

# **Streamlined Sales and Use Tax Agreement Sourcing Study**

**Report of the Department of Revenue**

**Prepared Pursuant to  
Chapter 168, Laws of 2003 (SB 5783)**

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## Department of Revenue SSTA Sourcing Study

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## INTRODUCTION

In 2003, the Legislature enacted Senate Bill 5783 (Chapter 168, Laws of 2003) to adopt several provisions of the Streamlined Sales and Use Tax Agreement (SSTA). The SSTA provisions for determining where a sale is deemed to occur for local sales and use tax purposes were not adopted. These provisions of the SSTA are known as the “sourcing” provisions. The location or “source” of the sale determines which local jurisdiction can levy and collect their local sales and use tax. The legislation directed the Department of Revenue to conduct a study of the fiscal impact on local jurisdictions that would result from adopting the sourcing provisions proposed in the SSTA. The Department was also directed to use, and regularly consult, a committee composed of city and county officials to assist with the study. The committee was responsible for the identification of elements of the study, including mitigation options for jurisdictions negatively impacted by the SSTA sourcing provisions. The study was due to the Governor and fiscal committees of the Legislature by December 1, 2003.

## FISCAL IMPACTS

### Findings

Under current Washington law, sales of goods are generally sourced to the location where delivery originates. Over the counter sales are sourced to the retail outlet where the sale occurs and delivered sales are sourced to the location where delivery originates. In some cases, delivered goods originate from a warehouse rather than a retail store location. In these instances current law sources the sale to the warehouse location. The SSTA would change the place of sale to the location where the purchaser takes delivery of the purchased item. A more detailed description of current law and the SSTA sourcing provisions is found later in this report.

Adopting the SSTA will result in both gains and losses to local jurisdictions as the location of sales shifts from retail outlets to where sales are delivered. The value of delivered goods that would be affected by the change in sourcing would amount to \$12.9 billion in taxable retail sales. This represents 15 percent of the total local sales tax base. Some of the delivered sales that would be affected by the change in sourcing are delivered to the same jurisdiction in which the sale originates. However, the majority of delivered sales would be shifted to another jurisdiction.

When this shifting in sales occurs, individual jurisdictions may incur net revenue losses if sales delivered outside their boundaries exceed the sales delivered inside their boundaries. An estimated 97 cities would lose revenues. Cities that would lose revenues generally contain businesses with warehouses or retail stores from which deliveries are made. Delivered goods include office supplies and durable goods, such as office equipment and furniture. Some of these businesses are large department stores selling remotely to households in other jurisdictions. Finally, smaller cities that serve as a local business hub to a larger community also tend to lose sales.

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Almost all counties gain revenues (an estimated 34 out of 39), while two-thirds of the cities gain revenues (an estimated 184 out of 281). Jurisdictions that have a relatively high population base compared to their business base would tend to gain revenues.

**TABLE 1**  
**Summary of Estimated Impacts to All Local Taxing Jurisdictions**

Tax Type	Number of Districts with Gains	Estimated Sales Tax Gains	Number of Districts with Losses	Estimate Sales Tax Losses	Estimated Net Gain (Loss)
<b>Counties:</b>					
County Basic & Optional	34	13,255,752	5	-868,413	12,387,339
County Criminal Justice	16	509,688	14	-293,656	216,032
County Correctional Facility	6	<u>345,859</u>	6	<u>-247,869</u>	<u>97,989</u>
Total County		\$14,111,298		-\$1,409,938	\$12,701,360
<b>Cities:</b>					
City Basic & Optional	184	13,831,021	97	-24,814,192	-10,983,170
City Criminal Justice	102	<u>389,549</u>	158	<u>-519,686</u>	<u>-130,137</u>
Total City		\$14,220,571		-\$25,333,878	-\$11,113,307
<b>Other Taxing Districts</b>					
Transit Districts	13	6,855,445	10	-5,569,729	1,285,715
RTA	1	171,223	0	0	171,223
PFD	0	0	1	-95,012	-95,012
Regional Centers	9	323,211	11	-272,012	51,199
Metro Park (Pierce County)	1	182,576	0	0	182,576
Baseball Stadium (King)	0	0	1	-63,853	-63,853
Football Stadium (King)	0	<u>0</u>	1	<u>-60,097</u>	<u>-60,097</u>
Total Other Taxing Districts		\$7,532,455		-\$6,060,703	\$1,471,752
<b>Total all Jurisdictions</b>		\$35,864,324		-\$32,804,519	\$3,059,805

The following tables show the number of cities within loss and gain ranges.

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**TABLE 2**  
**Number of Cities that Would Gain Revenues by Percent Gain**

<b>Range of Gain as a Percent of Total Taxes</b>	<b>Number of Cities within Range</b>
Between 0% and 2% Gain	45
Between 2% and 5% Gain	45
Between 5% and 10% Gain	40
Between 10% and 20% Gain	25
Over 20% Gain	<u>29</u>
Total	184

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**TABLE 3**  
**Number of Cities that Would Lose Revenues by Percent Loss**

<b>Range of Loss as a Percent of Total Taxes</b>	<b>Number of Cities within Range</b>
Between 0% and 2% Loss	25
Between 2% and 5% Loss	31
Between 5% and 10% Loss	24
Between 10% and 20% Loss	13
Over 20% Loss	<u>4</u>
Total	97

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Included in Appendix A is a detailed estimate of the fiscal impacts for each local taxing jurisdiction that is authorized to impose sales and use taxes under Chapter 82.14 RCW. Each taxing jurisdiction has unique boundaries, tax rates, and distribution schemes. Therefore, the impact on each jurisdiction is separately estimated. The appendix contains:

- An alphabetical list of total losses to cities and counties (basic and optional taxes, criminal juvenile detention facilities and jails, county correctional facilities).
- County and city basic and optional sales taxes by location code.
- County and city criminal juvenile detention facilities and jails by location code.
- Transportation benefit areas (transit districts) and regional transportation authority.
- Public facilities districts and regional centers.
- Public sports facilities (baseball stadium), stadium and exhibition center (football stadium); and metropolitan park districts.

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The Department of Revenue collects local sales and use taxes for local taxing jurisdictions pursuant to contract with the taxing jurisdictions. For most local sales and use taxes, the Department is authorized to charge up to 2 percent of the tax collected for administration and collection expenses incurred by the Department. In some instances, the Department is statutorily required to collect sales and use taxes at no charge. The Department currently has no contract that charges more than 1 percent of the tax collected. Amounts collected are deposited in the general fund. The estimates contained in Appendix A identify when the estimate has been reduced by Department charges for collection and administration. The total amount charged to local governments in fiscal year 2003 for the collection and administration of their sales taxes is contained in Appendix B.

### Methodology

For each jurisdiction, gains and losses were estimated for both remote sales and in-store sales. The analysis was performed using existing data from the Departments of Revenue and Employment Security and data from a survey conducted by the Washington State University Social and Economic Sciences Research Center. All data is on the firm level for Washington businesses potentially affected by sourcing changes (businesses that make taxable retail sales and deliver products within the state).

The Departments of Revenue and Employment Security data included taxable retail sales by establishment, business location for each establishment, and business classification (industry).

The survey sample included approximately 2,400 businesses and was stratified by size and by industry classifications including:

- Manufacturing
- Printing
- Transportation and warehousing
- Wholesale
- Furniture retailing
- Electronics and appliances retailing
- Office supplies retailing
- Other retailers

Businesses were asked questions in the survey about the percentage of sales made:

- Remotely.
- From storefronts.
- From storefronts but delivered from a warehouse.
- To businesses.
- To households.
- To each county.

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Businesses were also asked to break out their store-based delivered retail sales:

- Within the city where the store is located.
- Within a radius of miles (5, 10, etc.) of the store location.
- Within the rest of the county.
- Within the rest of the state.

Approximately 1,200 businesses responded to the survey. Survey responses were matched by Washington State University to data provided by the Department of Revenue and the Employment Security Department. Survey data was used to calculate average answers for each question for each industry classification. The appropriate averages were applied to each firm that was sampled. The final database included each establishment of each Washington firm that is potentially affected by sourcing.

