 2003 and 2005. However, these increases were dedicated to specific uses and accounts. Consequently, the County Arterial Preservation Account continues to receive 1.9565 percent of the net tax from 23 cents of the fuel tax, which is the equivalent of 0.45 cent of the state's total 37.5 cent fuel tax.

State Tax Sharing

Title	Fire Insurance Premium Tax Sharing																						
RCW	RCW 41.16.050																						
Year Enacted	1935																						
Description	Twenty-five percent of the state's 2 percent tax on fire insurance premiums (including the fire component of homeowner's and commercial policies) is distributed to eligible cities and towns.																						
Purpose	Originally to fund city and town firefighter pension obligations.																						
Use of Funds	Funds are to be used to pay Firefighters' Pension Fund obligations or to pay LEOFF Plan 1 retiree medical costs. If a city or town has no Firefighters' Pension Fund obligations, the funds can be used for any municipal purpose.																						
Recipients/ Eligibility	Cities or towns with a regularly organized, full time, paid, and employed force of fire fighters that created a Firefighters' Pension Fund prior to March 1, 1970. (RCW 41.16.010 , 41.26.040(3) and AGO 1977 No. 7)																						
Distribution Methodology	Funds are distributed in the proportion that the number of paid firefighters in the city, town, or fire protection district bears to the total number of paid firefighters throughout the state as determined by the State Treasurer.																						
Recent Distributions Total	<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Distributions</th> <th>% Change</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>\$4,426,985</td> <td>9.34%</td> </tr> <tr> <td>2013</td> <td>\$4,048,997</td> <td>5.74%</td> </tr> <tr> <td>2012</td> <td>\$3,829,367</td> <td>-3.40%</td> </tr> <tr> <td>2011</td> <td>\$3,964,338</td> <td>2.03%</td> </tr> <tr> <td>2010</td> <td>\$3,885,549</td> <td>7.30%</td> </tr> <tr> <td>2009</td> <td>\$3,621,200</td> <td></td> </tr> </tbody> </table>		Fiscal Year	Distributions	% Change	2014	\$4,426,985	9.34%	2013	\$4,048,997	5.74%	2012	\$3,829,367	-3.40%	2011	\$3,964,338	2.03%	2010	\$3,885,549	7.30%	2009	\$3,621,200	
Fiscal Year	Distributions	% Change																					
2014	\$4,426,985	9.34%																					
2013	\$4,048,997	5.74%																					
2012	\$3,829,367	-3.40%																					
2011	\$3,964,338	2.03%																					
2010	\$3,885,549	7.30%																					
2009	\$3,621,200																						
Method of Receipt	Distributed by the Office of State Treasurer annually in the month of May.																						
Administration	Office of State Treasurer																						

History

In 1909, the Legislature created municipal fire fighter's pension and relief fund system. Each city or town in which a paid fire department was maintained was required to create a system, including a designated Firefighters' Pension Fund, to provide pensions to retired and disabled fire fighters and survivor benefits in the event of loss of life. The system was and continues to be funded by a municipal property tax levy. (Chapter 50, Laws of 1909)

In 1935, the Legislature directed that 45 percent of funds received from state taxes on fire insurance premiums would be distributed to cities and towns in proportion of the number of paid fire fighters. Along with funds from the property tax levy, a city or town's distribution of state fire insurance premium taxes must be deposited into its designated Firefighters' Pension Fund to pay fire fighter pension obligations. (Chapter 39, Laws of 1935)

In 1969, the legislature created the Law Enforcement Officers' and Fire Fighters' (LEOFF) retirement system. As of March 1, 1970, all full-time, paid, and employed fire fighters were transferred to the LEOFF Plan 1, which provides both retirement and medical benefits to covered members. LEOFF Plan 1 provides that the employer must pay for necessary medical services that are not payable from some other source (RCW 41.26.150)). In 1970, the fire insurance premium tax distributions was extended to be used for the payment of LEOFF Plan 1 medical benefits under RCW 41.26.150. (Chapter 6, Laws of 1970 ex. sess.)

In 1999, the distribution to eligible cities and towns was reduced from 45 percent to 25 percent of state fire insurance premium taxes. This action allowed for 20 percent of state fire insurance premium taxes to be deposited into the fire service training account. (Chapter 117, Laws of 1999)

State Tax Sharing

Title	Health Science & Services Authority Tax Sharing Program
RCW	RCW 82.14.480
Year Enacted	2007
Description	<p>A local government that created a health sciences and services authority (HSSA) prior to January 1, 2010, and received designation from the Washington Student Achievement Council, may impose a local sales tax that is credited against the state sales tax to finance grants, programs and debt. Through the credit, the local government receives a portion of the state sales tax rather than consumers paying an additional local sales tax.</p>
Purpose	<p>To promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health.</p>
Use of Funds	<p>Funds must be used to finance HSSA grants and programs and pay any indebtedness it incurs. Up to 10 percent of funds may be used for the HSSA's operational and administrative costs.</p>
Recipients/ Eligibility	<p>Any county, city or town located in a county with a population of less than one million persons could apply by December 1, 2010, to Washington Student Achievement Council (known then as the Higher Education Coordinating Board) for designation as a HSSA.</p> <p>To be designated as a HSSA, the local government must first create an HSSA. A HSSA must meet several statutory requirements including specifying the HSSA boundaries, powers, board, and financial management policies. Criteria for evaluating applications included, but was not limited to, the viability of the proposal, the presence of infrastructure, health services facilities and higher education facilities within the HSSA.</p> <p>Eligibility to impose the local sales tax is limited to designated HSSAs created prior to January 1, 2010. Spokane County is the sole local government meeting this standard and has imposed the local sales tax. The local sales tax must expire January 1, 2023.</p>
Distribution Methodology	<p>The local sales tax is imposed on all taxable events within the local government boundaries creating the HSSA. The local sales tax rate may not exceed 0.02 percent.</p>

State Tax Sharing

Recent Distributions Total

Fiscal Year	Distributions	% Change
2014	\$1,634,943	2.63%
2013	\$1,593,000	5.57%
2012	\$1,509,000	3.02%
2011	\$1,465,000	
2010	N/A	

Method of Receipt

Distributed by the Office of State Treasurer with monthly local sales and use tax distributions

Administration

Department of Revenue

History

As originally enacted, revenue from the local sales tax could be used only to finance HSSA grants and programs and pay any indebtedness the HSSA incurs. Originally, up to 10 percent of funds could be used for HSSA operational and administrative costs, but only until June 30, 2011.

In 2010, one additional HSSA could be designated by the Washington Student Achievement Council. However, eligibility was further limited to counties located east of the crest of the Cascade mountains. However, the ability to impose the local sales tax was limited to only HSSA's created prior to January 1, 2010. The ability to use up to 10 percent of local sales and use tax funds for HSSA operational and administrative costs was made permanent.

State Tax Sharing

Title	Hospital Benefit Zone Tax Sharing Program
RCW	RCW 82.14.465
Year Enacted	2006
Description	<p>A local government that created a hospital benefit zone (HBZ) and received designation from the Department of Revenue (DOR) may impose a local sales tax credited against the state sales tax to finance public improvements. Through the credit, the local government receives a portion of the state sales tax instead of consumers paying an additional local sales tax.</p> <p>The amount of state sales tax (or state contribution) is subject to a variety of caps and limits, including the requirement that local government provide matching funds.</p>
Purpose	To provide local governments with flexible financing for public improvements that do not increase the combined state and local sales tax rate.
Use of Funds	<p>Funds must be used to pay principal and interest on bonds issued to finance public improvements within the designated HBZ, public improvement costs on a pay-as-you-go basis, or both. (RCW 82.14.470)</p> <p>Public improvements within a HBZ are infrastructure improvements that include, but are not limited to, the construction, improvement and maintenance of streets and roads, sidewalks and streetlights, water and sewer systems, parking facilities, parks and recreational areas, storm water and drainage management systems, and the construction, maintenance and improvements of state highways connected to the HBZ. Public improvement costs include, but is not limited to, the cost of design, planning, acquisition (including land acquisition), site preparation, utility relocation and public improvement financing. (RCW 39.100.010)</p>
Recipients/ Eligibility	<p>A local government (county, city or town) could apply to DOR on a first-come basis for designation as a HBZ beginning August 1, 2006.</p> <p>To be eligible, a local government must first create a hospital benefit zone (HBZ), an area that includes a hospital that has received a certificate of need and where public improvements would be located. An HBZ must also meet several statutory requirements, including that the proposed public improvements will increase private development, investment, and employment. (RCW 39.100.020-.050)</p> <p>The program is closed to new applicants. The period to apply ended three years after the first application for a HBZ was received by DOR. (RCW 82.32.700) The</p>

State Tax Sharing

first, and only, application was approved in November 2006 for the Gig Harbor HBZ, which was created by the city of Gig Harbor and includes Pierce County as a participating local government.

The local sales tax can continue until the earlier of 1) excess local tax revenue is no longer used for HBZ public improvements or public improvement costs; 2) any bonds related to the financing of HBZ public improvements are retired; or 3) 30-years after the tax is first imposed.

Distribution Methodology

Total state contributions are limited to \$2 million each fiscal year for all designated HBZs combined. (RCW 82.32.700) The maximum annual amount of state contribution for each approved HBZ was determined by DOR.

Gig Harbor HBZ was approved for a \$2 million maximum annual state contribution. However, the amount of state contribution received annually is limited to the lowest amount of the following three caps:

- 1) \$2 million;
- 2) Matching funds from local public sources; or
- 3) The incremental state revenue received by the state in the previous year as a result of economic development within the designated HBZ.

Each local government imposing the local sales tax must submit an annual report to DOR that contains information necessary to calculate the state contribution for the designated HBZ.

Recent Distributions Total

Fiscal Year	Distributions	% Change
2014	\$2,000,000	0%
2013	\$2,000,000	0%
2012	\$2,000,000	
2011	N/A	
2010	N/A	

Method of Receipt

Distributed by the Office of State Treasurer monthly

Administration

Department of Revenue

History

As originally enacted in 2006, local sales tax revenue could only be used for principal and interest payments on revenue bonds issued for public improvements within the HBZ. (Chapter 111, Laws of 2006)

State Tax Sharing

In 2007, the use of the local sales tax was broadened to allow for payment of principal and interest payments on other types of bonds issued or the direct payment of public improvement costs (pay-as-you-go) in the HBZ. Additionally, the current standard for when the local sales tax expires was created. (Chapter 266, Laws of 2007)

In 2011, the construction, maintenance and improvements of state highways connected to the HBZ was added as allowable public improvements. The list of public improvements to be financed in the HBZ could also be changed so long as the total cost did not increase. (Chapter 363, Laws of 2011)

State Tax Sharing

Title	Leasehold Excise Tax Sharing
RCW	Chapter 82.29A RCW
Year Enacted	1976
Description	A county or city may impose a local leasehold excise tax that is credited against the state leasehold excise tax on the privilege of using or occupying publicly owned real or personal property through a leasehold. Through the credit, the local government receives a portion of the state leasehold excise tax rather than leaseholders paying an additional local leasehold excise tax.
Purpose	The leasehold excise tax is "in lieu" of property tax. The distribution to taxing districts provides revenue that would otherwise be generated by the property tax.
Use of Funds	Funds may be used for any lawful purpose of the local taxing district.
Recipients/ Eligibility	Local taxing districts in counties and cities that have imposed a local leasehold excise tax.
Distribution Methodology	Counties and cities are authorized to impose a local leasehold excise tax on taxable rent at the rate of 6 percent and 4 percent, respectively, to be credited against the state's leasehold excise tax of 12.84 percent. Counties must provide a credit for the full amount of any city tax imposed upon the same taxable event. (RCW 82.29A.030) County treasurers are required to distribute any county imposed leasehold tax to other taxing districts, excluding cities, according to each district's pro rata share of the property tax in the county. (RCW 82.29A.100)

**Recent
Distributions
Total**

Fiscal Year	Distributions	% Change
2014	\$24,164,508	-0.46%
2013	\$24,276,077	4.17%
2012	\$23,305,154	3.29%
2011	\$22,563,718	2.57%
2010	\$21,998,492	1.93%
2009	\$21,582,395	

State Tax Sharing

Method of Receipt	Distributed by the Office of State Treasurer on the last business day of even numbered months
--------------------------	---

Administration	Department of Revenue
-----------------------	-----------------------

History	<p>Prior to the 1976, leasehold of public property were subject to property tax as personal property. However, establishing the value of such property was difficult and controversial. Consequently, in 1976, the Legislature enacted the current leasehold excise tax system to create a more uniform tax. The leasehold excise tax is an in lieu of property tax valued by the leasehold's taxable rent.</p>
----------------	---

Counties and cities are authorized to impose a local leasehold excise tax at the rate of 6 percent and 4 percent of taxable rent, respectively. The county must give a credit for any city leasehold excise tax paid, thus reducing the county leasehold tax to 2 percent in incorporated areas. Both county and city leasehold excise taxes are credited against the state's leasehold excise tax at the rate of 12.84 percent. As a result, the effective rate of the state leasehold excise tax is 6.84 percent. Other than minor changes and technical corrections, the local leasehold excise tax has been unchanged since first enactment. (Chapter 61, Laws of 1975-1976 2nd ex. sess.)

