

SUMMARY OF 2018 TAX & LICENSING LEGISLATION

Washington Department of Revenue Legislation & Policy and Research & Fiscal Analysis Divisions

April 2018

This report summarizes the significant revenue and tax legislation of interest to the Department of Revenue (Department) and approved during the 2018 Regular Session of the Washington State Legislature. Legislation affecting the Department’s Business Licensing Service (BLS) is also summarized. This summary is based on information developed by the Department’s Legislation & Policy and Research & Fiscal Analysis Divisions, and is not intended to cover all of the technical details or provide a legal interpretation of the bills. Instead, this report is intended to alert readers to new legislation, assist in its implementation, and serve as a resource for historical research. Fiscal impacts of legislation in this summary may be found in “*State Revenue Impact of Major 2018 Tax Legislation*,” beginning on page 4.

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STATE REVENUE IMPACT OF MAJOR 2018 TAX LEGISLATION - Sources Impacting Dept. of Revenue Only

State General Fund							
Bill Num	Bill Description	FY 2018	FY 2019	2017-19 Bien	FY 2020	FY 2021	2019-21 Bien
House Bills:							
SHB 1209	Municipal access to local financial services ¹						
E2SHB 1570	Homeless housing and assistance	\$0	\$0	\$0	\$0	\$0	\$0
2SHB 2015	Lodging excise tax	\$0	\$0	\$0	\$0	\$0	\$0
E2SHB 2177	Rural county jobs program	\$0	\$0	\$0	\$0	\$0	\$0
2SHB 2269	Adaptive automotive equipment/tax	\$0	(\$115,000)	(\$115,000)	(\$125,000)	(\$123,000)	(\$248,000)
HB 2307	Fish and wildlife data ¹						
SHB 2317	Contractor bonding/transit ¹						
SHB 2367	Child care collaborative tax force	\$0	\$0	\$0	\$0	\$0	\$0
HB 2368	Technical corrections ¹						
SHB 2424	Self-produced fuel/use tax	\$0	\$0	\$0	\$0	\$0	\$0
EHB 2444	Low-income housing/REET	\$0	(\$1,047,000)	(\$1,047,000)	(\$1,130,000)	(\$1,130,000)	(\$2,260,000)
SHB 2448	Dev. disability housing/tax	\$0	\$0	\$0	\$0	\$0	\$0
HB 2468	Canada/accounting firms	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
HB 2479	Property assessment appeals ¹						
SHB 2538	Low-income dev. Impact fees	\$0	\$0	\$0	\$0	\$0	\$0
SHB 2576	Fire districts/annex & merge	\$0	\$0	\$0	\$0	\$0	\$0
ESHB 2580	Renewable natural gas	\$0	(\$101,000)	(\$101,000)	(\$117,000)	(\$126,000)	(\$243,000)
SHB 2597	Senior & disabled property taxes	\$0	\$0	\$0	\$0	\$0	\$0
SHB 2627	Emergency medical service levies	\$0	\$0	\$0	\$0	\$0	\$0
SHB 2664	Telecomm. Authority/ports ¹						
HB 2858	Excess local infrastructure revenues	\$0	\$0	\$0	\$0	\$0	\$0
SHB 2998	Accountable communities	(\$5,555,000)	(\$4,376,000)	(\$9,931,000)	(\$5,037,000)	(\$4,803,000)	(\$9,840,000)
Senate Bills:							
ESSB 5143	Nonprofit homeownership development	\$0	(\$5)	(\$5)	(\$9)	(\$11)	(\$20)
E4SSB 5251	Tourism marketing	\$0	\$0	\$0	(\$1,500,000)	(\$1,500,000)	(\$3,000,000)
ESB 5288	Transportation benefit tax increase	\$0	\$0	\$0	\$0	\$0	\$0
SB 6007	Electrolytic processing tax	\$0	(\$276,000)	(\$276,000)	(\$675,000)	(\$687,000)	(\$1,362,000)
ESSB 6034	PUD retail telecom. service	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
SSB 6175	Common interest ownership ¹						