The net fiscal impact for each jurisdiction includes both gains and losses. The total value of outgoing sales and deliveries, which represent a loss to each jurisdiction, was calculated using the survey responses combined with the departments' data. Gains were derived from the estimated total value of incoming deliveries allocated to each jurisdiction using survey data, Department data on business purchasing activity, and household income data. Geographic Information System (GIS) was also used to map locations of each storefront and warehouse. GIS was then used to allocate gains to each jurisdiction based on survey data and census block level household income data.

Although the survey data is intended to represent taxpayers by industry and location, it is less precise when used to estimate smaller jurisdictional losses and gains. One reason for this is that the larger cities are generally more likely to have firms that conform to industry averages. Larger cities are also better represented in the data because more firms responded to the survey. The results of the survey calculations are estimates and, as with all estimates, contain a margin of error. For these reasons, the results are intended to provide general information on jurisdictional losses and gains.

A copy of the survey, the cover letter accompanying the survey, and a more detailed explanation of the methodology for calculating sourcing losses and gains in each jurisdiction is contained in Appendix C of this report.

## MITIGATION OPTIONS

### Advisory Committee

The Department asked the Association of Washington Cities, the Washington State Association of Counties, and the Washington Association of County Officials to appoint members to the advisory committee directed in Senate Bill 5783.

Dwight Dively

Doug Cochran



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City of Seattle	Yakima County Administrator
Mark Foutch City of Olympia	John Ingram Clark County
Mike Martin City of Kent	Vicki Kirkpatrick Washington State Association of Counties
Glenn Rice City of Yakima	Maureen Morris Washington Association of Counties
Ben Yazici City of Sammamish	George Walk Pierce County

The Department also asked the advisory committee to appoint several individuals with an economic and finance background to assist the Department's Research Division in the more technical aspects of the survey and the method used to estimate fiscal impacts. These individuals have also assisted in the development and review of mitigation options.

Jim Bacon City of Puyallup	Chris Haugen King County
Martin Chaw City of Redmond	Bob Lothspeich Whitman County
Al Doerschel City of Tukwila	Glenn Olson Clark County
Glen Lee City of Seattle	Rachel Solemsaas Snohomish County
Iwen Wang City of Federal Way	Ilene Thomson Yakima County

### Committee Meetings

Several members of the advisory committee preferred to postpone meeting until the Department could provide their estimates of the fiscal impacts of SSTA sourcing on local jurisdictions. In lieu of meeting, the Department provided the advisory committee members with a list of issues to consider in developing mitigation options. A copy of that document is contained in Appendix D. The committee first met on November 5, 2003. A total of five meetings were held. The final meeting of the committee occurred on December 18, 2003.

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### History of the SSTA

The Department of Revenue has been involved in regional and national discussions dealing with multi-state retailers including e-commerce and remote sellers for the past seven years. These discussions led to a cooperative effort on behalf of states and private industry representatives to simplify sales tax structures and make them more uniform. This cooperative effort is known as the Streamlined Sales Tax Project (Project). The mission of the Project is to develop measures to design, test, and implement a nationwide system that radically simplifies reporting, collection, remittance, and administration of sales and use taxes. Forty states are involved in this effort.

In order to provide structure and accountability within the Project and to ensure that each participating state has explicit authority to represent the state in the Project, a uniform act was developed. The act is known as the Uniform Sales and Use Tax Administration Act. When enacted by a participating state, the act authorizes the state to join with other states in negotiating a multi-state sales and use tax agreement.

During the 2002 session, the Legislature enacted Senate Bill 6342 to adopt the Uniform Sales and Use Tax Administration Act. To date, 38 states have adopted the Act through legislative or executive action. Those states with such authorization (The Implementing States) have been meeting to develop an agreement to govern implementation of sales and use tax simplification. On November 12, 2002, the Implementing States adopted the Streamlined Sales and Use Tax Agreement (SSTA).

By streamlining the sales tax system, the SSTA will make tax administration easier for both retailers and state tax agencies. The SSTA's intent is also to create incentives for remote sellers to voluntarily collect sales or use tax on in-state sales. Remote sellers who do not have a taxable presence or tax "nexus" within the state may not be legally compelled to collect sales or use taxes on sales mailed or shipped to customers in the state. Federal legislation or court action is required in order for states to compel remote sellers to collect sales or use tax on in-state sales. State tax experts view a streamlined sales tax system as a prerequisite to Congressional or judicial action.

Washington law already conforms to several major provisions of the SSTA, such as:

- A uniform state and local tax base.
- A single state tax rate.
- A single local rate per taxing jurisdiction.
- State administration of both state and local sales and use taxes.
- No tax caps or thresholds.

However, Washington law requires revisions to conform to the SSTA's provisions on:

- Uniform definitions.
- Uniform administrative procedures.
- On-line registration of remote sellers.

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- Monetary allowance for sellers using certified service providers or tax compliance software.
- Amnesty.
- Sourcing.
- Confidentiality and privacy protections for sellers using certified service providers.
- A taxability matrix.

During the 2003 legislative session, the Legislature enacted Senate Bill (SB) 5783, Department request legislation to implement the uniform definitions and administrative provisions of the SSTA. SB 5783 also incorporated the SSTA sourcing provisions for telecommunications, which substantially followed the Federal Mobile Telecommunications Sourcing Act that the Legislature enacted in 2002. As of October 2, 2003, twenty states have enacted streamlined sales and use tax legislation. The status of state legislation enacting the provisions of the SSTA is contained in Appendix E of this report.

In response to concerns from local jurisdictions, the SSTA's general sourcing provisions were removed from the legislation prior to its introduction. In its place, the Legislature directed the Department to work with a committee of city and county officials to study the effects of sourcing and to develop mitigation options for those jurisdictions negatively impacted by SSTA sourcing. The results of this study are included in this report.

### Sourcing

Sourcing determines the place of sale, and therefore, what jurisdiction is entitled to the tax generated from a particular transaction. The SSTA adopts a destination-based sourcing method where the location the consumer takes delivery of the good or service is the place of sale. This allows businesses to have a single set of rules for their store-front, catalog, and online sales. Some states currently use destination-based sourcing, while other states use origin-based sourcing. Under an origin-based sourcing method, a sale generally takes place at the location where the sale's transaction is completed. Other states, like Washington, source using both destination and origin-based methods depending on the type of sale.

Included in Appendix F is a document prepared by the Kansas Department of Revenue that describes the sourcing method adopted in each state imposing sales and use taxes, and each state's efforts to conform to SSTA sourcing.

Under Washington law, local sales and use taxes are sourced according to the following rules:

- Sales tax from the sale of goods is sourced to the retail outlet at or from which delivery is made.
- Sales tax from the sale of a service, with or without a sale of goods, is sourced to the place where the service is primarily performed.
- Sales tax from the lease or rental of goods is sourced to the place of first use. In the case of short-term rentals, this is the place of business of the lessor. In the case of rentals or

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leases involving periodic payments, this is the primary place of use by the renter or lessee for each payment period.

Under the SSTA, purchases of motor vehicles, aircraft, watercraft, modular homes, manufactured homes, and mobile homes are excluded from SSTA sourcing. However, all other sales are to be sourced under the SSTA in the following order:

- Rule 1 – If a good or service is received by the purchaser at the business location of the seller, the sales tax is sourced to that business location.
- Rule 2 – If the good is not received by the purchaser at the business location of the seller, the sales tax is sourced to the location where receipt occurs, if known by the seller.
- Rule 3 – If Rules 1 and 2 do not apply, the sales tax is sourced to the address indicated for the purchaser in records normally maintained by the seller, if use of this address by the seller does not constitute bad faith.
- Rule 4 – If Rules 1, 2, and 3 do not apply, the sales tax is sourced to the address for the purchaser obtained during the consummation of the sale, including the address of the purchaser's payment instrument, if use of this address by the seller does not constitute bad faith.
- Rule 5 – If Rules 1, 2, 3, and 4 do not apply, the sales tax is sourced to the address from which delivery was made.