State Tax Sharing

Title	Liquor Excise Tax Sharing
RCW	82.08.160 and 82.08.170
Year Enacted	1955
Description	A portion of the basic spirits sales tax on sales to consumers and restaurants are shared with eligible counties, cities or and towns. "Spirits" are any beverage which contains alcohol obtained by distillation, except flavored malt beverages, but including wines exceeding 24 percent of alcohol by volume.
Purpose	Local governments are preempted by the state from the power to license the sales of or impose an excise tax upon liquor as defined in Title 66 RCW, which includes spirits. (RCW 66.08.120). This preemption has been in place since the enactment of the Washington State Liquor Act of 1933.
Use of Funds	Funds may be used for any purpose. However, to be eligible for a distribution, each county or city must use at least 2 percent of funds for the support of alcoholism or other drug addiction. (RCW 70.96A.087).
Recipients/ Eligibility	<p>No county, city or town in which the sales of liquor of forbidden is entitled to any distribution. (RCW 82.08.170 and 66.08.200-.210)</p> <p>Each county and city must devote not less 2.0 percent of its distribution of liquor excise taxes and profits for the support of alcoholism or other drug addiction. (RCW 70.96A.087)</p> <p>The Governor may direct the Office of State Treasurer to withhold distributions of liquor excise taxes to any county, city or town found to be non-compliant with the state Growth Management Act. (RCW 36.70A.340 and 82.08.180)</p>
Current Distribution Methodology	<p>Sales of spirits to consumers are subject to a 15 percent basic sales tax rate. Sales of spirits to restaurants are subject to a 10 percent basic sales tax rate.</p> <p>RCW 82.08.160 directs 35 percent of funds generated from these basic spirit sales tax rates to be deposited into to the Liquor Excise Tax Fund for distribution to eligible local governments. The omnibus operating budget temporarily reduced the deposit to 22.5 percent for fiscal years 2014 and 2015.</p> <p>Of the amounts deposited into the Liquor Excise Tax Fund, 20 percent is distributed to eligible counties by population. (RCW 66.08.200) Prior to making distributions to counties, a portion must be transferred to the Liquor Revolving Fund to support the</p>

State Tax Sharing

cost of county research services under Chapter 43.110 RCW. The remaining 80 percent deposited into the fund is distributed to eligible cities and towns by population. (RCW 66.08.210)

Recent Distributions Total

Fiscal Year	Total Distribution	% Change
2014	\$8,629,572	31.04%
2013	\$6,585,644	-74.56%
2012	\$25,889,373	1.60%
2011	\$25,481,590	2.19%
2010	\$24,934,432	2.88%
2009	\$24,235,667	

Method of Receipt

Distributed by the Office of State Treasurer quarterly each January, April, July and October.

Administration

Department of Revenue

History

A 10 percent spirits sales tax was first imposed as part of the 1935 Revenue Act (Chapter 180, Laws of 1935). Revenues from this tax were not shared with local governments.

In 1943, an additional 10 percent spirits sales tax was imposed, raising the total spirits sales tax to 20 percent. (Chapter 173, Laws of 1943) This additional tax was known as the War Liquor Tax and 35 percent of the revenue from this tax was distributed to the state general fund, 15 percent to eligible counties and 50 percent to eligible cities and towns. Both spirit sales taxes (1935 Revenue Act and 1943 War Liquor Tax) were repealed in 1949.

In 1951, a temporary 10 percent spirits sales tax was imposed on sales to consumers and restaurant licensees for a two year period. This tax was extended for two years in 1953. Revenue from this temporary tax was not shared with local governments.

In 1955, the Legislature again renewed the 10 percent spirit sales tax enacted in 1951 for an additional two years. The legislature also created the Liquor Excise Tax Fund and directed 35 percent of revenue this tax be deposited into the fund for distribution to eligible counties, cities and towns. The remaining 65 percent was deposited into the state general fund. (Chapter 396, Laws of 1955). Of the revenue deposited in the Liquor Excise Tax Fund, 20 percent was distributed to eligible counties by population and 80 percent to eligible cities and towns by population. The 20/80 split of the Liquor Excise Tax Fund has not changed since the original enactment of revenue sharing. (RCW 82.08.170)

In 1957, the 10 percent basic spirits sales tax for consumers and restaurants was made permanent. In 1959, the basic spirits sales tax rate for sales to consumers was increased to 15 percent (Chapter 15, Laws of 1959 ex. sess.). These basic spirit tax rates for consumers and restaurants have not changed since that time. The legislature has subsequently imposed additional spirits sales tax rates; however, revenue from these additional tax rates are not shared with local governments.

In 1991, the Governor was given the power to withhold liquor excise taxes as a sanction for failing to comply with the Growth Management Act. (Chapter 32, Laws of 1991 sp. sess.)

For 57 years, 35 percent of revenue from the basic spirits sales tax rates were deposited into the Liquor Excise Tax Fund for distribution to eligible counties, cities and towns. Beginning in 2012, the amount of Liquor Excise Tax Fund distributions began to change.

In 2011, the omnibus operating budget temporarily reduced the amount deposited into the Liquor Excise Tax Fund from 35 percent to 33.81 percent for fiscal years 2012 and 2013.

In 2012, the Legislature directed that \$2.5 million from the Liquor Excise Tax Fund be transferred quarterly to the state general fund. Additionally, prior to making distributions to counties, a portion must be transferred to the Liquor Revolving Fund to support the cost of county research services under Chapter 43.110 RCW. The Legislature also suspended all deposits into the Liquor Excise Tax Fund for fiscal year 2013. (Chapter 5, Laws of 2012 2nd spec. sess.)

In 2013, the omnibus operating budget temporarily reduced the amount deposited into Liquor Excise Tax Fund from 35 percent to 22.5 percent for fiscal years 2014 and 2015.

State Tax Sharing

Title	Liquor Profits Sharing Liquor Profits Sharing –Border Areas
RCW	66.08.190 - .210
Year Enacted	1933
Description	The amount of \$49,438,000 from state liquor taxes, license fees, permit fees, penalties, forfeitures, and other moneys deposited into the Liquor Revolving Fund is distributed to eligible counties, cities, towns and border areas.
Purpose	<p>Local governments are preempted by the state from the power to license the sales of or impose an excise tax upon liquor as defined in Title 66 RCW. (RCW 66.08.120). This preemption has been in place since the enactment of the Washington State Liquor Act of 1933.</p> <p>Additional distributions to border areas are intended to provide supplemental resources to maintain police protection in certain counties and municipalities near international borders that are impacted by the constant volume and flow of travelers and visitors.</p>
Use of Funds	<p>To be eligible for a distribution, each county or city must use at least 2 percent of funds for the support of alcoholism or other drug addiction. (RCW 70.96A.087)</p> <p>In addition, 20.23 percent of funds must be used for public safety purposes. (RCW 66.24.065) The remaining funds can be used for any purpose.</p>
Recipients/ Eligibility	<p>No county, city or town in which the sales of liquor or forbidden is entitled to any distribution. (RCW 66.08.200-.210)</p> <p>Each county and city must devote not less 2percent of its distribution of liquor excise taxes and profits for the support of alcoholism or other drug addiction. (RCW 70.96A.087)</p> <p>The Governor may direct the Office of State Treasurer to withhold distributions of liquor profits to any county, city or town found to be non-compliant with the state Growth Management Act. (RCW 36.70A.340)</p>
Current Distribution Methodology	The amount of \$49,438,000 is distributed to counties, cities, towns and border areas as follows:

State Tax Sharing

- 0.3 percent of funds are first distributed border areas by formula (RCW 66.08.195).
- Of the remaining funds, 20 percent is distributed to eligible counties by population and 80 percent is distributed to eligible cities and towns by population.

This methodology results in distributions of \$148,315 to border areas, \$9,857,936 to counties, and \$39,431,748 to cities and towns.

Recent Distributions Total

Fiscal Year	Total Distribution	% Change
2014	\$49,438,000	0%
2013	\$49,438,000	5.15%
2012	\$47,017,891	12.4%
2011	\$41,829,438	4.68%
2010	\$39,958,222	14.40%
2009	\$34,929,388	

Method of Receipt

Distributed by the Office of State Treasurer quarterly each June, September, December and March.

Administration

Liquor Control Board

History

The Washington State Liquor Act of 1933 created the state Liquor Control Board and a state monopoly on the sale of liquor. Because of the monopoly control of sales, the state was able to generate revenue from a mark-up from the wholesale price of liquor for resale in the retail price at state liquor stores. The Act provided that mark-up revenue, license fees (e.g. liquor importers, distributors, wholesalers, bars, taverns, restaurants, etc.), beer and wine tax revenue, and other funds in excess of Liquor Control Board operational and administrative costs would be distributed to the state and local governments. (Chapter 62, Laws of 1933 ex. sess.) These excess funds are also known as “liquor profits.”

The Act provided that 30 percent of Liquor Control Board liquor profits were to be deposited into the state general fund. Twenty percent was distributed to eligible counties by proportion for the payment of old age pensions. The remaining 50 percent was distributed to eligible counties, cities and towns by population to be used for any purpose.

In 1935, the distribution of funds was changed to 70 percent to the state general fund and 30 percent to eligible counties, cities and towns by population to be used for any purpose. (Chapter 80, Laws of 1935)

State Tax Sharing

In 1937, the distribution of funds was changed to 50 percent to the state general fund and 50 percent to eligible counties, cities and towns by population. (Chapter 62, Laws of 1937)

In 1939, the distribution of funds was changed to 35 percent to the state general fund, and 13 percent to eligible counties by population, and 52 percent to eligible cities and towns by population. (Chapter 173, Laws of 1939)

In 1949, the distribution of funds was changed to 50 percent to the state general fund, 10 percent to eligible counties by population, and 40 percent to eligible cities and towns by population. (Chapter 187, Laws of 1949) This redistribution of funds also coincided with the repeal of two spirit sales taxes - a 10 percent spirits sales tax imposed by the 1935 Revenue Act and a 10 percent spirits sales tax known as the 1943 War Liquor Tax. Funds from the 1935 Revenue Act's spirits sales tax were not shared to local governments; however, funds from the War Liquor Tax were shared. (See Liquor Excise Tax Fund).

The distribution between the state, counties, and cities remained unchanged for 31 years until 1988 when the Legislature created an additional liquor profits distribution for border areas by a formula to be developed by the Department of Community, Trade and Economic Development. At that time, border areas were defined as Blain, Everson, Friday Harbor, Lynden, Nooksack, Northpoint, Oroville, Port Angeles, Sumas and the area of Whatcom county known as the Point Roberts area. Border areas were provided a distribution of 0.3 percent of total liquor profits with the remaining funds distributed 50 percent to the state general fund, 10 percent to counties by population, and 40 percent to cities and towns by population. (Chapter 229, Laws of 1988)

Between 1981 and 1997, additional taxes were imposed on beer, wine, fortified wine, and cider for deposit into various state accounts to fund state programs. Revenue from these additional taxes are not shared with eligible local governments. Only liquor profits from the basic tax rates on beer (\$1.30 per 31 gallon barrel), wine and fortified wine (20.25 cents per liter), and cider (\$3.59 cents per liter) are shared with eligible local governments.