E2SSB 6269	Oil transportation safety	\$0	\$0	\$0	\$0	\$0	\$0
E2SSB 6362	Basic education funding	\$0	\$0	\$0	\$0	\$0	\$0
SSB 6475	RTA taxes/whole parcel	\$0	\$0	\$0	\$0	\$0	\$0
ESSB 6614	Property taxes	\$0	(\$206,205,000)	(\$206,205,000)	(\$184,040,000)	\$0	(\$184,040,000)
NET GENERAL FUND IMPACT		(\$5,555,000)	(\$212,120,005)	(\$217,675,005)	(\$192,624,009)	(\$8,369,011)	(\$200,993,020)

BLS License, Fee & Registration Bills - MLS Account Funds

Bill Num	Bill Description	FY 2018	FY 2019	2017-19 Bien	FY 2020	FY 2021	2019-21 Bien
E2SHB 1622	State building code council	\$0	\$0	\$0	\$0	\$0	\$0
EHB 1742	Vehicle transporter license¹						
E2SHB 2334	Cannabinoid additives¹						
SHB 2612	Tow truck operators	\$0	\$0	\$0	\$0	\$0	\$0
EHB 2808	Vehicle dealer licensing	\$0	\$0	\$0	\$0	\$0	\$0
SB 6159	Underground storage tank program reauthorization¹						

State Funds other than General or BLS Funds

Bill Num	Bill Description - Fund	FY 2018	FY 2019	2017-19 Bien	FY 2020	FY 2021	2019-21 Bien
EHB 2444	Low-income housing/REET - City County Assistance	\$0	(\$18,000)	(\$18,000)	(\$20,000)	(\$20,000)	(\$40,000)
EHB 2444	Low-income housing/REET - Education Legacy Account	\$0	(\$46,000)	(\$46,000)	(\$50,000)	(\$50,000)	(\$100,000)
EHB 2444	Low-income housing/REET - Performance Audit Account	\$0	(\$23,000)	(\$23,000)	(\$25,000)	(\$25,000)	(\$50,000)
E4SSB 5251	Tourism marketing - NEW Tourism Marketing Account	\$0	\$0	\$0	\$1,500,000	\$1,500,000	\$3,000,000
E2SSB 6269	Oil transportation safety - Military Department Active Service Account	\$0	\$200,000	\$200,000	\$200,000	\$200,000	\$400,000
E2SSB 6269	Oil transportation safety - State Oil Spill Response Account	\$56,000	\$28,000	\$84,000	\$0	\$0	\$0
E2SSB 6269	Oil transportation safety - State Oil Spill Prevention Account	\$224,000	\$1,144,000	\$1,368,000	\$1,144,000	\$1,144,000	\$2,288,000

¹The Department did not receive a fiscal note request for proposal.

HOUSE BILLS

E2SHB [1570](#) **Concerning access to homeless housing and assistance ([Chapter 85, Laws of 2018](#))**

This bill increases the homeless housing surcharge from \$10 to \$62 and makes it permanent. Surcharges do not apply to documents recording a state, county, or city lien or satisfaction of lien.

E2SHB 1570 takes effect June 7, 2018.

2SHB [2015](#) **Modifying the lodging excise tax to remove the exemption for premises with fewer than sixty lodging units and to tax certain vacation rentals, short-term home-sharing arrangements, and other compensated use or occupancy of dwellings ([Chapter 245, Laws of 2018](#))**

This bill amends the convention and trade center tax imposed by a public facilities district (PFD) that applies to sales of lodging subject to the retail sales tax to include short-term rentals and lodging provided by hotels, motels, and similar facilities with fewer than 60 units. Short term rentals (STRs) are dwellings or parts of a dwelling unit that are offered for lodging for -fewer than 30 days by a short-term rental operator that is not a hotel or motel. A PFD cannot impose the tax on STRs located in a city that imposed a lodging tax on short-term rentals on or before December 31, 2017. If the city repeals its STR tax, the PFD must distribute to the city the amount of convention and trade center tax collected on STRs within the city limits.