The SSTA sourcing will have little impact on state revenue, but will create significant revenue shifts between local jurisdictions. The majority of the fiscal impact to local jurisdictions is caused by sourcing delivered goods to the location where the purchaser takes delivery rather than the location where delivery originates.

Washington is unique in sourcing delivered goods to the retail outlet from which delivery took place. This sourcing rule has concentrated sales tax collections of delivered goods to a few jurisdictions that have warehouse districts. The SSTA sourcing rules will now distribute those revenues among the local jurisdictions where consumers are having their purchases delivered.

For example, a person who lives in City A purchases a sofa from a furniture store in City B. The sofa will be delivered from a warehouse in City C to the consumer's home in City A. Under current law, the local sales tax generated from that purchase would be sourced to City C, the location of the retail outlet from which delivery took place. Under the SSTA sourcing rules, the local sales tax would be sourced to City A, the point of delivery. Thus, City C loses revenue while City A gains revenue.

### **Why Sourcing Matters**

Sourcing is a material part of the SSTA. Nonconformity with SSTA sourcing will prevent Washington from becoming a member state of the SSTA and its governing board. As a result, Washington will not enjoy the benefits of the SSTA.

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### **Immediate Revenue**

The SSTA provides an incentive to remote sellers to begin collecting and remitting sales tax to the state. Sellers who are required to collect sales and use taxes under current law, but have failed to do so, may be eligible for amnesty from assessment of back taxes and penalties. Some remote sellers may want amnesty because their current activities may have potentially created nexus (the legal obligation to collect tax) in a state. Other remote sellers want amnesty because it will enable them to consolidate their Internet and in-store activities or increase their markets without risking potential tax liabilities for past periods. To receive amnesty, the remote seller must agree to collect and remit taxes for a period of 36 months to all member states of the SSTA. Therefore, if a remote seller registers under the SSTA for whatever reason, it will be required to collect and remit tax on sales into Washington if Washington is a member state of the Agreement. The Department estimates that the state will realize \$2.2 million in new revenue for the '03-'05 biennium and \$10.2 million for the '05-'07 biennium from becoming a member state of the SSTA.

### **Washington's Voice in Simplification**

The SSTA, as adopted on November 12, 2002, is a work in progress. The member states of the SSTA continue to meet to develop additional uniform definitions and standards to simplify sales and use tax administration for retailers and state tax agencies. For example, the SSTA has been working to develop a uniform definition of "digital property." The unbundling of telecommunications is another issue under discussion. The outcome of these discussions is very important for the state and its high-technology and telecommunication businesses.

Washington is currently a voting member of the Implementing States. However, once ten states representing 20 percent of the population of states imposing sales tax are found to be substantially compliant with all SSTA provisions, a Governing Board comprised of those states is formed. The Governing Board becomes the body vested with exclusive authority to amend and implement the agreement. If Washington fails to adopt SSTA sourcing, Washington will not be substantially compliant with the SSTA. Therefore, Washington will not be a voting member of the Governing Board and will not have the ability to officially advance the interests of the state and its businesses.

### **Future Revenue**

Using information from the United States Department of Commerce, the Department estimates that Washington is losing \$191 million annually in state sales and use taxes from remote sales. Local jurisdictions imposing sales and use taxes are losing \$59 million annually. Included in Appendix G is an estimate of remote sales losses, based on household income, to cities, counties, public transportation benefit areas, and the regional transit authority.

Remote sales are growing at a rate 25 percent each year, while in-store sales are growing at a rate of 2 to 4 percent. The growth rate of remote sales will eventually plateau, but not in the foreseeable future.

### Mitigation Principles

Over the past few years, local government funding has destabilized. The motor vehicle excise tax (MVET) supported transportation, transit, public health, local criminal justice funding, and sales tax equalization for cities and counties. However, in the 2000 legislative session the Legislature acted to eliminate the MVET in response to Initiative 695. Consequently, revenues for these programs were also eliminated.

Although appropriations from the state General Fund (“backfill”) were provided during the 2000 legislative session to replace a portion of the revenue that cities, counties, public health, and transit lost through the elimination of the MVET, backfill was dramatically reduced in subsequent state budgets. In 2002, backfill was reduced to \$5 million for counties and \$8 million for cities. In 2003, counties were appropriated \$5 million of federal funds in fiscal year 2004 as backfill. Also in 2003, cities were appropriated \$3 million in fiscal year 2004 and \$2 million in fiscal year 2005.

Concurrent to this legislative action, the voters took action to place more stringent limits on local property tax powers. A property taxing district’s regular property tax levy is limited by a statutory maximum tax rate per \$1,000 of assessed value as well as a limit on the growth of total taxes raised. In November 2001 the voters passed Initiative 747 which reduced the limit of property tax revenue growth from 6 percent to the lesser of 1 percent or inflation. No change was made to the mechanism that increases total revenue as a result of new construction, improvements to existing property, or to changes in state-assessed valuation of public utilities.

Other special purpose revenues supporting transportation, including transit, have been repealed or limited by ballot measures. In addition as the Legislature has acted to change state and local tax systems in response to requests by businesses, individual jurisdictions have been disproportionately impacted.

Local governments have suffered a sizeable loss of their general fund revenues that are essential to provide minimum levels of government services. In light of this experience, the Association of Washington Cities and the Washington State Association of Counties each developed mitigation principles to guide this process (included in Appendix H). The advisory committee found common ground in the four following principles based on the associations’ statements that guided the development of options to mitigate the effects of Streamlined Sales and Use Tax Agreement’s sourcing.

1. The committee supports the general objectives of the Streamlined Sales and Use Tax Agreement.
2. Mitigation must be based on actual experience, rather than projections.
3. Mitigation must be funded by the state.
4. Any mitigation method must address losses by all types of jurisdictions affected, including counties, cities, transit, and special purpose districts.

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The advisory and technical committee members decided that options should be sponsored individually to recognize that no option received unanimous support. The committee agreed that each option would be presented in a standard format. Committee members were given the opportunity to provide written comments on each option. The committee also asked the Department of Revenue to provide comments on each option.

The following seven options are contained in the next section of this report:

Option 1 – City of Seattle

Option 2 – Washington State Association of Counties (WSAC)

Option 3 – City of Kent

Option 4 – City of Kent – Simplified

Option 5 – Department of Revenue (DOR)

Option 6 – City of Redmond

Option 7 – City of Puyallup

Two options, Seattle and WSAC, use state revenues to mitigate the effects of SSTA sourcing. The Puyallup option delays SSTA sourcing until Congress or the Supreme Court acts to require remote sellers to collect and remit sales and use taxes to the states. Depending on the retailing activity in the jurisdiction, new revenues from remote sellers may partially or totally mitigate the effects of SSTA sourcing. The Redmond option would temporarily pool local sales taxes and distribute it based upon the proportion each jurisdiction or agency currently receives during a pre-selected period. Once the effects of SSTA sourcing are known, a mitigation option would be reexamined. Three of the options, both Kent options and DOR, mitigate SSTA sourcing by returning revenues sourced to the point of delivery to the point of origin. A question was raised whether the options sponsored by Kent, DOR, and Redmond, and the option of sourcing intrastate and interstate sales differently, raised legal concerns. Included in Appendix I is a brief legal memorandum in response to this question.

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### OPTION 1

#### Sponsor

City of Seattle

#### Description

The proposal would implement SSTA sourcing and mitigate the effects by providing state revenue to adversely impacted jurisdictions.

#### Mechanism for Mitigation

The Department of Revenue would estimate gains and losses of taxable sales due to change in sourcing for local jurisdictions on a quarterly basis. Estimates would be made by reviewing current return data post-SSTA sourcing, to return data pre-SSTA sourcing. Local jurisdictions receive proportionate share of mitigation money available per quarter based upon jurisdictions' share of nominal loss. Mitigation payments sent to jurisdictions by end of third month after quarter ends.