In 1991, the Governor was given the power to withhold liquor profits as a sanction for failing to comply with the Growth Management Act. (Chapter 32, Laws of 1991 sp. sess.)

In 1995, the definition of a border area was changed to any city or town located within 7 miles of the Washington-Canadian border or any unincorporated area that is a point of land surrounded on three sides by saltwater and adjacent to the Canadian border. (Chapter 159, Laws of 1995) In 2001, unincorporated areas located within 7 miles of the Washington-Canadian border was added to the definition of a border area. (Chapter 8, Laws of 2001) The 1995 act also created the current formula distributions, which is based on border area traffic, border-related crime, and per capita law enforcement spending.

State Tax Sharing

Initiative 1183 (Voter Passed, November 2011) privatized the sale of liquor in Washington state. Revenue from the state's mark-up on retail sales of liquor were replaced with a distributor license fee of 10 percent on all spirits sales and a spirits license fee of 17 percent on all spirit sales. Section 302 of the Initiative required that border areas, counties, cities, towns, and the municipal research service center receive, in aggregate, no less than it received from the liquor revolving fund during comparable periods prior to the effective date of the act. The initiative also directed that \$10 million per year from spirits license fees be distributed to border areas, counties, cities and towns for the purpose of enhancing public safety programs.

In 2012, the Legislature capped the total distribution to be made to eligible local governments each fiscal year to the amount required under section 302 of the Initiative. (RCW 66.08.190 and 66.24.065) This total amount equals \$49,438,000. (Chapter 5, Laws of 2012 2nd spec. sess.)

HISTORICAL DISTRIBUTION SPLIT OF LIQUOR PROFITS					
Year	State General Fund	Counties Only	Counties, Cities and Towns	Cities and Town Only	Border Areas
1933	30%	20%	50%		
1935	70%		30%		
1937	50%		50%		
1939	35%	13%		52%	
1949	50%	10%		40%	
1998	50%	10%		40%	0.3%
2012	Remaining Funds		\$49,289,686		\$148,315

State Tax Sharing

Title	Local Infrastructure Financing Tool Tax Sharing Program
RCW	RCW 82.14.475
Year Enacted	2006
Description	<p>A local government that created a revenue development area (RDA) and received designation from the Community Economic Revitalization Board (CERB) or legislative designation as a Local Infrastructure Financing Tool (LIFT) project may impose a local sales tax that is credited against the state sales tax to finance public improvements. Through the credit, the local government receives a portion of the state sales tax rather than consumers paying an additional local sales tax.</p> <p>The amount of state sales tax (or state contribution) is subject to a variety of caps and limits, including the requirement that local government provide matching funds.</p>
Purpose	To promote community and economic development by investing in public infrastructure projects that can demonstrate increased private investment, employment, and revenue returns to the state.
Use of Funds	<p>Funds must be used for the payment of debt service on bonds issued to finance public improvements within a RDA, public improvement costs on a pay-as-you-go basis, or both. However, funds cannot be used to pay for public improvement costs on a pay-as-you-go basis once debt service on bonds issued under RCW 39.102.150 begins and until those bonds have been retired. (RCW 39.102.195)</p> <p>Public improvements within the RDA are infrastructure improvements that include, but are not limited to, the construction, improvement and maintenance of streets and roads (including highway interchanges), sidewalks and streetlights, water and sewer systems, parking facilities, parks and recreational areas, storm water and drainage management systems, and facilities and improvements that support affordable housing. Public improvement costs include, but are not limited to, the cost of design, planning, acquisition (including land acquisition), site preparation, utility relocation, and public improvement financing. (RCW 39.102.020).</p>
Recipients/ Eligibility	<p>Three LIFT demonstration projects were legislatively designated. Other local governments (county, city or town) could compete for LIFT project designation by applying to CERB.</p> <p>To be designated as a LIFT project, a local government must first establish a revenue development area (RDA) where public improvements would be located. A RDA must meet several statutory requirements, including an agreement or letter of</p>

intent between the local government and a private developer relating to developer plans for private improvements within the RDA

CERB measurement criteria to select projects included enhancing regional competitiveness, encouraging mixed-use development or redevelopment, jobs created, net tax increase from the LIFT project, and statewide geographic distribution of project awards. Only one LIFT project can be approved in each county, not including demonstration projects or LIFT projects in jurisdictions located in multiple counties.

A total of 9 LIFT projects received CERB designation. The program is closed to new designations until there is further authority for additional state contributions. LIFT project construction must begin by June 30, 2017, in order to impose the local sales tax.

Local Government	Demonstration or Competitive	Year Approved
Bellingham	Demonstration	2007
Bothell	Competitive	2008
Everett	Competitive	2008
Federal Way	Competitive	2008
Mount Vernon	Competitive	2009
Puyallup	Competitive	2009
Spokane County	Demonstration	2008
Vancouver	Demonstration	2008
Yakima City	Competitive	2009

The local sales tax can continue until bonds or other indebtedness are retired and all other contractual obligations related to the financing of LIFT project public improvements are satisfied, but not more than 25-years after the tax is first imposed.

Distribution Methodology

Total state contributions are limited to \$7.5 million each fiscal year for all LIFT projects combined. For LIFT demonstration projects, the maximum annual amount of state contribution for each LIFT project was established by statute and totals \$2.5 million. For competitive projects, CERB determined a maximum annual amount of state contribution for each CERB designated LIFT project and totals \$5 million.

For each LIFT project, demonstration or competitive, the amount of state contribution received annually is limited to the lowest amount of the following four caps:

- 1) \$1 million;
- 2) The amount of local revenue dedicated to the project;
- 3) The state contribution maximum determined by CERB; or
- 4) The “state benefit” amount.

State Tax Sharing

The “state benefit” amount is based on a complicated statutory formula intended to approximate increases to state property and state excise tax revenues within the RDA. Each local government imposing the local sales tax must submit an annual report to CERB and DOR that contains information necessary to calculate the state contribution for the designated LIFT project. (RCW 39.102.020)

Local Government	State Contribution Maximum	Local Sales Tax Implementation Year
Bellingham	\$1,000,000	2013
Bothell	\$1,000,000	2014
Everett	\$500,000	Not yet implemented
Federal Way	\$1,000,000	2013
Mount Vernon	\$500,000	Not yet implemented
Puyallup	\$1,000,000	2010
Spokane County	\$1,000,000	2010
Vancouver	\$500,000	Not yet implemented
Yakima City	\$1,000,000	2011

Recent Distributions Total

Fiscal Year	Distributions	% Change
2014	\$5,000,000	135.95%
2013	\$2,119,094	-7.33%
2012	\$2,288,346	2.81%
2011	\$1,786,295	
2010	N/A	

Method of Receipt

Distributed by the Office of State Treasurer monthly

Administration

Community Economic Revitalization Board (LIFT project designation) and the Department of Revenue (determines eligible amount of state contribution)

History

The LIFT tax program is an alternative to traditional forms of tax increment financing. Tax incremental financing redirects the tax increment - the difference between the amount of property tax revenue generated before district designation and the amount of property tax revenue generated after the district - to finance public improvements within the designated district. Traditional tax increment financing cannot be implemented in Washington due to the state constitutional provisions requiring uniformity in property tax, prohibiting lending of state credit, and the dedication of the common schools levy. Moreover, in 1973, 1982, and 1985, the voters rejected state constitutional amendments to allow traditional tax increment financing.

State Tax Sharing

Originally enacted in 2006, the maximum annual state contribution limit was \$2.5 million for LIFT demonstration projects and \$2.5 for CERB designated projects, for a total combined maximum annual state contribution of \$5 million for all LIFT projects. Revenue from the local sales tax could be used only for principal and interest repayments on bonds issued to finance public improvements in the RDA. (Chapter 181, Laws of 2006)

In 2007, the annual state contribution limit for all LIFT projects combined was increased to \$7.5 million annually to allow additional applications to CERB for LIFT project designation. New applications were subject to additional criteria. The requirement that the state contribution be used only to pay bond principal and interest was removed allowing for other forms of indebtedness or pay-as-you-go improvements until bond debt service begins. The authority to impose the local sales tax would be lost if the local government did not issue indebtedness or commenced construction on LIFT project public improvements within five fiscal years of the imposition of the local sales tax. (Chapter 229, Laws of 2007)

In 2013, the requirement that the local government issue bonds to impose the local sales tax was removed. Local governments were also given until June 30, 2017, to commence construction on the LIFT project public improvements before the authority to impose the local sales tax will be lost. (Chapter 21, Laws of 2013 2nd sp. sess.)

State Tax Sharing

Title	Local Revitalization Financing Tax Sharing Program
RCW	RCW 82.14.510
Year Enacted	2009
Description	<p>A local government that created a revitalization area (RA) and received designation from the Department of Revenue (DOR) or legislative designation as a Local Revitalization Financing (LRF) project may impose a local sales tax that is credited against the state sales tax to finance public improvements. Through the credit, the local government receives a portion of the state sales tax rather than consumers paying an additional local sales tax.</p> <p>The amount of state sales tax (or state contribution) is subject to a variety of caps and limits, including the requirement that local government provide matching funds.</p>
Purpose	To promote community and economic development by investing in public infrastructure projects that can demonstrate increased private investment, employment, and revenue returns to the state.
Use of Funds	<p>Funds must be used to pay principal and interest on bonds issued to finance public improvements within a RA. (RCW 82.14.515)</p> <p>Public improvements within a RA are infrastructure improvements that include, but are not limited to, the construction, improvement and maintenance of streets and roads, streetscaping (sidewalks, lights, etc.), water and sewer systems, parking facilities, parks and recreational areas, storm water and drainage management systems, and utilities infrastructure. (RCW 39.104.020)</p>
Recipients/ Eligibility	<p>Seven LRF demonstration projects were legislatively designated in 2009 and another 6 LRF demonstration projects were legislative designated in 2010. Other local governments (county, city or town) could apply to the DOR for designation as a LRF project on a first-come basis subject to the availability of a state contribution. Local governments could apply for designation of one or more LRF projects. (RCW 39.104.100)</p> <p>To be designated as a LRF project, a local government must first create a revitalization area (RA) where public improvements would be located. A RA must meet several statutory requirements, including an agreement or letter of intent between the local government and a private developer relating to developer plans for private improvements within the RA. (RCW 39.104.030 - .050)</p>

State Tax Sharing

A total of 18 LRF projects have been legislative designated or designated by DOR. The program is closed to new applicants for a state contribution until there is further authority/funding. DOR is required to retain completed applications that were not approved due to the lack of state contribution funds. If funds become available, DOR must consider those retained applications, in the order originally submitted, for funding before accepting new applications. For all LRF projects, demonstration or first-come, bonds must be issued before the local sales tax can be imposed. (RCW 82.14.510)

Local Government	Demonstration or First-Come Projects	Year Approved
Auburn	Demonstration	2009
Bellevue	First-Come	2009
Bremerton	Demonstration	2009
Clark County	First-Come	2009
Federal Way	First-Come	2009
Kennewick	First-Come	2009
Lacey	Demonstration	2010
Mill Creek	Demonstration	2010
Puyallup	Demonstration	2010
Renton I	First-Come	2009
Renton II	Demonstration	2010
Richland	Demonstration	2010
Spokane City	Demonstration	2009
Tacoma	Demonstration	2009
University Place	Demonstration	2009
Wenatchee	First-Come	2009
Whitman County	Demonstration	2009
Vancouver	Demonstration	2009

The local sales tax expires the earlier of when the bonds related to the financing of public improvements are retired or 25-years after the tax is first imposed.

Distribution Methodology

Total state contributions are limited to \$6.66 million each fiscal year for all LRF projects combined. For LRF demonstration projects, the maximum annual amount of state contribution for each LRF project was established by statute and totals \$4.2 million. For first-come projects, DOR determined a maximum annual amount of state contribution for each LRF project and totals \$2.46 million. (RCW 82.14.505 and 39.104.020)

For each LRF project, demonstration or competitive, the amount of state contribution received annually is limited to the lowest amount of the following three caps:

- 1) \$500,000;

State Tax Sharing

- 2) The amount of local revenue dedicated to the project; or
- 3) The state contribution maximum determined by DOR.