The tax does not apply to lodging provided by facilities with less than 60 units in a city with a population of less than 300, hostels, and lodging operated by a university health care system.

A PFD must distribute 50 percent of any new tax revenue it collects to the county where the convention and trade center is located. If a city repeals its STR tax, the amount paid to the county is calculated after deducting the required payments made by the PFD to the city.

2SHB 2015 is effective October 1, 2018.

2SHB [2269](#) **Concerning tax relief for adaptive automotive equipment for veterans and service members with disabilities ([Chapter 130, Laws of 2018](#))**

This bill extends to July 1, 2028, the expiration date of the sales and use tax exemptions for certain add-on automotive adaptive equipment purchased by eligible veterans or active duty members of the United States Armed Forces.

2SHB 2269 is effective June 7, 2018.

**HB [2307](#) [Requiring confidentiality in the release of sensitive fish and wildlife data](#)
[\(Chapter 214, Laws of 2018\)](#)**

This bill amends [SB 5761](#) ([Chapter 71, Laws of 2017](#)) to tighten public disclosure laws for releasing certain tribal and commercial fish and shellfish harvest information by changing “may” to “must.”

The Department administers the food fish/shell fish tax imposed by chapter [82.27](#) RCW under the administrative provisions of chapter [82.32](#) RCW. RCW [82.32.330](#) prohibits the Department from disclosing return or tax information, which includes information from fish tax returns.

Section 2 of HB 2307 is effective June 30, 2022. All other sections effective June 7, 2018.

**SHB [2317](#) [Concerning contractor bonding requirements for public transportation benefit areas and passenger-only ferry service districts](#)
[\(Chapter 89, Laws of 2018\)](#)**

This bill amends chapter [39.08](#) RCW to allow public transportation benefit areas (PTBAs) and passenger-only ferry service districts (POFSDs) to set contractor bond amounts through resolutions and ordinances, so long as those bonds are for at least 25% of the contract price.

SHB 2317 is effective March 15, 2018.

**SHB [2367](#) [Establishing a child care collaborative task force](#)
[\(Chapter 91, Laws of 2018\)](#)**

This bill establishes a collaborative child-care task force administered by the Department of Commerce to study the effects of child-care affordability and accessibility on Washington’s workforce and businesses. By November 1, 2019, the task force must report its findings concerning policies and recommendations to incentivize employer-supported child-care and improve child-care access and affordability for working parents. One aspect the task force must report on includes potential tax incentives for private businesses providing employer-supported child-care.

The bill requires the Department of Revenue to serve as a non-voting member and to provide information and data to the task force.

SHB 2367 is effective June 7, 2018.

HB [2368](#) **Making technical corrections and removing obsolete language from the Revised Code of Washington pursuant to RCW 1.08.025**
([Chapter 22, Laws of 2018](#))

This bill removes obsolete language in various sections of the Revised Code of Washington and corrects technical errors.

Section 14 directly affects the Department of Revenue (Department). It repeals RCW [82.04.4483](#), which was reenacted in error when statutes were amended by the adoption of [ESHB 1296](#) ([Chapter 35, Laws of 2017](#)). ESHB 1296 repealed the annual survey and replaced the annual report with the annual tax performance report beginning with certain tax preferences claimed on or after January 1, 2018.

HB 2368 is effective June 7, 2018.

SHB [2424](#) **Correcting the use tax exemption for self-produced fuel**
([Chapter 92, Laws of 2018](#))

This bill addresses the ambiguity of the August 1, 2017, effective date in [EHB 2163](#) ([Chapter 28, Laws of 2017, 3rd Special Session](#)) that imposed use tax on the use of certain self-produced fuels (primarily refinery fuel gas) and clarifies that the phased in state use tax rate for refinery fuel gas takes effect January 1, 2018.