<b>Taxable Sales Period</b>	<b>Data Available for Analysis</b>	<b>Analysis Complete</b>	<b>Mitigation Distribution</b>	<b>Calendar FY</b>	<b>State FY</b>
Apr. – Jun., '05	Aug. 20, '05	Sept. 20, '05	Sept. 30, '05	'05	'05-06
July – Sept. '05	Nov. 20, '05	Dec. 20, '05	Dec. 31, '05	'05	'05-06
Oct. – Dec. '05	Feb. 20, '06	Mar. 20, '06	Mar. 31, '06	'06	'05-06
Jan. – Mar. '06	May 20, '06	<b>June 20, '06</b>	June 30, '06	'06	'05-06
Apr. – Jun. '06	Aug. 20, '06	Sept. 20, '06	Sept. 30, '06	'06	'06-07
July – Sept. '06	Nov. 20, '06	Dec. 20, '06	Dec. 31, '06	'06	'06-07
Oct. – Dec. '06	Feb. 20, '07	Mar. 20, '07	Mar. 31, '07	'07	'06-07
Jan. – Mar. '07	May 20, '07	<b>June 20, '07</b>	June 30, '07	'07	'06-07
Apr. – Jun. '07	Aug. 20, '07	Sept. 20, '07	Sept. 30, '07	'07	'07-08
July – Sept. '07	Nov. 20, '07	Dec. 20, '07	Dec. 31, '07	'07	'07-08
Oct. – Dec. '07	Feb. 20, '08	Mar. 20, '08	Mar. 31, '08	'08	'07-08
Jan. – Mar. '08	May 20, '08	<b>June 20, '08</b>	June 30, '08	'08	'07-08

At the end of seven quarters, the Department of Revenue would perform a comprehensive assessment of losses due to sourcing to determine on-going impact to local jurisdictions. Included in the assessment would be the development of options to provide on-going mitigation for jurisdictions with limited unused taxing capacity.



### **Duration of Mitigation**

Temporary for most jurisdictions. Mitigation would be limited to three years or less. Small jurisdictions with limited unused capacity could receive permanent mitigation.

### **Amount of Mitigation**

Amount of initial mitigation would not exceed 90 percent of loss in first 12-month period. Thereafter, mitigation would be reduced to 67 percent of loss experienced in second year, and reduced again to 45 percent in the third year.

### **Source of Funds**

State revenue.

### **Sponsors' Statements of Advantages and Disadvantages**

- Allows Washington to be a member of the SSTA governing board.
- Local jurisdictions that gain revenue from SSTA sourcing can retain revenue.
- No administrative burdens place on business community.
- Will result in some local jurisdictions losing revenue.
- Requires state funding.

### **Department of Revenue Comments**

The Department will not have the best data available from taxpayer returns within a two-month period. However, we can make adjustments in the next quarter.

The Department would require minimal additional resources for our Research Division, Information Services Division, and Taxpayer Account Administration Division to implement this option. There would be one-time initial costs to establish the mitigation model and internal processes to obtain data to run the model. Ongoing costs would be associated with quarterly analysis, adjustments, and distributions.

### **Committee Comments**

George Walk, Pierce County – Proposes a reasonable method to provide transition mitigation for jurisdictions that are adversely impacted. Recognizes need for permanent mitigation for jurisdictions with limited local capacity. Not sure that three years is the right number.

Mike Martin, City of Kent – The proposal relies on the availability of state moneys which may not be available or appropriated for mitigation. The three-year mitigation period would likely not give severely impacted jurisdictions adequate time to make budgetary adjustments without significant adverse effects to their communities. It is likely that the manufacturing, wholesaling and warehousing sector would see diminished opportunities for expansion resulting in adverse

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effects on the state and local economies. Kent opposes temporary and declining mitigation. Kent supports mitigation based on actual losses.

Doug Cochran, Yakima County – Like the Federal Way and WSAC proposals, this is a straightforward proposal to deal with the bottom line problem we face in implementing sourcing. It recognizes that some communities have almost no capacity to deal with losses that might result from sourcing. It makes it possible for cities to grow in a more rational fashion, annexing residential areas as well as commercial property.

Vicki Kirkpatrick, WSAC – This is a variation of the proposals submitted by the counties as a group, Federal Way, and Seattle. All of these proposals deal with the problem at hand. They recognize that no amount of modeling will capture our dynamic economy's impact on hundreds of jurisdictions large and small. It places a safety net under communities that would be hurt, while allowing previously revenue starved communities to improve their situation. The core services provided by counties are provided to all citizens of the state whether they live in cities or counties. This proposal helps sustain those services citizens need.

Maureen Morris, WSAC – Similar to WSAC and Federal Way proposals. This sort of approach is supported by all county and some city members of the group. Recognizes problems of some small, low income jurisdictions. Method is straightforward. No reverse Robin Hood. Provides some additional sales tax revenue to jurisdictions that have been hard hit by the shift to remote sales, big box retailers, annexations that cherry picked commercial areas, and growth management policies on business location. Encourages cities to annex residential areas within their urban growth areas by making them economically viable.

Jon Ingram, Clark County – This proposal also has less than 100 percent mitigation on a sliding scale over time. The proposal also will place high growth jurisdictions in the position of losing revenues that come from growth, and not from allocation methodology changes. The proposal does look easy to administer and is for a limited duration (three years). The reference to considering small jurisdictions with limited resources as a special case is welcome, although there is no mechanism proposed to manage that process.

### **OPTION 2**

#### **Sponsor**

Washington State Association of Counties

#### **Description**

Sourcing is implemented on schedule to retain Washington's seat on the national governing board. Businesses are not asked to complete extra paperwork or recordkeeping. Mitigation mechanism is described below.

#### **Mechanism for Mitigation**

Quarterly look-back to same quarter of base year (2004)

Despite good efforts by the Department of Revenue, it is impossible to accurately predict the impact on most jurisdictions. In addition, when sourcing is implemented, there may be unpredictable changes in behavior by consumers, retailers, and others.

The Legislature would create a new "revenue for distribution." Each quarter, a committee would meet and review actual sales tax collection experience by jurisdiction. The Department of Revenue would provide information comparing the current quarter to the baseline quarter, adjusted for inflation. If necessary, the committee could take into account major business closures or boundary adjustments. This option contains a simple look-back proposal because most jurisdictions do not have the resources to analyze their sales tax receipts for sourcing impact.

Accelerated payments may be necessary for jurisdictions with large, identifiable losses that result in an inability to provide cash for daily operations. In addition, at the time this report was written, the impact on special purpose districts which may have pledged sales tax revenue to support bonds was unknown.

If the mitigation pool is not sufficient to fund all jurisdictions in need, the committee shall take into account local per capita revenue (total general fund revenue divided by total population within the jurisdiction), unused non-voted general fund tax capacity and other factors.

In addition, some higher income jurisdictions that might need to redirect their economic development approach as a result of sourcing might be granted one time capital funding from the state to begin that adjustment.

#### **Duration of Mitigation**

Temporary for most jurisdictions, long-term for low income jurisdictions with large losses.

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It appears that some low-income jurisdictions are adversely affected because of their mix of businesses and industries (examples include Hoquiam and Grays Harbor County). These communities also tend to have low-income populations that will not generate much sales tax as a result of any new remote sales tax powers granted by Congress. Unless these communities experience significant success in their economic development efforts, they will be unable to sustain basic public services without long term mitigation.

### **Amount of Mitigation**

Goal would be “adequate” mitigation.

### **Source of Funds**

State funds (including increased revenue from voluntary compliance).

### **Sponsors’ Statements of Advantages and Disadvantages**

- Some variant of this proposal is supported by a majority of the appointees to the policy advisory group.
- Sourcing moves forward on a timeframe needed to maintain Washington’s seat on the governing board.
- Imposes no additional reporting requirements on business.
- Deals with uncertainty of impact on individual jurisdictions by using look-back mechanism.
- Includes all affected jurisdictions, not just cities or counties or jurisdictions with warehouses.
- Eliminates current practice (apparently unique among the states) that shifts sales tax from jurisdictions where purchases occur to remote warehouse sites.
- Mitigation process provides mechanism to deal with any unexpected results of sourcing (which in this case should be anticipated).
- Does not divert revenue from relatively poor jurisdictions to mitigate relatively wealthy jurisdictions.
- Does not require additional studies by consultants.
- Includes mitigation for jurisdictions that are not wealthy enough to employ expert staff or lobbyists to represent them on this issue.
- Would consider all general purpose revenue, not just sales tax, if it is necessary to prioritize mitigation.
- Requires state funding.
- Might result in some relatively wealthy jurisdictions receiving less than full mitigation.
- Requires creation of a committee.