Each local government imposing the local sales tax must submit an annual report to DOR that contains information necessary to calculate the state contribution for the designated LRF project. (RCW 82.14.510)

Local Government	State Contribution Maximum	Local Sales Tax Implementation Year
Auburn	\$250,000	2010
Bellevue	\$500,000	2013
Bremerton	\$330,000	2010
Clark County	\$500,000	Not yet implemented
Federal Way	\$100,000	Not yet implemented
Kennewick	\$500,000	2011
Lacey	\$500,000	Not yet implemented
Mill Creek	\$330,000	Not yet implemented
Puyallup	\$250,000	Not yet implemented
Renton I	\$400,000	Not yet implemented
Renton II	\$500,000	Not yet implemented
Richland	\$330,000	2013
Spokane City	\$250,000	2011
Tacoma	\$500,000	Not yet implemented
University Place	\$500,000	2011
Wenatchee	\$500,000	2013
Whitman County	\$200,000	Not yet implemented
Vancouver	\$220,000	2011

Recent Distributions Total

Fiscal Year	Distributions	% Change
2014	\$3,321,955	62.05%
2013	\$2,050,000	4.45%
2012	\$1,962,619	259.4%
2011	\$546,085	
2010	N/A	

Method of Receipt

Distributed by the Office of State Treasurer monthly

Administration

Department of Revenue

History

As originally enacted in 2009, the maximum annual state contribution limit was \$2.25 million for 7 LRF demonstration projects and \$2.5 million for first-come projects, for a total maximum annual state contribution of \$4.75 million for all LRF projects combined. (Chapter 270, Laws of 2009)

In 2010, an additional 6 LRF demonstration projects were legislatively designated, increasing the maximum annual state contribution limit for demonstration projects to \$4.2 million. (Chapter 164, Laws of 2010) The city of Newcastle did not seek approval of its LRF demonstration project. As directed by the legislation, the \$40,000 identified for Newcastle could not be approved for another project and is not considered part of the maximum annual state contribution limit.

State Tax Sharing

Title	Motor Vehicle Fuel Tax Sharing – County
RCW	46.68.090 - 46.68.124
Year Enacted	1921
Description	Of the state's 37.5 cent motor vehicle fuel tax and special fuel tax, 4.92 cents of the net tax is distributed to counties. The net tax is the amount of funds generated from the taxes after statutory deductions for state supervision, studies, refunds, repayments, and distributions for Refunds to Island and San Juan Counties and County Ferry Operations.
Purpose	To assist counties with the construction, maintenance and policing of county roads.
Use of Funds	Funds must be used for highway purposes as required by the 18th Amendment of the Washington Constitution.
Recipients/ Eligibility	Counties
Distribution Methodology	<p>Ten percent equally distributed to each county, 30 percent by population, 30 percent based on annual road cost, and 30 percent based on annual monetary needs. (RCW 46.68.120 and 46.68.124).</p> <ul style="list-style-type: none">• Population is the sum of the population residing in the county's unincorporated area plus 25 percent of the population residing in the county's incorporated area.• Annual road cost for each county is the sum of one twenty-fifth of the total estimated county road replacement cost, plus the total estimated annual maintenance cost.• Monetary need for each county is the county's total annual road cost less the following amounts during the two calendar years preceding the computation: (a) one-half the sum of the actual county road tax levy, including any diverted tax diverted for the previous two calendar years (b) one-half the sum of all funds received by the county road fund from the federal forest reserve fund, (c) one-half the sum of timber excise taxes received by the county road fund, and (d) one-half the sum of motor vehicle license fees and motor vehicle and special fuel taxes refunded to the county. (See Refunds to Island and San Juan counties)

State Tax Sharing

Recent Distributions Total*

Fiscal Year	Distributions	% Change
2014	\$141,954,088	2.09%
2013	\$139,036,243	1.35%
2012	\$137,183,260	-2.45%
2011	\$140,634,591	1.27%
2010	\$138,865,090	0.86%
2009	\$137,679,998	

*The net tax distributed is the amount of funds generated from the taxes after statutory deductions for state supervision, studies, refunds, repayments, and distributions for Refunds to Island and San Juan Counties and County Ferry Operations. Distributions of Refunds to Island and San Juan Counties and County Ferry Operations separately stated and not represented in the figures above.

Method of Receipt

Distributed by the Office of State Treasurer monthly

Administration

Department of Licensing

History

The first revenue source for state highway funds was a statewide property tax levy enacted in 1905. The initial levy rate was one-quarter ($\frac{1}{4}$) mill on all taxable property in the state. Funds from this state property tax were deposited into the Permanent Highway Fund to be used by the newly created state Highway Department to construct and improve "state roads" defined as a main line of travel beginning at some trade center. State roads were also designated specifically by the legislature.

Beginning in 1907, county commissioners could petition for "state aid" from the Permanent Highway Fund for the construction, improvement and maintenance of a public highways defined as road of common traffic and travel. If the petition was granted, the project cost was shared 50 percent by state, 35 percent by the county, and 15 percent from a tax levy on property benefitting from the project.

In 1915, annual motor vehicle license fees were first imposed for deposit into the Permanent Highway Fund to be distributed as state aid to counties. (Chapter 142, Laws of 1915)

In 1917, funds from motor vehicle license fees began to be distributed directly to counties for maintenance of primary highways within the county at the rate of \$100 per mile per year. The balance after these distributions was transferred to the Permanent Highway Fund to state highway projects and state aid to counties for state road projects. (Chapter 155, Laws of 1917)

State and local property taxes continued to be the main revenue source for transportation until 1921 when the motor vehicle fuel tax ("fuel tax") was first imposed. The fuel tax rate was 1 cent per gallon and deposited into the state Motor Vehicle Fund. Funds from the fuel tax were subject to legislative appropriation for state and public highway projects. (Chapter 173, Laws of 1921)

Also in 1921, annual motor vehicle license fees began to be deposited into the Motor Vehicle Fund. Funds from these fees continued to be distributed to counties at the increased rate of \$300 per mile per year. However, distribution were now being made directly to cities/towns \$300-\$500 per mile depending on city classification. The balance after these distributions was transferred to the Permanent Highway Fund to state highway projects and state aid to counties (except counties composed entirely of islands) for state road projects. (Chapter 96, Laws of 1921)

In 1929, an additional 1 cent fuel tax was imposed for deposit into the Lateral Highway Fund. All funds were distributed to counties based on the following: 50 percent of funds distributed equally among the counties, 25 percent in proportion to number of registered vehicles in each county, and 25 percent in proportion to the number of farms in each county according to the federal census. Use of county funds were restricted to lateral highway projects, defined as the construction or improvement of county streets and roads connecting with a state highway, bridge, and viaduct. Additionally, first class counties were required to distribute one-third ($\frac{1}{3}$) of its funds to the county's first class cities in proportion to each city's assessed value of property in the county. Use of city funds were restricted to the construction or improvement of arterial streets and highways connecting with a state highway. (Chapter 88, Laws of 1929)

The transportation roles, responsibilities and revenues of the state, counties and cities were in flux for several decades as roads were transformed from serving horse-drawn vehicles to motor vehicles. By 1939, the division between state highways, county roads and city streets began to settle. The state property tax levy for highways, which had increased to one and one-half ($1\frac{1}{2}$) mill, was repealed. The personal property tax on motor vehicles was replaced with a state motor vehicle excise tax (MVET) at the rate of 1.5 percent of value. Counties were provided with authority to impose a countywide, rather than district specific, property tax levy for county roads. A variety of accounts, including the Permanent Highway Fund and the Lateral Highway Fund, were abolished and revenues were consolidated into the Motor Vehicle Fund.

By 1939, counties and cities/towns no longer received distributions from motor vehicle license fees, and instead, received distributions from fuel tax. At that time, the gas tax was 5.0 cents. The "net tax" (funds generated after statutory deductions for supervision, studies, and refunds, repayments, and in some years bond payments) was shared 15 percent to cities/towns, 41.5 percent to counties and 43.5 percent remaining with the state. Net tax distributions to individual counties were made by a statutory percentage for each county with Asotin county having the smallest at 0.91 percent and King county having the largest at 14.53

percent. County next tax distributions were required to be used for the construction, improvement and maintenance of county roads. (Chapter 181, Laws of 1939)

In 1945, individual county net tax distributions were changed from a statutory percentage for each county to the formula of:

- 10 percent divided equally among counties;
- 70 percent proportionally based on county trunk highway miles, which was defined as county roads used by school buses and/or rural mail carriers; and
- 20 percent proportionally based on number of private automobiles and trucks registered in unincorporated areas. (Chapter 260, Laws of 1945)

In 1949, the gas tax was increased to 6.5 cents per gallon. Of that 0.25 cent was allocated for distribution to the counties by statutory percentages and 1.45 cent to the Motor Vehicle Fund for state highways purposes. The remaining of 5.0 cents was allocated for net tax distributions. (Chapter 220, Laws of 1949)

In 1955, the individual county net tax distribution methodology was changed to:

- 10 percent divided equally among counties
- 20 percent proportionally based on number of private automobiles and trucks registered in unincorporated areas plus 7 percent of registrations in incorporated areas of the county.
- 30 percent proportionally based on county trunk highway miles; and
- 30 percent proportionally based on county truck highway miles multiplied by a “money need factor,” which was a formula based on annual costs per mile and revenue from the property tax levy for county roads, federal forest reserve funds and state fuel tax distributions/refunds. (Chapter 260, Laws of 1945)

In 1961, the gas tax was increased to 7.5 cents per gallon. Of that amount, 0.5 cent was distributed to cities/towns ratably (proportionally) by population to be used exclusively for arterial highway projects with the requirement that cities/towns providing 25 percent matching funds for such projects. Six and one-half (6.5) cents was allocated for net tax distributions, of which sharing remained at 15 percent to cities/towns, 41.5 percent to counties and 43.5 percent to the state. The remaining 1.0 cent was allocated 0.25 cent to the Motor Vehicle Fund and 0.25 cent to the Puget Sound Reserve Account. (Chapter 7, Laws of 1961)

In 1967, the fuel tax was increased to 9 cents. Of that amount, 0.625 cents was allocated for deposit into the new Urban Arterial Trust Account for the construction and improvement of city/town and county arterial roads in urban areas. One-half (0.50) cent continued to be allocated to cities/towns for distribution ratably by population for arterial highway projects, but the 25 percent matching fund requirement was removed. Seven and one-quarter (7.25) cents was allocated for net tax distributions with sharing changed to 10 percent to cities/towns, 31.4

percent to counties and 58.6 percent to the state. The remaining 0.625 cent was allocated 0.375 to the Motor Vehicle Fund and 0.25 to the Puget Sound Reserve Account. (Chapter 83, Laws of 1967 ex. sess.)

One week later, to increase the allocation to the Motor Vehicle Fund to 0.625 cent, the allocation for net tax distributions was reduced from 7.25 cents to 7.0 cents and sharing was changed to 10.4 percent to cities/towns, 32.5 percent to counties and 57.1 percent to the state. (Chapter 145, Laws of 1967 ex. sess.)

In 1970, to increase the allocation to the Puget Sound Reserve Fund allocation to 0.375 cent, the allocation for net tax distributions was reduced from 7.0 cents to 6.875 cents until July 1, 1976. Beginning July 1, 1976 allocation for net tax distributions would be restored to 7.0 cents, but sharing would change to 10.59 percent to cities/towns, 33.09 percent to counties and 56.32 percent to the state. (Chapter 85, Laws of 1970 2nd ex. sess.)

In 1972, the Puget Sound Ferry Operations Account was added to net tax distributions at 1.45 percent through July 1, 1976 and 1.43 percent thereafter. Consequently, during the same periods, net tax sharing was reduced 10.44 percent and 10.25 percent for cities/towns, 32.61 percent and 32.04 percent for counties, and 55.5 percent and 56.28 percent for the state. (Chapter 24, Laws of 1972 2nd ex. sess.)

Also in 1972, the Legislature added the requirement that no individual county's net tax distribution could change more than 5 percent (increase or decrease) from the previous two year period. (Chapter 103, Laws of 1972 1st ex. sess.)

In 1973, the net tax sharing changes scheduled to take effect in 1976 were repealed. Consequently, net tax sharing was set at 1.45 percent for the Puget Sound Ferry Operations Account, 10.44 percent for cities/towns, 32.61 percent for counties, and 55.5 percent for the state. (Chapter 124, Laws of 1973 1st ex. sess.)