SHB 2424 is effective March 15, 2018 and applies retroactively to August 1, 2017.

EHB [2444](#) **Providing a real estate excise tax exemption for certain transfers of low-income housing** ([Chapter 221, Laws of 2018](#))

This bill creates a real estate excise tax (REET) exemption for transfers of low-income housing development property if the Washington State Housing Finance Commission has allocated federal Low-Income Housing Tax Credits (LIHTC) to the seller, or in the case of a transfer of controlling interest, the owner or beneficial owner.

The exemption does not apply if the seller, or in the case of a transfer of controlling interest, the owner or beneficial owner has been subject to recapture of all or part of the allocated credits within four years before the transfer due to noncompliance with federal statutory requirements.

EHB 2444 is effective July 1, 2018.

SHB [2448](#) **Increasing the availability of housing for developmentally disabled persons
([Chapter 223, Laws of 2018](#))**

This bill creates a real estate excise tax (REET) exemption on the transfer of residential property to a nonprofit organization or nonprofit adult family home that provides residential supported living for developmentally disabled persons by a parent or other legal representative of a developmentally disabled person.

To qualify for the exemption:

- The adult child must be allowed to live in the residence for as long as the placement is safe and appropriate;
- The property must remain in continued use as residential supported living for persons with developmental disabilities for fifty years;
- The residential property may not have more than four living units; and
- Title to the property must be conveyed without consideration.

The transferred residential property is eligible for available Housing Trust Fund monies for remodeling and improvements if the organization that owns the transferred property meets certain Housing Trust Fund eligibility requirements.

SHB 2448 is effective June 7, 2018.

HB [2468](#) **Allowing firms in the Canadian province of British Columbia to perform attest or compilation services for companies in Washington state that are the consolidated, subsidiary, or component entity of another corporate entity registered in Canada ([Chapter 224, Laws of 2018](#))**

This bill allows chartered professional accountants and chartered professional accounting firms not licensed by the state Board of Accountancy (BOA) but licensed or registered in British Columbia to perform attest and compilation services for companies operating in Washington that are subsidiaries of Canadian companies.

HB 2468 is effective June 7, 2018.

HB [2479](#) **Concerning Washington's property assessment appeal procedures
([Chapter 24, Laws of 2018](#))**

This bill revises the amount of time required for parties to exchange information or evidence before a county board of equalization (BOE) hearing. After an appeal has been filed, information or any new evidence held by a taxpayer or the county assessor must be made available, or provided to the other party and the BOE, at least 21 business days before a hearing. Current law requires information to be exchanged within seven or 14 business days.

HB 2479 is effective June 7, 2018.

**SHB [2538](#) Exempting impact fees for low-income housing development
([Chapter 133, Laws of 2018](#))**

This bill exempts the construction of new buildings or structures built as emergency shelters for people experiencing homelessness or victims of domestic violence from impact fees established in chapter [82.02](#) RCW.

SHB 2538 is effective April 1, 2018.

SHB [2576](#) Allowing fire protection district annexations and mergers within a reasonable geographic proximity ([Chapter 28, Laws of 2018](#))

This bill makes technical revisions to annexation and merger provisions for fire protection districts and regional fire protection services authorities (RFAs) consistent with [SB 5454 \(Chapter 326, Laws of 2017\)](#). The bill allows fire districts or RFAs to annex land, or participate in a merger, so long as boundaries are located “within a reasonable proximity,” rather than “adjacent” to the district or RFA.

This bill defines “reasonable proximity” as having the same meaning as RCW 52.26.020, whose boundaries are coextensive with two or more adjacent fire protection jurisdictions. The bill report defines “reasonable proximity” as geographical areas near enough to each other so that governance, management, and services can be delivered effectively.