### **Department of Revenue Comments**

The Department would require minimal additional resources for our Research Division, Information Services Division, and Taxpayer Account Administration Division to implement this option. There would be one-time initial costs to establish the mitigation model and internal

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processes to obtain data to run the model. Ongoing costs would be associated with quarterly analysis, adjustments, and distributions.

### Committee Comments

George Walk, Pierce County – Allows state to meet goal of sourcing. Proposes a reasonable method to provide transition mitigation for jurisdictions that are adversely impacted. Provides method to address unique situations. Recognizes need for permanent mitigation for jurisdictions with limited local capacity.

Mike Martin, City of Kent – The proposal relies on the availability of state moneys which may not be available or appropriated for mitigation. The proposal does not address how the mitigation committee is formed or the mitigation measurement criteria used. The proposal limits mitigation to jurisdictions losing a significant percentage of sales tax revenues, and excludes a significant number of adversely impacted jurisdictions. The temporary duration period would likely not give severely impacted jurisdictions adequate time to make budgetary adjustments without significant adverse effects to their communities. Finally, it is likely that the manufacturing, wholesaling and warehousing sector would see diminished opportunities for expansion resulting in adverse effects on the state and local economies.

Doug Cochran, Yakima County – The counties, Seattle, and Federal Way have presented variations of this proposal. This is a straightforward proposal to deal with the bottom line problem we face in implementing sourcing. It recognizes that some communities have almost no capacity to deal with losses that might result from sourcing. It makes it possible for cities to grow in a more rational fashion, annexing residential areas as well as commercial property.

Vicki Kirkpatrick, WSAC – This is a variation of the proposals submitted by the counties as a group, Federal Way, and Seattle. All of these proposals deal with the problem at hand. They recognize that no amount of modeling will capture our dynamic economy's impact on hundreds of jurisdictions large and small. It places a safety net under communities that would be hurt, while allowing previously revenue-starved communities to improve their situation. The core services provided by counties are provided to all citizens of the state whether they live in cities or counties. This proposal helps sustain those services citizens need.

Maureen Morris, WSAC – Similar to Seattle and Federal Way proposals. A majority of group members support (all counties and some cities). Simple to administer. Does not use revenue from distressed jurisdictions to mitigate relatively high income jurisdictions. Accepts the reality of sourcing and moves forward to solve the problems that require mitigation. Recognizes that some jurisdictions may have cash flow problems. Begins to provide some additional sales tax revenue to jurisdictions that have been hard hit by the shift to remote sales, big box retailers, annexations that cherry picked commercial areas, and growth management policies on business siting.

Alan Doerschel, City of Tukwila – Basic premise is flawed! It assumes that “winners” are ultimately entitled to the change of reporting sales as well as the new taxing ability from

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interstate sales. The sourcing change is only being made to accommodate the rules from other states. Disadvantages understated. Would affect cities' bond ratings and ability to pay current bond obligations. Most entities have exhausted the practical taxing alternatives. Could take many years, if at all, to have taxing authority from federal government. Meanwhile, cities would have permanently lost revenue and businesses would have to change their register systems.

Jon Ingram, Clark County – There are several factors that make this the most constructive option proposed. My comments focus on just one of these, namely the need to distinguish those jurisdictions that are both significantly impacted and have little current and potentially future resources to adjust to the impacts of the new allocation rules. This is reflected in the concept of “means testing” and proposing short term relief for most jurisdictions and longer term relief or other support for those most in need. This is the only proposal to recognize this need and also provide a mechanism to match the worst hit jurisdictions to the amount of resources available from the State for this purpose.

## **OPTION 3**

### **Sponsor**

City of Kent

### **Description**

Sales tax from the sale of goods is sourced to the retail outlet at or from which delivery is made. Under Streamlined Sales and Use Tax Agreement sourcing rules, if the good is not received at the location of the seller, the sales tax is sourced to the location where receipt occurs. The local portion of the sales tax collections is remitted to local governments based on the existing sales tax distribution system (i.e. point of sale). The implementation date would be linked to the effective date of the state of Washington Streamlined Sales Tax conforming legislation (i.e. adoption of SST Agreement sourcing provisions).

### **Mechanism for Mitigation**

Existing business location information, with limited supplemental information provided by certain businesses

The Department of Licensing uses the Master Licensing System (MLS) for business licensing. The Department of Revenue uses the Excise Tax System (ETS) for processing the Combined Excise Tax returns and allocating of sales tax collections between state and local government. Taxpayer information such as business location is provided by the DOL to the DOR electronically and, to a lesser extent, by other means.

Businesses are tracked by the Uniform Business Identifier (UBI) number. Businesses currently record sales tax collections by Location Code on the Combined Excise Tax Return. The ETS could be enhanced to track total sales tax collections by business location for sales tax distribution purposes.

Businesses with more than one office would have to submit additional information to determine the location of the storefront, and, as applicable, warehouse, the volume of sales delivered from those locations, and the volume of sales delivered into each jurisdiction. The additional information could be provided through biannual or less frequent supplemental reporting. Businesses that engage predominantly in taxable retail services could be excluded from supplemental reporting. Using this information, the Department could establish future distributions to local governments until the next supplemental reporting period.

The state of Washington could establish a system providing an incentive for businesses to properly and timely report new or changes in existing operations. As an example, a number of other states such as Utah offer businesses credits applied against tax obligations. The Department of Revenue already has a penalty for delinquent returns. Legislation could extend

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penalties to other types of errors or omissions. These tools could ultimately reduce the currently significant error rate and consequently decrease the Department of Revenue's workload.

### **Duration of Mitigation**

Long-term or Permanent. By using the state of Washington's existing systems, and supplemental reporting where necessary, the distribution formula elements could be updated periodically and continued indefinitely.

### **Amount of Mitigation**

Near 100 percent. This option should provide total mitigation because the existing sales tax distribution system is retained.

### **Source of Funds**

Distribution of local sales taxes collected.

### **Sponsors' Statements of Advantages and Disadvantages**

- It conforms to the spirit, intent and requirements of the Streamlined Sales Tax Agreement. All benefit from the expected gains from taxation of remote sales (i.e. Internet and Catalog).
- It is simple.
- It remedies the unintended dislocation of sales tax revenues.
- It continues to provide a financial incentive for local communities to locate or accommodate the warehouse, manufacturing and distribution type uses.
- No additional funding necessary for the ongoing mitigation revenues (i.e. no state or existing local moneys).
- The effect of business office openings and closings would not be immediate due to prospective application of distribution ratios.
- Certain businesses would have to provide supplemental information. The number of affected businesses would be limited to those primarily engaged in retail sale delivery type operations (i.e. furniture). Further, supplemental information could be limited to taxable retail sales by location (i.e. goods and services combined).

### **Department of Revenue Comments**

The Business Registration System (BRMS) currently has screens that hold business location data. For each account, information for 999 separate business locations can be stored. The information that is stored on these screens is:

- Location address
- Assigned location code for that address
- SIC Code for that location
- Phone number



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- Open, close, and first open dates for that location
- An area for an activity description.

The information for these screens is originally obtained from information that is transmitted from DOL through the Master Licensing System when an account is initially set up. If the DOL information does not include business location information, the first business location screen is automatically set up with the mailing address on the application. In maintaining the business location information, it can be updated when such information is received; however, currently there is no formal process in place that facilitates an ongoing effort to keep this information updated and current. Because of this, the business location data generally has not been used for analysis purposes.