In 1976, the Legislature allowed for appropriations for county ferry assistance to be deducted from the total net tax to be distributed to counties. (Chapter 57, Laws of 1975-76 2nd ex. sess.)

In 1977, the fuel tax was increased to 9 cents and to change by formula each fiscal year, but to no more than 12 cents. Additionally, all distributions of the fuel tax were to be made from the net tax in the following percentages:

- 45.26 percent to the state for highway purposes;
- 22.78 percent to counties for county roads less any appropriations made for county ferry assistance;
- 7.12 percent for deposit into the Urban Arterial Trust Account to be distributed to cities/towns and counties for arterial roads in urban areas;
- 6.95 percent to the state for state highways in urban areas;
- 6.92 percent to cities/towns for street purposes;
- 4.61 percent to cities/towns for arterial highway purposes;

State Tax Sharing

- 3.21 percent for deposit into the Puget Sound Reserve Account; and
- 3.15 percent for deposit into the Puget Sound Ferry Operations Account. (Chapter 317, Laws of 1977 1st ex. sess.)

In 1981, the fuel tax was increased to 13.5 cents and to change by formula each fiscal year, but to no more than 16 cents and to increase no more 2 cents from the prior fiscal year. The distribution of funds did not change. (Chapter 342, Laws of 1981)

In 1982, the individual county net tax distributions was changed to methodology currently used. (Chapter 33, Laws of 1982)

In 1983, the fuel tax was increased to 15 cents for fiscal year 1984 and then to 17 cents thereafter. In addition, a 1 cent fuel tax was imposed to be distributed between cities/towns, counties and the state. $\frac{1}{3}$ cent was deposited into the Urban Arterial Trust Account for distribution to cities/towns and counties for arterial roads in urban areas; $\frac{1}{3}$ cent to the Rural Arterial Trust Account for distribution to counties for arterial roads in rural areas; and $\frac{1}{3}$ cent to the state for highway purposes. This additional 1 cent fuel tax was distributed separately from net tax distributions. (Chapter 49, Laws of 1983 1st ex. sess.)

In 1990, the fuel tax was increased 5 cents in two steps to total of 23 cents on April 1, 1991. The additional 5 cent tax was allocated 1.5 cent for the Transportation Improvement Account, an account created in 1988 for the Transportation Improvement Board, a successor organization to the Urban Arterial Board which distributed funds from the Urban Arterial Account. Forty-five hundredths (0.45) cent was allocated to the new County Arterial Preservation Account for distribution by the County Road Administration Board to counties by paved arterial lane miles. Twenty-five hundredths (0.25) cent for deposit into the Rural Arterial Trust Account. One-half (0.50) cent to cities/towns and 0.55 cent to counties distributed using the same methodology as the net tax. The remainder of the 5 cents increase was distributed the Special Category C Account (0.75 cent) and the Motor Vehicle Fund (1.0 cent), for state highway purposes. (Chapter 42, Laws of 1990)

In 1999, the motor vehicle fuel tax rates were collapsed into one rate of 23 cents and allocations reorganized as percentages of the net tax. The following chart provides the destruction of the 23 cents by percentage and cent:

Account/Use	Percentage	Cent
State Motor Vehicle Fund	44.387	10.21
Counties for county roads	19.2287	4.42
Cities for city streets	10.6961	2.46
Urban Arterial Trust Account	7.5597	1.74
Transportation Improvement Account	5.6739	1.31
Special Category C Account	3.2609	0.75
Puget Sound Capital Construction Account	2.3726	0.55

State Tax Sharing

Puget Sound Ferry Operations Account	2.3283	0.54
Rural Arterial Trust Account	2.5363	0.58
County Arterial Preservation Account	1.9565	0.45

In 2003, the fuel tax was increased 5 cents with all funds deposited into the Transportation 2003 Account for state highway purposes. No funds from this fuel tax increase were allocated to other accounts or for distribution to counties and cities/towns. (Chapter 361, Laws of 2003)

Also in 2005, the fuel tax was increased 9.5 cents over 4 years. The net tax from 6 cents are distributed 8.3333 percent to cities/towns and 8.3333 percent to counties and remainder into the Transportation Partnership Account for state highway purposes. Funds generated from 3.5 cents are not shared with counties and cities/towns or other account; instead, these funds are deposited into the Transportation Partnership Account. (Chapter 315, Laws of 2005)

The county share of the net tax distributions is equivalent of 4.92 cents of the state's total 37.5 cents fuel tax.

State Tax Sharing

Title	Motor Vehicle Fuel Tax Distributions - Refunds to Island and San Juan Counties							
RCW	46.68.080							
Year Enacted	1921							
Description	A portion of state vehicle license fees and fuel taxes is distributed directly to Island and San Juan counties for distribution to each county's road district, cities and towns.							
Purpose	To assist counties, cities and towns with the construction, maintenance and policing of city and town streets and county roads.							
Use of Funds	Funds must be used for highway purposes as required by the 18th Amendment of the Washington Constitution.							
Recipients/ Eligibility	<p>Counties composed entirely of islands and which have neither a fixed physical connection with the mainland nor any state highway on any of the islands of which they are composed. This definition describes San Juan county.</p> <p>Counties composed entirely of islands and which either have a fixed physical connection with the mainland or state highway on any of the islands of which they are composed. This definition describes Island county.</p>							
Distribution Methodology	<p>San Juan county receives the total amount of vehicle license fees and fuel taxes collected and directly or indirectly paid by the residents of the county after deductions for state collection costs.</p> <p>Island county receives one-half the total amount of vehicle license fees and fuel taxes collected and directly or indirectly paid by the residents of the county after deductions for state collection costs.</p> <p>The county treasurer must distribute the funds to the county road district and each city or town within the county in direct proportion to the assessed value of property of the district, city or town in the county.</p>							
Recent Distributions Total	<table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Distributions</th> <th>% Change</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>\$8,003,635</td> <td>0.88%</td> </tr> </tbody> </table>	Fiscal Year	Distributions	% Change	2013	\$8,003,635	0.88%	
Fiscal Year	Distributions	% Change						
2013	\$8,003,635	0.88%						

State Tax Sharing

2012	\$7,934,164	-4.50%
2011	\$8,307,935	3.10%
2010	\$8,058,063	-1.05%
2009	\$8,143,650	

Method of Receipt

Distributed by the Office of State Treasurer monthly.

Administration

Department of Licensing

History

In 1915, annual motor vehicle license fees were first imposed for deposit into the Permanent Highway Fund to be distributed as state aid to counties. (Chapter 142, Laws of 1915) In 1917, the fees began to be distributed directly to counties at the rate of \$100 per primary highway mile per year. (Chapter 155, Laws of 1917)

In 1919, all fees collected for motor vehicle licenses from residents in counties composed entirely of islands ("island counties") were directed to be refunded to those counties. No primary highways existed in these counties, and as a result, island counties could not qualify for or benefit from the per mile distribution of motor vehicle license fees. (Chapter 54, Laws of 1919)

In 1923, refunds to island counties was broadened to include fuel taxes. The amount of fuel tax for distribution was determined by the percentage of motor vehicle license fees paid by residents of the county bears to total motor vehicle license fees paid statewide multiplied by the amount of fuel tax collected statewide. (Chapter 98, Laws of 1923)

In 1925, county treasurers were directed to distribute refunds to road districts, cities and towns in proportion to the assessed valuation of property in such districts, cities and towns bears to total assessed value of property within the county. (Chapter 14, Laws of 1925))

By 1939, all counties, cities and towns began to receive a distribution of the fuel tax rather than motor vehicle license fees. Distributions are made from the "net tax," which was defined as the funds generated after statutory deductions for supervision, studies, refunds and repayments. The net tax was shared 15 percent to cities/towns, 41.5 percent to counties and 43.5 percent remaining with the state. Refunds of fuel taxes to island counties became a deduction from the counties' share of the net tax before distributions to individual counties. Additionally, island counties continued to receive refunds of motor vehicle license fees, which is also a deduction from the counties' share of the net tax before distribution to individual counties.

In addition, the calculation of the refund was revised. Island counties that have neither a fixed physical connection with the mainland nor any state highway on any

State Tax Sharing

of the islands of which they are composed, are refunded 100 percent of motor vehicle fees and fuel taxes paid by residents of the county. Island counties that either have a fixed physical connection with the mainland or state highway on any of the islands of which they are composed, are refunded 50 percent of motor vehicle fees and fuel taxes paid by residents of the county. (Chapter 181, Laws of 1939)

This scheme remained unchanged until 2006 when the Legislature limited the amount of fuel tax refunds. Refunds are based on the first 23 cents of the state's fuel tax rate rather than the total 37.5 cents rate. The increment not refunded to the counties is deposited into the Puget Sound Ferry Operations Account. (Chapter 337, Laws of 2006)

State Tax Sharing

Title	Motor Vehicle Fuel Tax Sharing – City
RCW	46.68.090 - 46.68.124
Year Enacted	1921
Description	Of the state's 37.5 cent motor vehicle fuel tax and special fuel tax, 2.96 cents of the net tax is distributed to cities and towns. The net tax is the amount of funds generated from the taxes after statutory deductions for state supervision, studies, refunds, repayments and a diversion to the Small City Pavement and Sidewalk Account.
Purpose	To assist cities and towns with the construction, maintenance and policing of city and town streets.
Use of Funds	Funds must be used for highway purposes as required by the 18th Amendment of the Washington Constitution.
Recipients/ Eligibility	Cities and towns
Distribution Methodology	Ratably (proportionally) on the basis of population. (RCW 46.68.110)

**Recent
Distributions
Total***

Fiscal Year	Distributions	% Change
2014	\$91,259,297	1.79%
2013	\$89,655,955	1.45%
2012	\$88,373,452	-2.91%
2011	\$91,022,854	1.38%
2010	\$89,779,453	0.57%
2009	\$89,266,867	

*The net tax distributed is the amount of funds generated from the taxes after statutory deductions for state supervision, studies, refunds, repayments and a diversion to the Small City Pavement and Sidewalk Account.

State Tax Sharing

Method of Receipt Distributed by the Office of State Treasurer monthly

Administration Department of Licensing

History The first revenue source for state highway funds was a statewide property tax levy enacted in 1905. The initial levy rate was one-quarter ($\frac{1}{4}$) mill on all taxable property in the state. Funds from this state property tax were deposited into the Permanent Highway Fund to be used by the newly created state Highway Department to construct and improve "state roads" defined as a main line of travel beginning at some trade center. State roads were also designated specifically by the legislature.

Beginning in 1907, county commissioners could petition for "state aid" from the Permanent Highway Fund for the construction, improvement and maintenance of a public highways defined as road of common traffic and travel. If the petition was granted, the project cost was shared 50 percent by state, 35 percent by the county, and 15 percent from a tax levy on property benefitting from the project.

In 1915, annual motor vehicle license fees were first imposed for deposit into the Permanent Highway Fund to be distributed as state aid to counties. (Chapter 142, Laws of 1915) In 1917, funds from motor vehicle license fees began to be distributed directly to counties, but not cities/towns. (Chapter 155, Laws of 1917)

State and local property taxes continued to be the main revenue source for transportation until 1921 when the motor vehicle fuel tax ("fuel tax") was first imposed. The fuel tax rate was 1 cent per gallon and deposited into the state Motor Vehicle Fund. Funds from the fuel tax were subject to legislative appropriation for state and public highway projects. (Chapter 173, Laws of 1921)

Also in 1921, annual motor vehicle license fees began to be deposited into the Motor Vehicle Fund. Funds from these fees continued to be distributed to counties at the increased rate of \$300 per mile per year. However, distribution were now being made directly to cities/towns \$300-\$500 per mile depending on city classification. The balance after these distributions was transferred to the Permanent Highway Fund to state highway projects and state aid to counties (except counties composed entirely of islands) for state road projects. (Chapter 96, Laws of 1921)

In 1929, an additional 1 cent fuel tax was imposed for deposit into the Lateral Highway Fund. All funds were distributed to counties based on the following: 50 percent of funds distributed equally among the counties, 25 percent in proportion to number of registered vehicles in each county, and 25 percent in proportion to the number of farms in each county according to the federal census. Use of county funds were restricted to lateral highway projects, defined as the construction or improvement of county streets and roads connecting with a state highway, bridge,

and viaduct. Additionally, first class counties were required to distribute one-third ($\frac{1}{3}$) of its funds to the county's first class cities in proportion to each city's assessed value of property in the county. Use of city funds were restricted to the construction or improvement of arterial streets and highways connecting with a state highway. (Chapter 88, Laws of 1929)

The transportation roles, responsibilities and revenues of the state, counties and cities were in flux for several decades as roads were transformed from serving horse-drawn vehicles to motor vehicles. By 1939, the division between state highways, county roads and city streets began to settle. The state property tax levy for highways, which had increased to one and one-half ($1\frac{1}{2}$) mill, was repealed. The personal property tax on motor vehicles was replaced with a state motor vehicle excise tax (MVET) at the rate of 1.5 percent of value. Counties were provided with authority to impose a countywide, rather than district specific, property tax levy for county roads. A variety of accounts, including the Permanent Highway Fund and the Lateral Highway Fund, were abolished and revenues were consolidated into the Motor Vehicle Fund.