SHB 2576 is effective June 7, 2018.

ESHB [2580](#) Promoting renewable natural gas ([Chapter 164, Laws of 2018](#))

This bill requires specific actions of the Washington State University Extension Energy Program and the Department of Commerce that do not affect the Department of Revenue (Department); and provides or alters tax preferences that are administered by the Department.

With respect to tax preferences, this bill:

- Expands until January 1, 2029, the sales and use tax exemptions for anaerobic digesters to include the equipment necessary to process biogas by an anaerobic digester and a landfill into marketable coproducts, such as fuel, electricity, and compost.
- Removes anaerobic digestion and landfill gas as types of renewable energy sources eligible for the 75 percent refund of the sales and use taxes paid for machinery and equipment used directly in generating electricity from an eligible renewable energy source and installation charges for such equipment.
- Reinstates the six-year property tax exemption for new anaerobic digesters and expands it to include land, structures, and equipment used to process biogas and digestate into marketable coproducts. Claims for the property tax exemption must be filed with the county assessor where the property is located by December 31, 2024.

- Reinstates the six-year leasehold excise tax exemption for land, structures, and equipment used for the operation of new anaerobic digesters. Claims for the exemption must be filed with the Department by December 31, 2024.

ESHB 2580 is effective July 1, 2018.

SHB [2597](#) **Extending the existing state property tax exemption for residences of senior citizens and disabled persons to local regular property taxes ([Chapter 46, Laws of 2018](#))**

This bill:

- Allows cities and counties to authorize a property tax exemption from a “levy lid lift” for individuals who qualify for property tax relief under the exemption program for senior citizens and disabled persons.
 - Currently, the growth of regular property tax levy revenue may increase annually by up to one percent, depending upon a district’s population. With voter approval, a taxing district may exceed the annual growth limit, commonly referred to as a “levy lid lift.”
- The exemption applies to 100 percent of the tax resulting from the lid lift when a city or county identifies the exemption in the ballot measure placed before the voters.

SHB 2597 is effective June 7, 2018.

SHB [2627](#) **Concerning authorizations of proposals for emergency medical care and service levies ([Chapter 136, Laws of 2018](#))**

This bill:

- Removes the requirement that a subsequent 6-year or 10-year emergency medical service (EMS) levy be an uninterrupted continuation of the initial levy.
- Allows districts to levy a subsequent EMS levy with a simple majority ballot approval.
- Allows the initial imposition of a 6-year or 10-year EMS levy by a regional fire protection service authority (RFA) to be approved by a simple majority vote, if the entire region comprising the newly formed authority was subject to an emergency medical service levy immediately prior to the creation of the authority.
- Revises the requirement from 100 percent approval of the cities having a population greater than 50,000 to 75 percent approval by those cities in the county, when placing a countywide EMS levy on the ballot before the voters.

SHB 2627 is effective June 7, 2018.

SHB [2664](#) **Extending existing telecommunications authority to all ports in Washington state in order to facilitate public-private partnerships in wholesale telecommunications services and infrastructure ([Chapter 169, Laws of 2018](#))**

This bill extends the current telecommunications authority of rural port districts to all port districts in existence as of June 8, 2000. For the purposes of port district authority, the bill also clarifies that wholesale telecommunications services includes the provision of unlit or dark optical fiber for resale, but not the provision of lit optical fiber.

SHB 2664 is effective June 7, 2018.

EHB [2777](#) **Improving and updating administrative provisions related to the Board of Tax Appeals ([Chapter 174, Laws of 2018](#))**

This bill makes changes to the required qualifications, training, and duties for members of the Board of Tax Appeals and its tax referees.

EHB 2777 is effective June 7, 2018.

HB [2858](#) **Allowing excess local infrastructure financing revenues to be carried forward ([Chapter 178, Laws of 2018](#))**

This bill amends the Local Infrastructure Financing Tool (LIFT) program to allow revenues from local public sources dedicated in the previous calendar year that are in excess of the project award to be carried forward in subsequent years for purposes of receiving the maximum state contribution.