The Excise Tax System (ETS) does not track specific business location and has no interface with BRMS business location data. The address that is used for the ETS is the mailing address for the account which may or may not be a business location address. If an account has multiple business locations, they can report the sales of all of their business locations on one return by coding the sales to the appropriate local tax jurisdiction code. Therefore, to track retail sales at the location level as described in this model, it may be advisable to require retailers to submit returns on a location basis.

In the absence of retailers submitting returns by each location, the Department would have to develop distribution tables for each account based on historical coding of their local taxes. Those tables would determine how we would distribute the taxes when the new sourcing rules went into effect. The Kent model does not address the segregation of the retail services and some remote sales that, under current law, are sourced to the point of delivery. Some of these retailers could be excluded by NAICS code. However, retailers who engage in both activities would need to segregate their sales in their supplemental returns. To be most accurate, the Department would need to review each account to determine if there was a potential impact due to retail services being performed.

In addition to the substantial programming time involved in creating the account level redistribution tables, the Kent model would require administration of the supplemental reporting of information needed to maintain current and up-to-date redistribution tables for each account. The Department's survey identified approximately 20,000 retailers who may engage in delivered sales. These retailers would need to provide the Department with location information and detail of the type and quantity of sales being conducted in each location. This information can be collected on an annual or biannual basis, but at that frequency, there is a greater risk that supplemental return data to actual return activity will not reconcile. Depending on what incentives (credits) or enforcement (penalties or fees) that would be put in place (if any), there would be variable impacts. If reporting were required, we would have a new level of compliance to set up including follow-up with retailers that do not send in their reports.

This is an expensive option to administer.

### Committee Comments

George Walk, Pierce County – Does not follow the spirit of the sourcing goal. Tries to simply find a loophole to mirror the current system. It would “lock-in” prosperity for a few jurisdictions at the expense of many others. Ignores changing economies among jurisdictions.

Mike Martin, City of Kent – This proposal is very similar to the mitigation strategy adopted by Utah. The proposal preserves the current local sales tax distribution system. Local governments are free to choose whether or not to seek growth in certain economic development sectors without the concern for available funding, a critical component for bondholders. Additional reporting requirements for businesses could be limited through diminishing the number of businesses affected. Mixed retail goods and services businesses could be characterized based on predominant type of businesses for purposes of sourcing.

Doug Cochran, Yakima County – These proposals appear to create a vast artificial economy in some computer in Olympia. The goal of the streamlining process is simplification, not additional complexity. I think citizens would think we in government had finally lost our minds completely. We need to stick to moving forward and caring for the communities that need help. This proposal also uses the reverse Robin Hood approach.

Vicki Kirkpatrick, WSAC – These proposals seem to fall under the heading of “let’s pretend it didn’t happen.” Unfortunately, creating the virtual world where sometimes it did happen and other times it didn’t would be prone to error and waste significant resources. It would be better to adopt a relatively simple method and concentrate our resources on helping the communities that need help.

Maureen Morris, WSAC – DOR must attempt to create a virtual sales tax reality where sourcing has not been implemented, while in the real world sourcing is a fact. Administrative costs imposed on the state in this proposal would be better spent on mitigation. By using revenue from relatively low income jurisdictions to fund mitigation for relatively high income jurisdictions, this proposal violates principles adopted by AWC and WSAC. The complexity is in stark contrast to other proposals. A majority of members seem to support some variant of the Seattle, WSAC, or Federal Way proposals, not this approach.

Jon Ingram, Clark County – There are two related proposals from Kent, but both suffer from the same defects, the primary being that the proposals combine permanent relief and relief for all impacted jurisdictions. In effect, these proposals attempt to freeze the allocation of sales tax at a moment in time. I don’t believe that this is realistic. If we are to respond to the impacts of technology and business practices (Internet and catalogue sales), then we will inevitably be required to accept changes in how we administer these areas. The proposals also require significant additional administration costs, both of the State and the private sector.

## OPTION 4

### Sponsor

City of Kent – Simplified

### Description

Sales tax from the sale of goods is sourced to the retail outlet at or from which delivery is made. Under Streamlined Sales and Use Tax Agreement sourcing rules, if the good is not received at the location of the seller, the sales tax is sourced to the location where receipt occurs. The local portion of the sales tax collections is remitted to local governments based on the baseline of existing sales tax distributions at the individual business level (i.e. point of sale). The implementation date would be linked to the effective date of the state of Washington Streamlined Sales Tax conforming legislation (i.e. adoption of SST Agreement sourcing provisions).

### Mechanism for Mitigation

Existing business location and local sales tax distribution information.

The Department of Licensing uses the Master Licensing System (MLS) for business licensing. The Department of Revenue uses the Excise Tax System (ETS) for processing the Combined Excise Tax returns and allocating sales tax collections between state and local government. Taxpayer information such as business location is provided by the DOL to the DOR electronically and, to a lesser extent, by other means.

Businesses are tracked by the Uniform Business Identifier (UBI) number. Businesses currently record sales tax collections by Location Code on the Combined Excise Tax Return. The ETS could be enhanced to track total sales tax collections by business location for sales tax distribution purposes.

The Department of Revenue would use the ETS to determine the percentage of the taxable sales or services for the most recent twelve-month period (or some other duration) by location for each business. Businesses would not be required to submit additional information.

Using this information, the Department could establish future distributions to local governments.

The State of Washington could establish a system providing an incentive for businesses to properly and timely report new operations or changes in existing operations. As an example, a number of other states such as Utah offer businesses credits applied against tax obligations. The Department of Revenue already has a penalty for delinquent returns. Legislation could extend penalties to other types of errors or omissions. These tools could ultimately reduce the currently significant error rate and consequently decrease the Department of Revenue's workload.

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### **Duration of Mitigation**

Long-term or Permanent. Absent supplemental reporting for multiple-office businesses, eventually this information would become less reliable due to individual store openings and closures of multiple branch sellers. Over time distribution will become increasingly based on point of delivery rather than point of sale.

### **Amount of Mitigation**

Near 100 percent. This option should provide significant mitigation because the existing sales tax distribution information is retained for existing taxpayers.

### **Source of Funds**

Distribution of local sales taxes collected.

### **Sponsors' Statements of Advantages and Disadvantages**

- It conforms to the spirit, intent and requirements of the Streamlined Sales Tax Agreement. All benefit from the expected gains from taxation of remote sales (i.e. Internet and Catalog)
- It is simple, even simpler than the regular version of this proposal.
- It remedies the unintended dislocation of sales tax revenues.
- It continues to provide a financial incentive for local communities to maintain existing warehouse, manufacturing and distribution type uses. However, over time as current businesses close and new ones take their place, the incentives for maintaining warehousing and manufacturing facilities will decrease, because there are no updates to the distribution formula.
- Use of state moneys limited to relatively minor increased Department of Revenue administrative costs.
- No additional funding necessary for the ongoing mitigation revenues (i.e. no state or existing local moneys).
- The effect of business office openings and closings would not be immediate due to prospective application of distribution ratios based solely on historical data.

### **Department of Revenue Comments**

It appears that this option would freeze sales tax distributions to the location codes contained in the last return, or a set of returns, submitted by retailers prior to SSTA sourcing. In addition to not recognizing business openings and closures, this option will not reflect changes in individual retailer operations or retailing markets. Since this option will not be updated, the Department assumes a one-time expenditure to implement this model.

### Committee Comments

George Walk, Pierce County – Does not follow the spirit of the sourcing goal. Tries to simply find a loophole to mirror the current system. It would “lock-in” prosperity for a few jurisdictions at the expense of many others. Ignores changing economies among jurisdictions.

Mike Martin, City of Kent – This proposal is very similar to the mitigation proposal advanced by Redmond, except it is long-term in duration. The proposal preserves the current local sales tax distribution system for existing taxpayers. Local governments are free to choose whether or not to seek growth in certain economic development sectors without the concern for available funding, a critical component for bondholders. There are no additional reporting requirements for businesses; however, this would limit the reliability of the mitigation determinations.