By 1939, counties and cities/towns no longer received distributions from motor vehicle license fees, and instead, received distributions from fuel tax. At that time, the gas tax was 5.0 cents. The "net tax" (funds generated after statutory deductions for supervision, studies, and refunds, repayments, and in some years bond payments) was shared 15 percent to cities/towns, 41.5 percent to counties and 43.5 percent remaining with the state. Net tax distributions to individual cities were made ratably by population and were required to be used 30 percent for maintenance and 70 percent for construction of city/town streets. (Chapter 181, Laws of 1939)

In 1943, the use of city/town net tax distributions was revised more generally to the construction, improvement and maintenance of city streets and arterial highways. (Chapter 82, Laws of 1943)

In 1949, the gas tax was increased to 6.5 cents per gallon. Of that 0.25 cent was allocated for distribution to the counties by statutory percentages and 1.45 cent to the Motor Vehicle Fund for state highways purposes. The remaining 5.0 cents was allocated for net tax distributions. (Chapter 220, Laws of 1949)

In 1961, the gas tax was increased to 7.5 cents per gallon. Of that amount, 0.5 cent was distributed to cities/towns ratably by population to be used exclusively for arterial highway projects with the requirement that cities/towns providing 25 percent matching funds for such projects. Six and one-half (6.5) cents was allocated for net tax distributions, of which sharing remained at 15 percent to cities/towns, 41.5 percent to counties and 43.5 percent to the state. The remaining 0.50 cent was allocated 0.25 cent to the Motor Vehicle Fund and 0.25 cent to the Puget Sound Reserve Account. (Chapter 7, Laws of 1961)

In 1967, the fuel tax was increased to 9 cents. Of that amount, 0.625 cents was allocated for deposit into the new Urban Arterial Trust Account for the construction

and improvement of city/town and county arterial roads in urban areas. One-half (0.50) cent continued to be allocated to cities/towns for distribution ratably by population for arterial highway projects, but the 25 percent matching fund requirement was removed. Seven and one-quarter (7.25) cents was allocated for net tax distributions with sharing changed to 10 percent to cities/towns, 31.4 percent to counties and 58.6 percent to the state. The remaining 0.625 cent was allocated 0.375 to the Motor Vehicle Fund and 0.25 to the Puget Sound Reserve Account. (Chapter 83, Laws of 1967 ex. sess.)

One week later, to increase the allocation to the Motor Vehicle Fund to 0.625 cent, the allocation for net tax distributions was reduced from 7.25 cents to 7.0 cents and sharing was changed to 10.4 percent to cities/towns, 32.5 percent to counties and 57.1 percent to the state. (Chapter 145, Laws of 1967 ex. sess.)

In 1970, to increase the allocation to the Puget Sound Reserve Fund allocation to 0.375 cent, the allocation for net tax distributions was reduced from 7.0 cents to 6.875 cents until July 1, 1976. Beginning July 1, 1976 allocation for net tax distributions would be restored to 7.0 cents, but sharing would change to 10.59 percent to cities/towns, 33.09 percent to counties and 56.32 percent to the state. (Chapter 85, Laws of 1970 2nd ex. sess.)

In 1972, the Puget Sound Ferry Operations Account was added to net tax distributions at 1.45 percent through July 1, 1976 and 1.43 percent thereafter. Consequently, during the same periods, net tax sharing was reduced 10.44 percent and 10.25 percent for cities/towns, 32.61 percent and 32.04 percent for counties, and 55.5 percent and 56.28 percent for the state. (Chapter 24, Laws of 1972 2nd ex. sess.)

In 1973, the net tax sharing changes scheduled to take effect in 1976 were repealed. Consequently, net tax sharing was set at 1.45 percent for the Puget Sound Ferry Operations Account, 10.44 percent for cities/towns, 32.61 percent for counties, and 55.5 percent for the state. (Chapter 124, Laws of 1973 1st ex. sess.)

In 1977, the fuel tax was increased to 9 cents and to change by formula each fiscal year, but to no more than 12 cents. Additionally, all distributions of the fuel tax were to be made from the net tax in the following percentages:

- 45.26 percent to the state for highway purposes;
- 22.78 percent to counties for county roads less any appropriations made for county ferry assistance;
- 7.12 percent for deposit into the Urban Arterial Trust Account to be distributed to cities/towns and counties for arterial roads in urban areas;
- 6.95 percent to the state for state highways in urban areas;
- 6.92 percent to cities/towns for street purposes;
- 4.61 percent to cities/towns for arterial highway purposes;
- 3.21 percent for deposit into the Puget Sound Reserve Account; and
- 3.15 percent for deposit into the Puget Sound Ferry Operations Account. (Chapter 317, Laws of 1977 1st ex. sess.)

State Tax Sharing

In 1981, the fuel tax was increased to 13.5 cents and to change by formula each fiscal year, but to no more than 16 cents and to increase no more 2 cents from the prior fiscal year. The distribution of funds did not change. (Chapter 342, Laws of 1981)

In 1983, the fuel tax was increased to 15 cents for fiscal year 1984 and then to 17 cents thereafter. In addition, a 1 cent fuel tax was imposed to be distributed between cities/towns, counties and the state. $\frac{1}{3}$ cent was deposited into the Urban Arterial Trust Account for distribution to cities/towns and counties for arterial roads in urban areas; $\frac{1}{3}$ cent to the Rural Arterial Trust Account for distribution to counties for arterial roads in rural areas; and $\frac{1}{3}$ cent to the state for highway purposes. This additional 1 cent fuel tax was distributed separately from net tax distributions. (Chapter 49, Laws of 1983 1st ex. sess.)

In 1990, the fuel tax was increased 5 cents in two steps to total of 23 cents on April 1, 1991. The additional 5 cent tax was allocated 1.5 cent for the Transportation Improvement Account, an account created in 1988 for the Transportation Improvement Board, a successor organization to the Urban Arterial Board which distributed funds from the Urban Arterial Account. Forty-five hundredths (0.45) cent was allocated to the new County Arterial Preservation Account for distribution by the County Road Administration Board to counties by paved arterial lane miles. Twenty-five hundredths (0.25) cent for deposit into the Rural Arterial Trust Account. One-half (0.50) cent to cities/towns and 0.55 cent to counties distributed using the same methodology as the net tax. The remainder of the 5 cents increase was distributed the Special Category C Account (0.75 cent) and the Motor Vehicle Fund (1.0 cent), for state highway purposes. (Chapter 42, Laws of 1990)

In 1991, the Legislature began to divert 2 percent of total net tax distributions to cities/towns into the City Hardship Assistance Account for cities \leq 20,000 that experienced increased costs from jurisdictional transfers of roads. These funds were to be used for street rehabilitation projects. (Chapter 342, Laws of 1991)

In 1996, the diversion for the City Hardship Assistance Account was decreased to 1 percent of total net tax distributions to cities/towns. (Chapter 94, Laws of 1996)

In 1999, the motor vehicle fuel tax rates were collapsed into one rate of 23 cents and allocations reorganized as percentages of the net tax. The following chart provides the distribution of the 23 cents by percentage and cent:

Account/Use	Percentage	Cent
State Motor Vehicle Fund	44.387	10.21
Counties for county roads	19.2287	4.42
Cities for city streets	10.6961	2.46
Urban Arterial Trust Account	7.5597	1.74
Transportation Improvement Account	5.6739	1.31
Special Category C Account	3.2609	0.75

State Tax Sharing

Puget Sound Capital Construction Account	2.3726	0.55
Puget Sound Ferry Operations Account	2.3283	0.54
Rural Arterial Trust Account	2.5363	0.58
County Arterial Preservation Account	1.9565	0.45

In addition, individual city/town net tax distributions was changed to require that 31.86 percent of the distribution be used exclusively for construction, improvement, chip sealing, seal-coating and repair of arterial highways and city streets. (Chapter 269, Laws of 1999)

Also in 1999, the Small City Account and the City Hardship Account were eliminated. The net tax allocations to the Urban Arterial Trust Account was correspondingly increased. (Chapter 94, Laws of 1999)

In 2003, the fuel tax was increased 5 cents with all funds deposited into the Transportation 2003 Account for state highway purposes. No funds from this fuel tax increase were allocated to other accounts or for distribution to counties and cities/towns. (Chapter 361, Laws of 2003)

In 2005, the Legislature removed the requirement that 31.86 percent of individual cities/town net tax distributions be used exclusively for construction, improvement, chip sealing, seal-coating and repair of arterial highways and city streets. (Chapter 89, Laws of 2005)

Also in 2005, the fuel tax was increased 9.5 cents over 4 years. The net tax from 6 cents are distributed 8.3333 percent to cities/towns and 8.3333 percent to counties and remainder into the Transportation Partnership Account for state highway purposes. Funds generated from 3.5 cents are not shared with counties and cities/towns; instead, these funds are deposited into the Transportation Partnership Account. (Chapter 315, Laws of 2005)

The city/town share of the net tax distributions is equivalent of 2.96 cents of the state's total 37.5 cents fuel tax.

In 2007, the 1 percent diversion of total net tax distributions to cities/towns into the Urban Arterial Trust Account was changed for these funds to be deposited into a new Small City Pavement and Sidewalk Account. (Chapter 148, Laws of 2007)

State Tax Sharing

Title	Public Facilities District Tax Sharing Program
RCW	82.14.390 and 82.14.485
Year Enacted	1999 and 2007
Description	<p>Certain local governments that formed public facilities districts (PFDs) are authorized to impose a local sales tax credited against the state sales tax for the construction, improvement or remodel of regional centers or sports, entertainment, or convention facilities. Through the credit, the local government receives a portion of the state sales tax rather than consumers paying an additional local sales tax.</p> <p>The amount of state sales tax that a PFD may receive is limited by the local sales tax rate, which ranges from up to 0.020 to 0.033 percent. One-third of state funds received must be matched by private or non-voter approved local sources.</p>
Purpose	To contribute to the cost of construction, improvement or remodel of regional centers or sports, entertainment, or convention facilities.
Use of Funds	Funds must be used solely for construction, improvement or remodel costs of regional centers or sports, entertainment, or convention facilities.
Recipients/ Eligibility	<p>The ability to impose this local sales tax varies by county or city; PFD formation date; PFD population; PFD facility cost; commencement of construction date; and combinations of these. No new PFDs are authorized to impose this local sales tax. The chart below lists the PFDs that currently receive state sales tax through the credit:</p>

Local Government(s) Participating in PFD	Local Rate of Tax	Year Tax First Imposed
Benton County	0.033%	2003
Capital Regional (Thurston County, Lacey, Olympia and Tumwater)	0.033%	2003
Clark County	0.033%	2003
Cowlitz County	0.033%	2001
Cowlitz County	0.025%	2007
Edmonds	0.033%	2001
Everett	0.033%	2001
Grays Harbor County	0.033%	2002
Kennewick	0.033%	2001

State Tax Sharing

Kent	0.037%*	2008
Kitsap County	0.033%	2001
Lewis County	0.033%	2007
Lynnwood	0.036%*	2000
Pasco	0.036%*	2003
Richland	0.033%	2002
Skagit County	0.033%	2002
Snohomish County	0.033%	2001
Spokane County	0.033%	2002
Tacoma Regional (Pierce County, Fife, Lakewood, Tacoma and University Place)	0.033%	2000
Vancouver	0.033%	2001
Wenatchee (Chelan County and Douglas County and Wenatchee)	0.033%	2006
Whatcom Co/Bellingham	0.033%	2002
Yakima Regional (Selah, Union Gap and Yakima City)	0.033%	2001
Yakima County	0.025%	2008

*0.033% plus streamlined sales tax mitigation

The local sales tax can continue until bonds issued are retired, but not more than 25-years after the tax is first collected.