HB 2858 is effective June 7, 2018.

SHB [2998](#) **Providing a business and occupation tax exemption for accountable communities of health ([Chapter 102, Laws of 2018](#))**

This bill provides a business and occupation (B&O) tax deduction for certain Medicaid incentive payments received from federal, state or local governments by:

- Accountable Communities of Health (ACH);
- Public hospitals; and
- Hospitals affiliated with a state educational institution.

This preference is not subject to the automatic ten-year expiration date or the tax preference performance review.

SHB 2998 is effective March 15, 2018.

SENATE BILLS

ESSB [5143](#) **Concerning the exemption of property taxes for nonprofit homeownership development ([Chapter 103, Laws of 2018](#))**

This bill:

- Expands the current property tax exemption for nonprofit homeownership development to include land held by a community land trust intended for lease to a low-income owner of a single-family dwelling located on the land. The intended lease must be for ninety-nine years or life.
- Changes when the exemptions on qualified land expire to the earlier of: (1) when the nonprofit entity transfers title to the single-family dwelling; (2) seven years or up to a maximum of ten years if an extension is granted; (3) the date on which the nonprofit entity leases the land for ninety-nine years or life; or (4) when the property is no longer held for the purpose for which the exemption was granted.
- Clarifies that the Department of Revenue may not accept applications for the current and expanded exemption after December 31, 2027, or grant exemptions under this program for taxes due in 2038 and after.

ESSB 5143 is effective June 7, 2018, for taxes payable in 2019.

E4SSB [5251](#) **Concerning tourism marketing ([Chapter 275, Laws of 2018](#))**

This bill establishes the Washington Tourism Marketing Authority (Authority) to contract for statewide tourism marketing services and requires the Department of Commerce (Commerce) to provide administrative support. The Authority's activities are funded by diverting 0.2 percent of the state portion of the retail sales tax attributable to sales of lodging, car rentals, and restaurants to a new Statewide Tourism Marketing Account. All expenditures from the appropriated account must be matched two-to-one by non-state or non-general fund amounts.

Funding for the Authority is dependent upon Legislative appropriations capped at \$1.5 million for fiscal year 2019 and \$3 million per biennium thereafter. [ESSB 6032](#) (Chapter 299, Laws of 2018) Section 127(49) appropriates \$1.5 million for FY 2019 for implementation of the statewide tourism marketing plan and the Authority's operations.

E4SSB 5251 is effective June 7, 2018, however, appropriations don't take effect until July 1, 2018.

ESB [5288](#) **Authorizing certain public transportation benefit areas to impose a sales and use tax increase approved by voters ([Chapter 53, Laws of 2018](#))**

This bill authorizes certain Public Transportation Benefit Areas (PTBAs), with voter approval, to impose a sales and use tax up to 1.2 percent. Qualifying PTBAs must:

- Be located in a county with a population of more than 250,000, but less than 400,000; and

- Contain two or more cities with a population of 40,000 or more.

According to the Office of Financial Management's 2017 population estimates, the only qualifying district is the PTBA in Thurston County.

ESB 5288 is effective August 1, 2018.

SB [6007](#) Extending the expiration date of the public utility tax exemption for certain electrolytic processing businesses ([Chapter 146, Laws of 2018](#))

This bill extends the public utility tax (PUT) exemption provided by RCW [82.16.0421](#) to December 31, 2028:

- The PUT exemption applies to electricity sold by a utility to a chlor-alkali electrolytic processing business or sodium chlorate electrolytic processing business for the electrolytic process.
- The utility must pass the amount of PUT exemption along to the customer in the form of reduced electrical rates.
- The exemption does not apply to sales of electricity after December 31, 2028.
- The exemption expires July 1, 2029.