Doug Cochran, Yakima County – These proposals appear to create a vast artificial economy in some computer in Olympia. The goal of the streamlining process is simplification, not additional complexity. I think citizens would think we in government had finally lost our minds completely. We need to stick to moving forward and caring for the communities that need help. This proposal also uses the reverse Robin Hood approach.

Vicki Kirkpatrick, WSAC – These proposals seem to fall under the heading of “let’s pretend it didn’t happen.” Unfortunately, creating the virtual world where sometimes it did happen and other times it didn’t would be prone to error and waste significant resources. It would be better to adopt a relatively simple method and concentrate our resources on helping the communities that need help.

Maureen Morris, WSAC – DOR must attempt to create a virtual sales tax reality where sourcing has not been implemented, while in the real world sourcing is a fact. Administrative costs imposed on the state in this proposal would be better spent on mitigation. By using revenue from relatively low income jurisdictions to fund mitigation for relatively high income jurisdictions, this proposal violates principles adopted by AWC and WSAC. The complexity is in stark contrast to other proposals. A majority of members seem to support some variant of the Seattle, WSAC or Federal Way proposals not this approach.

Jon Ingram, Clark County – There are two related proposals from Kent, but both suffer from the same defects, the primary being that the proposals combine permanent relief and relief for all impacted jurisdictions. In effect, these proposals attempt to freeze the allocation of sales tax at a moment in time. I don’t believe that this is realistic. If we are to respond to the impacts of technology and business practices (Internet and catalogue sales), then we will inevitably be required to accept changes in how we administer these areas. The proposals also require significant additional administration costs, both of the State and the private sector.

### **OPTION 5**

#### **Sponsor**

Department of Revenue

#### **Description**

Sales tax from the sale of goods is sourced to the retail outlet at or from which delivery is made. Under Streamlined Sales and Use Tax Agreement sourcing rules, if the good is not received at the location of the seller, the sales tax is sourced to the location where receipt occurs.

It appears from the survey data that a small number of large retailers will generate the majority of the tax base shifts once SSTA sourcing is implemented. These retailers are concentrated within a few classifications. These include furniture, electronic and appliance stores, and catalog/internet sellers with distribution facilities within the state.

This proposal attempts to reallocate the sales taxes from sales of goods by a sample of retailers that are being delivered from warehouses and other delivery facilities to the local jurisdiction in which the warehouse or facility is located.

#### **Mechanism for Mitigation**

Formula driven.

A sample of the retailers would have to submit additional information to determine the location of their warehouses, the volume of sales delivered from those locations, and the volume of sales delivered into each jurisdiction. The additional information could be provided on annual or bi-annual supplemental reporting.

If it is desired to have a reallocation on a firm level basis, the number of firms would need to be very small for the Department to administer such a system. A small sample would also allow the Department to use existing return data to verify the information in supplemental reports. Using that information, the Department could reallocate an individual firm's revenues based on that firm's historical patterns and supplemental reporting information.

If it is desired that the Department reallocate revenue from a larger number of firms, supplemental reporting of a representative sample could be used to develop a formula for reallocation for retail sales made by retailers within select NAICS codes associated with warehouse deliveries. A single formula would be developed based on the entire sample's delivery activity and applied to all retailers that share the characteristics of the sample.

### **Duration of Mitigation**

Temporary. This proposal would limit the size and duration of mitigation to the firms in the initial sample. Therefore, mitigation will be reduced over time as firms close or change location. Additionally, the option will not mitigate for firms that enter jurisdictions after SSTA sourcing.

It is conceivable that this option could be extended for a longer period. However, the administrative burdens would increase because the Department and retailers would need to collect additional information in order to exclude other economic activity that may affect sales tax revenues. For example, a retailer may add or move its warehouses. This information can only be obtained directly from the retailer. Additionally, as businesses close or new businesses open, the sample would need to be updated through additional information from retailer returns or supplemental surveys.

### **Amount of Mitigation**

Less than 100 percent.

This option will not provide total mitigation. By focusing on a small group of large retailers, this option assumes that local jurisdictions would not be mitigated for shifts that occur outside of this sample.

### **Source of Funds**

Reallocating local sales taxes from one jurisdiction to another.

### **Sponsors' Statements of Advantages and Disadvantages**

- By limiting the number of firms impacted by the option to the largest retailers, the amount and detail of additional reporting necessary to reallocate funds is reduced.
- The largest retailers currently have the lowest return error rates. Therefore, the additional information would be more reliable and the amount of mitigation would be more accurate.
- These retailers may have inventory data or other means to track the volume of sales through warehouses or other facilities by location.
- If these retailers need resources to collect and submit additional information, compensation is an option since the number of firms would be small.
- It is also a manageable number of firms for the Department to communicate with and to administer differently.
- The majority of small business is excluded from any additional reporting.
- Allocation using a single, more aggregate formula is less expensive and easier to administer.
- Direct reallocation will provide less than full mitigation.
- Allocation at the individual firm level will be complicated and expensive to administer, even if limited to a very small group of retailers.
- Would not reduce administrative burdens on the retailers who anticipated administrative gains from SSTA.

### Committee Comments

George Walk, Pierce County – Seems to use revenue that would otherwise flow to low revenue jurisdictions to mitigate impacts on higher revenue communities. Would choose a few business firms upon which to derive a formula. This seems arbitrary and depends totally on the cooperation of those firms willing to participate.

Mike Martin, City of Kent – This proposal is very similar to the distribution proposal (regular) advanced by the City of Kent except that it is short-term in duration. Therefore, it is not likely that severely impacted jurisdictions would have adequate time to make budgetary adjustments without significant adverse effects to their communities. The reliability of this information is dependent on the sample size of businesses selected and information provided by the businesses. Finally, it is likely that the manufacturing, wholesaling and warehousing sector would see diminished opportunities for expansion and growth resulting in adverse effects on the state and local economies. If the formula supported mitigation at a level of at least 90 percent, it could be supported.

Doug Cochran, Yakima County – At the time of comments, the results of this proposal were not clear. Sourcing results in a complex set of gains and losses in each community. By focusing on one type of industry, this proposal would tend to favor the communities with concentrations of warehouses. Most consumers who buy furniture at the local Bon furniture store would think they are shopping in their community. This proposal would have some community remote from their home receive the benefit of their shopping dollars.

Vicki Kirkpatrick, WSAC – Many of the communities losing revenue do not have warehouse facilities. This proposal does not help them.

Maureen Morris, WSAC – Does not provide long term relief to small relatively distressed jurisdictions. By intervening in a single narrow segment of the sourcing issue, it will reduce the gains that currently offset losses in some communities. It attempts to use the revenue that would otherwise flow to low revenue communities to mitigate sourcing impacts in relatively high income communities. This violates the principles adopted by AWC and WSAC on this topic. Both organizations support state-funded mitigation. Rather than prioritizing mitigation based on severity of loss, jurisdictions are mitigated based on their mix of industries.

Jon Ingram, Clark County – This proposal attempts to shift sales tax increases in some jurisdiction to compensate losses in others. It has the advantage that the goal is based on specific data and therefore has the best chance of these proposals of separating the impact of allocation methodology changes from general growth impacts. However to do this on a large scale will be complicated and difficult to administer. On a smaller scale, the proposal may do little to address the hardship of badly hit smaller jurisdictions. The complications and expense of administering this proposal will be significant and will increase rapidly over time as it becomes increasingly difficult to isolate the “sourcing” impacts from other economic realities (opening and closing distribution points; changes in business practices and record keeping within businesses etc.).



## **OPTION 6**

### **Sponsor**

City of Redmond

### **Description**

While the City of Redmond supports the principles of SST and believes it is in the best long-term interests of the state of Washington, it does not support implementing SST until the federal government takes action to lift the Internet sales tax moratorium and the state of Washington takes action to ensure cities are not adversely impacted. However, should the state move ahead prior to these actions, the City of Redmond has developed the following proposal.

This option temporarily pools statewide sales taxes and distributes them based upon the proportion each jurisdiction or agency currently receives during a pre-selected (baseline) period. This baseline period can be either one year (such as 2002), or a period of years (average of the last four years, for example). To illustrate this proposal, if in 2002 Redmond received 2.8 percent of statewide taxable retail sales and 2002 was used as the baseline period, under the temporary mitigation effort Redmond would continue receiving this share.