Distribution Methodology

The local sales tax is imposed on all taxable events within the local government(s) boundaries that created the PFD.

Recent Distributions Total

Fiscal Year	Distributions	% Change
2014	\$22,005,788	6.27%
2013	\$20,707,724	6.19%
2012	\$19,500,709	1.32%
2011	\$19,247,579	-0.06%
2010	\$19,259,238	-9.14%
2009	\$21,197,721	

Method of Receipt

Distributed by the Office of State Treasurer monthly

Administration

Department of Revenue

History

Prior to 1999, counties were allowed to form public facilities districts (PFDs), which are independent taxing districts, to build, own and operate sports facilities, entertainment facilities or convention facilities. In 1999, the ability to form a PFD was extended to cities and consortiums of contiguous cities in counties with a population less than 1 million to build, own and operate a regional center. A regional center is defined as a convention, conference, or special events center or any combination of these, including parking facilities, costing at least \$10 million including debt service.

In addition to a local sales tax (voter approved), admission tax and parking tax to fund regional centers, if construction of a new regional center or remodel of an existing regional center began before January 1, 2003, the PFD could impose local sales tax at the rate of 0.033 percent credited against the state sales tax to receive state funds. These state funds must be used for the construction, remodel, maintenance and operation of the regional center. The local sales tax expires when bonds issued for the construction of the regional center are retired, but not more than 25-years after the tax is first imposed. One-third of state funds received must be matched by private or local (non-voter approved) sources. County created PFDs could also impose this local tax under the same terms so long as the county had not imposed a local sales tax credited against the state sales tax for construction of a football or baseball stadium. (Chapter 165, Laws of 1999)

In 2002, requirements for a PFD to be eligible to impose the 0.033 percent local sales tax were changed so that the PFD must be formed by July 31, 2002 and construction of the regional center must commence by January 1, 2004. Joint county and city PFDs were authorized. (Chapter 363, Laws of 2002)

In 2006, the 0.033 percent local sales tax for regional centers was extended to PFDs created before July 1, 2006, in a county or counties in which there are no other PFDs on June 7, 2006, in which the total population in the PFD is greater than 90,000, and commencement of construction of a new regional center begins before February 1, 2007. (Chapter 298, Laws of 2006)

In 2007, PFDs that experienced a net loss of at least 0.50 percent of local sales tax collections within three fiscal years of adoption of local sales tax sourcing changes were authorized to increase its rate of tax up to 0.037 percent to mitigate their losses. (See Streamlined Sales & Use Tax Mitigation and Chapter 6, Laws of 2007)

Also in 2007, the 0.033 percent local sales tax was extended to PFDs created before September 1, 2007, in a county without a PFD, that commences construction of a new regional center before January 1, 2009. The population within the boundaries of the PFD had to be greater than 70,000. A city created PFD with a population between 80,000-115,000 located in a county with a population that is greater than 1 million was also allowed to impose the 0.033 percent local sales tax if the PFD commenced construction of the regional center before July 1, 2008. (Chapter 486, Laws of 2007)

This legislation also created two new local sales taxes credited against the state sales tax for PFDs. A 0.025 percent local sales tax could be imposed by PFD created by a city prior to August 1, 2001 that has a population between 90,000-100,000 located in a county with a population under 300,000. A 0.020 percent local sales tax could be imposed by PFD created by a county prior to January 1, 2000 that has a population between 90,000-100,000. Revenues from these local sales taxes must be used only for improvement or rehabilitation of an existing regional center with 2,000 or fewer seats used for community events, and artistic, musical, theatrical, or other cultural exhibitions. Only PFDs in Cowlitz and Yakima counties have used this program. (RCW 82.14.485)

In 2008, because of its designation as a disaster area, the Lewis County PFD was given until January 1, 2011 to commence construction of a regional center to be eligible for the 0.033 percent local sales tax. (Chapter 48, Laws of 2008)

In 2011, the omnibus operating budget reduced by 3.4 percent the amount of state sales tax provided to PFDs that increased their rate of tax to mitigate their losses from changes to local sales tax sourcing. The reduction was made to distributions in fiscal years 2012 and 2013. (Chapter 50, Laws of 2011 1st spec. sess.)

State Tax Sharing

Title	Public Utility District Privilege Tax Sharing
RCW	54.28.050 and 54.28.055
Year Enacted	1941
Description	A state tax is imposed on gross income derived from the sale of electrical energy by public utility districts (PUDs). The state distributes a portion revenue generated from the basic PUD privilege tax rate to certain local taxing districts.
Purpose	The PUD privilege tax is "in lieu" of property tax. The distribution to certain taxing districts provides revenue that would otherwise be generated by the property tax.
Use of Funds	Funds may be used for any lawful purpose of the local taxing district.
Recipients/ Eligibility	<p>Funds generated from hydroelectric or other facilities are distributed to counties, cities, towns, and road districts.</p> <p>Funds generated from thermal generating facilities are distributed to counties, cities, fire districts, and library districts located within the "impacted area, which is defined in RCW 54.28.010 as the area within 35 miles of the southern entrance of the Hanford reservation.</p>
Distribution Methodology	<p>After depositing into the state general fund 4 percent of revenue generated from the basic tax on sales from hydroelectric or other facilities, the remaining 96 percent is distributed:</p> <ul style="list-style-type: none">• 37.6 percent to state general fund for public schools;• 62.4 percent to counties based on a complex formula using sales to customers and location of the dams and the reservoirs. County treasurers then distribute amounts received under this distribution to counties, cities, towns, and road districts, in an equitable manner determined by the county legislative authority (in most instances to approximate the property tax). However, each city must receive a minimum amount equal to 0.75 percent of the gross revenue derived by the PUD from the sale of energy within the city. (RCW 54.28.050) <p>After depositing into the state general fund 4 percent of revenue generated from the basic tax on sales from thermal generating facilities, the remaining 96 percent is distributed:</p>

State Tax Sharing

- 50 percent to state general fund for public schools;
- 22 percent to counties;
- 23 percent to cities and towns;
- 3 percent to fire protection districts; and
- 2 percent to library districts. (RCW 54.28.050)

Recent Distributions Total

Fiscal Year	Distributions	% Change
2014	\$27,136,954	3.27%
2013	\$26,278,560	5.78%
2012	\$24,841,977	14.09%
2011	\$21,774,967	1.06%
2010	\$21,546,635	-7.03%
2009	\$23,176,069	

Method of Receipt

Distributed by the Office of State Treasurer annually each June.

Administration

Department of Revenue

History

Because of their status as governmental entities, facilities owned by public utility districts (PUD) are not subject to the property tax.

In 1941, the state imposed a 2 percent excise tax on the gross revenue of sales of electrical energy of a public utility district (PUD). Four percent of tax collections were deposited into the state general fund and the remainder distributed to counties in which PUD operating property was located. County treasurers were directed to distribute this aggregate amount to the county, cities, towns, school districts and road district based on the amount the taxing district would have received if its regular property tax applied to PUD operating property. Use of funds were restricted to the maintenance and operation of the superior courts and sheriff offices for counties, fire and police departments for cities, public schools and public roads. (Chapter 245, Laws of 1941)

In 1947, the tax and its rates were changed to be based on gross revenues from electricity generated and/or distributed. Additionally the formula for distribution to the county, cities, towns, school districts and road district was changed to be based on the value of generating plants, transmission lines, and sales and purchases between PUDs. (Chapter 259, Laws of 1947)

In 1957, the restrictions on the use of funds were removed. County commissioners were also empowered to determine an equitable manner to distribute funds to the county, cities, towns, school districts and road districts. However, school districts

State Tax Sharing

were to receive no less than 35 percent of funds and each city and town were to receive no less than an amount equal to 0.75 percent of gross revenues received by a PUD from the sale of electricity with the city or town. (Chapter 278, Laws of 1957)

In 1959, the tax and its distribution formula was changed. After 4 percent of revenue was deposited into the state general fund, the remainder was distributed to each county (for further distribution) based on a complex formula using sales made within each county and the location of generating facilities, dams and reservoirs. (Chapter 274, Laws of 1959)

In 1977, sales of electrical energy from thermal electric generating facilities were added to the tax with 50 percent of revenue distributed to certain tax districts within the impacted area using the current methodology (Chapter 366, Laws of 1977)

In 1980, the amount deposited into the state general fund was increased from 4 percent to 37.6 percent and was dedicated for public schools. Distributions to local school districts were eliminated. (Chapter 154, Laws of 1980)

In 1982, a 5.4 percent surcharge of the tax was imposed from April, 1982 through June, 1983. The following year, the surcharge was increased to 7 percent of the tax and made permanent. Revenue from the surcharge are not shared with local taxing districts; all revenue from the surcharge are deposited into the state general fund. (Chapter 35, Laws of 1982 1st ex. sess. and Chapter 3, Laws of 1983 2nd ex. sess.)

State Tax Sharing

Title	Rural County Economic Development Tax Sharing Program
RCW	82.14.370
Year Enacted	1997
Description	<p>Certain counties may impose a local sales tax credited against the state sales tax to finance public facilities that serve economic development purposes. Through the credit, the local government receives a portion of the state sales tax rather than consumers paying an additional local sales tax. The maximum rate of the local sales tax is 0.09 percent.</p>
Purpose	<p>To assist rural distressed areas throughout the state by funding infrastructure development for business retention, attraction and expansion.</p>
Use of Funds	<p>Funds may be used solely to finance public facilities that serve economic development purposes and finance personnel in economic development offices.</p> <p>"Public facilities" is defined as bridges, roads, domestic and industrial water facilities, sanitary sewer facilities, earth stabilization, storm sewer facilities, railroads, electrical facilities, natural gas facilities, research, testing, training, and incubation facilities in innovation partnership zones designated under RCW 43.330.270, buildings, structures, telecommunications infrastructure, transportation infrastructure, or commercial infrastructure, and port facilities in the state of Washington.</p> <p>"Economic development purposes" is defined as those purposes which facilitate the creation or retention of businesses and jobs in a county.</p> <p>"Economic development office" is defined as an office of a county, port districts, or an associate development organization as defined in RCW 43.330.010, which promotes economic development purposes within the county.</p>
Recipients/ Eligibility	<p>Counties that meet the definition of a "rural county." A rural county is a county with a population density of less than 100 persons per square mile or a county smaller than 225 square miles as determined annually by the Office of Financial Management. Currently, 32 of the state's 39 counties qualify. The definition of rural county excludes Clark, King, Kitsap, Pierce, Snohomish, Spokane, and Thurston counties.</p>

State Tax Sharing

Distribution Methodology

The local sales tax is imposed on all taxable events within the county. The maximum local sales tax that may be imposed is 0.09 percent. All rural counties, except Garfield County, are imposing the maximum rate of 0.09 percent. Garfield County's local sales tax rate is 0.08 percent.

The local sales tax must expire 25 years from the date first imposed. However, the expiration date was extended to 25 years from the date the tax rate was increased from 0.08 percent to 0.09 percent if the rate increase occurred prior to August 1, 2009. All rural counties, except Columbia and Garfield counties, have the latter expiration date.

Recent Distributions Total

Fiscal Year	Distributions	% Change
2014	\$27,766,549	5.77%
2013	\$26,252,513	4.44%
2012	\$25,135,573	4.49%
2011	\$24,055,900	2.81%
2010	\$23,397,304	-6.88%
2009	\$25,124,970	

Method of Receipt

Distributed by the Office of State Treasurer monthly.