SB 6007 is effective June 7, 2018.

ESSB [6034](#) Authorizing limited retail telecommunications services for public utility districts that provide only sewer, water, and telecommunications ([Chapter 186, Laws of 2018](#))

This bill authorizes certain public utility districts (PUDs) to provide retail internet services to consumers that are not adequately served by existing providers. The PUD must negotiate with the counties in which the networks are located to make annual payments in lieu of property taxes. The Department of Revenue must annually determine the value of property used to provide retail internet services and provide the amount of property tax that would otherwise be due to the county.

As of the bills effective date, authorized PUDs are those that provide only water, sewer, and wholesale telecommunication services in a county west of Puget Sound that is less than 500 square miles. Only Kitsap PUD meets these requirements.

ESSB 6034 is effective June 7, 2018.

E2SSB [6269](#) Strengthening oil transportation safety ([Chapter 262, Laws of 2018](#))

The Department of Ecology requested this legislation. The bill changes certain provisions related to maritime safety measures, oil spill contingency planning requirements, and:

- Extends the \$.01/barrel oil spill response tax and the \$.04/barrel oil spill administration tax to the receipt of crude oil and petroleum products by pipeline.
- Beginning in fiscal year (FY) 2019, directs the deposit of the first \$200,000 of receipts from the oil spill administration tax to the military department active state service account (RCW [38.40.220](#)).

Sections 102, 103, and 206 of E2SSB 6269 take effect April 1, 2018. The remaining sections take effect June 7, 2018.

E2SSB [6362](#) **Modifying basic education provisions ([Chapter 266, Laws of 2018](#))**

In addition to other changes to state funding for K-12 public education, this bill, requested by the Office of the Superintendent of Public Instruction (OSPI), modifies [EHB 2242 \(Chapter 13, Laws of 2017, 3rd sp. Session, Partial Veto\)](#).

School District Property Tax Levies

- Removes references to transportation vehicle enrichment levies, whereby excluding them from certain levy proposition and use requirements.
- Starts the restrictions on a school district's use of enrichment levies in September 2018 rather than 2019.
- Requires the deposit of both enrichment levies and transportation vehicle levies to a local revenue sub fund of a school district's general fund starting with the 2018-2019 school year, rather than the 2019-2020 school year.
- Reduces a high school district's maximum enrichment levy if the district's allowable enrichment levy is limited by a per pupil limit.

Local Effort Assistance (LEA)

- Changes the inflation factor used to increase LEA provided to school districts to the average Consumer Price Index for all urban consumers, Seattle area.
- Clarifies the calculation for determining the maximum allowable LEA for a school district and the definition of student enrollment for the purposes of such calculations.
- Requires the deposit of LEA to a local revenue sub fund of a school district's general fund starting with the 2018-2019 school year, rather than the 2019-2020 school year.

Hold Harmless Provisions

- Provides OSPI-determined hold-harmless payments to qualifying school districts for the 2018-2019 and 2019-2020 school years.
- Limits hold-harmless payments to school districts with enrichment levies and prioritizes payments to districts meeting certain criteria.
- Appropriates \$20 Million to OSPI solely for this purpose.

Rebasing Salary Allocations

- Modifies the formula for rebasing state basic education compensation allocations.

- Requires the Legislature to review and rebase salary allocations every four years rather than every six years.
- Requires the Department of Revenue (Revenue) to provide specific information to the Legislature every four years, rather than six, to assist with the review and rebasing process.

Sections 303 and 307 of E2SSB 6362 are effective January 1, 2019. The remaining Sections are effective June 7, 2018.

SSB [6475](#) Prohibiting the imposition of regional transit authority property taxes on less than a whole parcel ([Chapter 81, Laws of 2018](#))

This bill provides that property taxes by a regional transit authority district, under RCW [81.104.175](#), may not be imposed on less than a whole parcel situated within the boundaries of the district. Only those real property parcels that are wholly located within the boundary of a regional transit authority district are subject to the property tax.