Administration

Department of Revenue and Office of Financial Management

History

The program was created in 1997 to provide funds to distressed counties to finance public facilities. A distressed county was defined as a county in which the average level of unemployment of the three years before the year in which the tax is first imposed under the program exceeded the average state employment for those years by 20 percent. With this definition, 22 counties participated in the program in 1998: Adams, Benton, Chelan, Clallam, Columbia, Cowlitz, Douglas, Ferry, Franklin, Grant, Grays Harbor, Jefferson, Kittitas, Klickitat, Lewis, Mason, Okanogan, Pacific, Pend Oreille, Skagit, Skamania and Yakima. Public facility was not defined. Beginning July 1, 1998, distressed counties were authorized to impose a local sales tax credited against the state sales tax at a rate not to exceed 0.04 percent for a period of 25-years. (Chapter 366, Laws of 1997)

In 1999, the rate of tax was increased from 0.04 percent to 0.08 percent. Eligible counties changed from any distressed county to any "rural county." A rural county was defined as a county with a population density of less than 100 persons per square mile as determined by the Office of Financial Management. As a result, Asotin, Garfield, Lincoln, San Juan, Stevens, Wahkiakum, Walla Walla, Whatcom, and Whitman counties were added to the program. (Chapter 311, Laws of 1999)

Also in 1999, a definition of "public facility" was adopted, including the requirement that the facility was contained in the county's economic development plan, the economic development section of a county, city or town required to plan under Chapter 36.70A RCW, or the capital facilities plan of a county, city or town not required to plan under Chapter 36.70A RCW.

In 2002, the definition of "rural county" was expanded to include a county smaller than 225 square miles; this change added Island county to the program. (Chapter 184, Laws of 2002)

In 2004, the requirement was added that the public facility serve an economic development purpose. Annual reporting to the state auditor on funded projects also was added to the program. (Chapter 130, Laws of 2004)

In 2007, the rate of tax was increased from 0.08 percent to 0.09 percent and the use of the funds for justice system facilities was prohibited. (Chapter 478, Laws of 2007). However, financing personnel in economic development offices was added as an allowable use of funds. (Chapter 250, Laws of 2007)

In 2009, the expiration of the local sales tax was extended to 25-years from the date the 0.09 percent tax rate was first imposed by that county if that rate was imposed by August 1, 2009. (Chapter 511, Laws of 2009)

In 2012, research, testing and incubation facilities in designated innovation partnership zones were added to the definition of public facilities. (Chapter 225, Laws of 2012)

State Tax Sharing

Title	State Lodging Tax Sharing
RCW	67.28.180 - .1801
Year Enacted	1967
Description	Certain local governments are authorized to impose a local sales tax credited against the state sales tax on charges for lodging to fund local tourism related promotion, facilities, and events. Through the credit, the local government receives a portion of the state sales tax rather than consumers paying an additional local sales tax.
Purpose	To promote tourism related spending by in-state and out-of-state residents within the state and to promote heritage, arts, and civic programs.
Use of Funds	<p>For most local governments, funds must be used solely for local tourism promotion; marketing and operations of special events and festivals attracting tourists; construction and operation of tourism related facilities owned by a county, city, or public facilities district; or operations of tourism related facilities owned by a non-profit organization.</p> <p>Local governments, such as King County, Bellevue, Yakima County and Yakima City, that issued bonds for stadium facilities; convention centers; performing/visual art centers; and agricultural promotion facilities; must use the funds for debt service payments.</p> <p>King County must use its funds to retire debt on the Kingdome and the public stadium and exhibition center. When all debt is retired, set percentages of funds must be used for art, cultural, and heritage museums, arts and performing arts; affordable workforce housing and homeless youth services; and tourism promotion.</p>
Recipients/ Eligibility	All counties, cities and towns have imposed the tax. With the exception of Bellevue, cities within King County are prohibited from imposing this local sales tax on lodging.
Distribution Methodology	All counties, cities and towns have imposed the tax at the maximum rate of 2 percent. The local sales tax is imposed on all sales of lodging within the local government boundaries. The term “lodging” has been revised over the years; however, it is intended to cover transient lodging such as hotels, motels, RV and trailer parks, and other facilities for short-term occupancy of 30 days or less. With the exception of King and Yakima counties for the cities of Bellevue and Yakima; any city imposed tax

State Tax Sharing

must be credited against any county imposed tax to prevent both a county and a city receiving state sales tax revenue through the credit on the same sale of lodging.

Recent Distributions Total

Fiscal Year	Distributions	% Change
2014	\$46,019,061	4.75%
2013	\$43,932,437	3.12%
2012	\$42,602,378	7.06%
2011	\$39,792,395	6.99%
2010	\$37,193,487	-8.98%
2009	\$40,860,798	

Method of Receipt

Distributed by the Office of State Treasurer monthly.

Administration

Department of Revenue

History

Sharing of the state's sales tax on charges for lodging was first authorized in 1967. Limited to King County, it was authorized to impose up to 2 percent local sales tax on charges for transient lodging credited against the state sales tax to fund the acquisition, construction and operation of public stadium facilities, including the payment of debt service on any bonds issued. (Chapter 236, Laws of 1967) Eventually, these funds were used to finance the public stadium known as the Kingdome in Seattle.

In 1970, "first class" cities with a population of 150,000 or more that were not located in a "class AA" county were given the same authority as King County. This effectively authorized the cities of Spokane and Tacoma to impose this local sales tax. (Chapter 89, Laws of 1970 1st ex. sess.)

In 1973, the authority to impose this local sales tax was provided to all counties, cities and towns, and also extended the use of such revenue to the acquisition, construction and operation of convention centers. (Chapter 34, Laws of 1973 2nd ex. sess.)

In 1975, the Legislature added the requirement that any city imposed tax be credited against any county imposed tax. The legislation intended to prevent both a county and a city receiving state sales tax revenue through the credit (i.e. "double dipping") on the same sale of lodging. Exceptions were made for King County, Bellevue, Yakima County and the city of Yakima who pledged their tax revenue for payment of bond debt issued for public stadium and convention facilities prior to 1975. King County's tax is applied county-wide and no city other than Bellevue may impose this tax. Additionally, Yakima County is not required to provide a credit for

the tax imposed by the city of Yakima, but must provide a credit for other cities imposing the tax within the county. (Chapter 225, Laws 1975 1st ex. sess.)

In 1979, the use of the funds was expanded to allow for the acquisition, construction and operation of performing arts center and visual art center facilities. Additionally, the advertising, publicizing, and distributing information for attracting visitors and encouraging tourism was made an allowable use of the funds. (Chapter 222, Laws of 1979)

Between 1979 and 1997, the use of the funds was expanded to include tourism strategy plans; steam railway and Tall Ships attractions; beach boardwalks, viewing docks, public docks; public restrooms; and civic community-wide festivals. Some of these uses were limited to certain counties, cities or both. In 1997, the legislature repealed these various special uses and adopted the current uniform standard for use of funds contained in RCW 67.28.1816. The legislation also required the creation of a local lodging tax advisory committee to make recommendations to the local government on the recipients of funds. (Chapter 452, Laws of 1997)

Beginning in 1985, restrictions on the use of funds by King County diverged. First, double dipping could continue to repay bonds issued for new public stadium improvements. In 1986, legislation required funds in excess of bond payments (\$5.3 million annually) to be used for art and cultural museums, arts and performing arts. In 1991, excess funds were directed for certain purposes by fixed percentages for tourism promotion, youth sports and open lands, and arts and cultural programs including the creation of an arts endowment fund. In 1997, the use of the funds was extend for the financing of a new public (football) stadium and exhibition center. Repayment of debt for past public stadiums (Kingdome) and the stadium and exhibition center became the only allowable use of funds from calendar year 2013 through 2020. (Chapter 272, Laws of 1985; Chapter 104, Laws of 1986; Chapter 483, Laws of 1987; Chapter 336, Laws of 1991; Chapter 220, Laws of 1997)

In 2011, cities in King County were permanently prohibited from imposing this local sales tax and the current limitations on use of funds was established. Beginning January 1, 2021 after debt service payments cease, 37.5 percent must be used for art, cultural, and heritage museums, arts and performing arts; 37.5 percent for affordable workforce housing and homeless youth services; and 25 percent for tourism promotion. (Chapter 38, Laws of 2011 1st spec. sess.)

Legislation in 1985 and 2007 also allowed Yakima County and Yakima City to continue its double dipping of the state sales tax credit through calendar year 2020 for agricultural promotion or other tourism related facilities. (Chapter 272, Laws of 1985; Chapter 189, Laws 2007)

In 2007, the use of funds was clarified to include the cost for the operation of special events and festivals designed to attract tourists and to fund tourism-related facilities owned by a public entity or certain non-profit organizations. These changes were set to expire, but were made permanent in 2013. (Chapter 497, Laws of 2007 and Chapter 196, Laws of 2013)

State Tax Sharing

The Legislature has authorized additional local sales taxes on lodging that are not credited against the state sales tax. These additional local lodging taxes are imposed on and paid by consumers.

State Tax Sharing

Title	Timber Excise Tax Sharing
RCW	84.33.041 and 84.33.051
Year Enacted	1984
Description	A county may impose a local timber excise tax that is credited against the state timber excise tax on the privilege of engaging in the business as a harvester of timber on privately or publicly owned land. Through the credit, the local government receives a portion of the state timber excise tax rather than harvesters paying an additional local timber excise tax.
Purpose	The timber excise tax is "in lieu" of property tax. The distribution to taxing districts provides revenue that would otherwise be generated by the property tax.
Use of Funds	Funds may be used for any lawful purpose of the local taxing district.
Recipients/ Eligibility	Local taxing districts in counties that have imposed a local timber excise tax.
Current Distribution Methodology	<p>Counties are authorized to impose a local timber excise tax of 4 percent credited against the state's timber excise tax of 5 percent.</p> <p>County treasurers are required to distribute funds to other taxing districts in the following order based on the timber assessed value of the district multiplied by the tax rate levied by the district:</p> <ul style="list-style-type: none"> • Certain debt service payments • Local school district levies • All other taxing districts not included in the prior distributions. (RCW 84.33.081)

**Recent
Distributions
Total**

Fiscal Year	Total Distribution	% Change
2014	\$36,640,291	9.58%
2013	\$33,437,636	9.62%
2012	\$30,503,265	47.90%
2011	\$20,623,650	37.03%
2010	\$15,050,286	-34.05%
2009	\$22,819,212	

State Tax Sharing

Method of Receipt Distributed by the Office of State Treasurer quarterly each February, May, July and October.

Administration Department of Revenue

History Prior to 1971, privately owned timber was subject to the property tax. However, establishing the value of such property was difficult and led to substantial nonuniformity throughout the state. To establish a more uniform tax system of taxation, the Legislature enacted a phase-out of the property tax on timber growing on privately owned lands and a concurrent phase-in of an excise tax based upon the harvest value. The eventual rate of 6.5 percent was fully effective in 1975.

The state timber excise tax rate is applied to stumpage values as determined by the Department of Revenue. The state would provide county treasurers, for distribution to local taxing districts, a portion of revenue collected in proportion to the value of the timber harvested in each district in the preceding calendar year. (Chapter 294, Laws of 1971 1st ex. sess.)

In 1982, the excise tax was extended to timber harvested on state and federally owned lands. Tax revenue generated from public lands was deposited into the state general fund, whereas the tax revenue from private lands was distributed to local taxing districts. (Chapter 4, Laws of 1982 2nd ex. sess.)

In 1984, the Legislature enacted a phase-down of the 6.5 percent state timber excise rate to 5 percent by fiscal year 1989. At the same time, a county timber excise tax was authorized for harvests on private lands at the rate of 4 percent to be credited against the state timber excise tax. County treasurers distributed county timber excise tax revenue to local taxing districts based on the formula contained in RCW 84.33.081, which is typically the district's property tax levy rate multiplied by the timber assessed value in the district. The county timber excise tax did not apply to timber harvested on public lands, and thus, tax collections from such harvests were deposited into the state general fund. (Chapter 20, Laws 1984)

In 2004, the Legislature extended the county timber excise tax, and the credit against the state's timber excise tax, to harvests on public lands. The county timber excise tax was phased-in with an initial tax rate of 1.2 percent to increase annually until reaching the maximum rate of 4 percent on January 1, 2014. This same legislation also exempted all standing timber from property tax. (Chapter 177, Laws of 2004)