SSB 6475 is effective March 15, 2018.

ESSB [6614](#) Concerning funding for the support of common schools ([Chapter 295, Laws of 2018](#))

This bill:

- Reduces the aggregate tax rate for state property taxes levied for collection in calendar year 2019 by 30 cents to \$2.40 per \$1,000 of market value. As a result:
 - The levy rate for Part II of the state property tax is reduced by 30 cents to \$0.6448 per \$1,000 of market value.
 - The levy rate for Part I of the state property tax is unchanged and remains \$1.7552 per \$1,000 of market value.
- Maintains the aggregate rate for state property taxes levied for collection in calendar years (CY) 2018, 2020, and 2021 at \$2.70 per \$1,000 of market value.
- Requires the deposit of \$935 million in revenue collections from Part II of the state levy to the Education Legacy Trust Account for fiscal year (FY) 2019.

ESSB 6614 is effective June 7, 2018.

BILLS AFFECTING THE BUSINESS LICENSING SERVICE (BLS)

E2SHB [1622](#) Concerning the state building code council ([Chapter 207, Laws of 2018](#))

Establishes the State Building Code Council in the Department of Enterprise Services and provides that the Council has rulemaking authority that must adhere to statutory requirements related to significant legislative rules. It also changes certain fees applied to commercial and residential building permits, along with adding a fee for the licensing of architects. The Department of Revenue's Business Licensing Service will be tasked with collecting the new fee for architect licensing as part of the application and renewal process.

Sections 1 – 8 of E2SHB 1622 are effective July 1, 2018. Sections 9 and 10 are effective October 1, 2018.

EHB [1742](#) Modifying the motor vehicle transporter's license to accommodate automotive repair facilities ([Chapter 16, Laws of 2018](#))

This bill allows an auto repair facility to obtain a Motor Vehicle Transporter's license for the purposes of evaluating vehicles in need of repair, or those that have been repaired, on the state's public roads.

EHB 1742 is effective June 7, 2018.

E2SHB [2334](#) Regulating the use of cannabinoid additives in marijuana products ([Chapter 132, Laws of 2018](#))

This bill allows licensed marijuana producers and processors to use certain CBD products as additives for the purpose of enhancing the cannabidiol concentration of any product authorized for production, processing, and sale. A "CBD product" is any product containing or consisting of cannabidiol. The Liquor and Cannabis Board's annual license/renewal fee for marijuana producers, processors, and retailers is increased from \$1,300 to \$1,381 effective July 1, 2018.

E2SHB 2334 is effective June 7, 2018, except Section 3 which is effective July 1, 2018.

SHB [2612](#) Concerning tow truck operators ([Chapter 135, Laws of 2018](#))

This bill consolidates the multiple license plates currently required of tow truck operators by requiring one license plate with endorsement (indicator) tabs for licensed tow truck drivers conducting transporter, hulk hauler, scrap processor, or wrecker activities. The bill also establishes fees for the indicator tabs.

SHB 2612 is effective June 1, 2019.

EHB [2808](#) Concerning vehicle dealer licensing ([Chapter 273, Laws of 2018](#))

This bill amends legislation enacted during the 2017 legislative session ([HB 1722 \(Chapter 15, Laws of 2017\)](#)) that phases out the wholesale vehicle dealer license. EHB 2808 requires the Department of Licensing to renew a wholesale vehicle dealer license if the dealer has held the license continuously since July 1, 2012, and otherwise meets the requirements of a wholesale vehicle dealer.

EHB 2808 is effective July 1, 2018.

SB [6159](#) Concerning the reauthorization of the underground storage tank program ([Chapter 194, Laws of 2018](#))

This bill extends to July 1, 2029 the Department of Ecology's Underground Storage Tank program, which regulates underground storage tanks containing petroleum products and hazardous substances.

SB 6159 is effective June 7, 2018.