The City of Redmond envisions this proposal to be in effect for a short period (two to three years). During this period, a more detailed evaluation of the actual intrastate shift in revenues could be made and a long-term, permanent mitigation solution could be developed. While the duration of this mitigation option can be extended, it is not recommended. Changes in the economy, openings and closures of retail establishments, annexations, and incorporations will begin to mask the actual effects of intrastate revenue shifts due to SSTA sourcing. These factors will make it difficult to isolate the effects of sourcing, and to mitigate for that purpose.

### **Mechanism for Mitigation**

Formula-driven based upon the selected baseline period.

### **Duration of Mitigation**

Temporary, no more than two to three years. More permanent solution developed during this period.

### **Amount of Mitigation**

One hundred percent.

### **Source of Funds**

Reallocating local sales taxes based upon each jurisdiction's historical proportionate share.

### **Sponsors' Statements of Advantages and Disadvantages**

- No net loss to baseline sales tax receipts for the state, local jurisdictions, PTBAs and PFDs.
- The state can implement the SSTA.
- Provides additional time to evaluate the actual intrastate sales tax revenue shifts and to develop a mitigation solution that is structured around actual losses rather than estimates.
- Provides additional time for all jurisdictions and other agencies that receive sales taxes to review the actual fiscal impacts to their respective organizations and be able to revise their business plans accordingly.
- Treats all jurisdictions and entities currently receiving sales taxes fairly and equitably as each will continue receiving a proportionate share of statewide sales taxes.
- Easy to implement and to understand.
- Jurisdictions that grow faster than the statewide average will subsidize those jurisdictions that grow slower than the statewide average for the duration until such time the temporary mitigation ends.
- Requires additional resources for further study and analysis of post-SST fiscal impacts and mitigation options.

### **Department of Revenue Comments**

There are other possible allocation formulae that could be used. They can account for changes in population and or business activity that would affect a jurisdiction's expenditures. For example, the distribution formula could be based on the statewide average growth rate of TRS per capita, or on the average statewide growth of TRS per employee, or a combination of per capita and per employee.

Calculation of any of these allocation formulae or the Redmond proposed formula would require only minimal additional resources for the Department to implement. However, additional resources would be necessary to reevaluate the impacts of SSTA sourcing for future mitigation options.

### **Committee Comments**

George Walk, Pierce County – Does not follow the spirit of the sourcing goal. Tries to simply find a loophole to mirror the current system. It would lock-in" prosperity for a few jurisdictions at the expense of many others. Ignores changing economies among jurisdictions.

Mike Martin, City of Kent – Under this proposal, each jurisdiction retains its existing share of state-wide local sales tax revenues. However, the two or three year duration period would likely not give severely impacted jurisdictions adequate time to make budgetary adjustments without significant adverse effects to their communities. Finally, it is likely that the manufacturing, wholesaling and warehousing sector would see diminished opportunities for expansion and growth resulting in adverse effects on the state and local economies.

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Doug Cochran, Yakima County – This proposal freezes a jurisdiction’s revenue picture at a point in time. It presents a further hurdle for revenue deprived communities when they try to improve the economic welfare of their citizens and fund basic service. Proposals like this are the reverse Robin Hood approach. They tend to take from the poor and give to the relatively rich.

Vicki Kirkpatrick, WSAC – This approach will penalize communities trying to work their way out of recession or long term distress. Many of these communities are unable to sustain basic services. Washington’s economy and its local governments are constantly changing. We need to use a method that deals with the jurisdictions that need help and move forward to press our case for collection of taxes on remote sales. This will benefit all levels of government in Washington, our main street businesses, and our citizens.

Maureen Morris, WSAC – Freezes local government’s share of statewide local sales tax. Fails to recognize that some jurisdictions are still experiencing severe local economic conditions. As they and their businesses fight to recover, they would not enjoy any benefit from there efforts. Conversely, communities that did not fall victim to the recession will lock in their good fortune. Seems to eliminate sales tax as a fund source for Tax Increment Financing. Neither AWC nor WSAC support a process where relatively revenue-rich jurisdictions are mitigated by relatively poor jurisdictions. This proposal, in fact, has that mechanism as its basis.

John Ingram, Clark County – This proposal has the advantage of being fairly simple to administer, but suffers from the disadvantage that all of the mitigation is derived by shifting sales tax between jurisdictions. This means that areas of significant sales tax growth independent of “sourcing” impacts will see sales tax from this growth diverted to other jurisdictions. This is recognized in the short term nature of the initial shift (two to three years), but even this can have a very significant impact on high growth jurisdictions.

## **OPTION 7**

### **Sponsor**

City of Puyallup

### **Description**

Implement the new sourcing rules concurrently with the grant of federal authority to states to compel the collection of sales and use tax on remote sales.

### **Mechanism for Mitigation**

Distribute gains in state sales tax from remote sales to adversely affected jurisdictions. Alternatively, distribute gains received by local jurisdictions that benefited from the new sourcing rules.

### **Duration of Mitigation**

Unstated.

### **Amount of Mitigation**

Unstated.

### **Source of Funds**

State sales tax gains or local sales tax gains.

### **Sponsors' Statements of Advantages and Disadvantages**

- Reduces the impact on local jurisdictions by offsetting it with gains from remote sales.
- Allows time for retailers to prepare for the change.
- Allows local jurisdictions time to prepare for the change.
- If federal authorization to require collection of tax on remote sales never comes, nothing is lost.
- The Department will not be a member of the Streamlined Sales and Use Tax Agreement governing board and will not receive the benefits of membership.

### **Department of Revenue Comments**

The Department of Revenue wants to implement the sourcing because it is necessary to be a member of the governing board. If Washington is not on the governing board, it will not have a voice as the new sales tax system is developed. As a member of the governing board, Washington and local governments in Washington will benefit by having a number of remote

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sellers voluntarily agree to begin collecting and remitting sales and use taxes even before federal authority is granted. Draft legislation has a built-in delay in implementing the sourcing provisions in order to allow retailers time to be educated in the changes and to make the necessary adjustments in their systems. There will be problems with making sourcing effective immediately when Congress acts because retailers will not be educated on the new sourcing scheme.

### **Committee Comments (As Summarized by DOR)**

Glen Lee, City of Seattle – Agreed, but indicated if it came down to a choice between being a member of Streamlined Sales Tax Agreement governing board and not implementing sourcing, we should participate in the Agreement. We need to move ahead with streamlining.

Mike Martin, City of Kent – Supported this concept.

Jon Ingram, Clark County, George Walk, Pierce County, and Vicki Kirkpatrick, WSAC – All agreed with the City of Seattle’s comments.

Maureen Morris, WSAC – Expressed that her organization took no official position on this proposal.

**APPENDICES**

**Department of Revenue SSTA Sourcing Study**

**APPENDIX A**

**ALPHABETICAL LISTING OF COUNTIES AND CITIES  
Calendar Year 2002 – Changes from Sourcing  
(Prepared by DOR)**

The following numbers are estimates. As with all estimates, there is a margin of error. For some very small cities and counties, the margin of error may be large enough to produce inconsistent results. Taxes for cities located in more than one county are not combined.

Location	Basic & Optional Local Sales Tax on Gain or Loss	Correctional Facility Sales Tax on Gain or Loss	Criminal Justice Sales Tax on Gain or Loss	Combined Sales Tax on Gain or Loss	Total Combined Sales Tax on CY02 TRS	Gain or Loss as a Percent of Combined Sales Tax on CY02 TRS
ADAMS COUNTY	43,487		4,260	47,747	489,091	9.76%
ASOTIN COUNTY	(127)			(127)	199,229	-0.06%
BENTON COUNTY	41,479	(85,422)	(26,569)	(70,513)	5,919,916	-1.19%
CHELAN COUNTY	(149,606)		(17,646)	(167,252)	4,362,040	-3.83%
CLALLAM COUNTY	58,260		14,924	73,184	3,896,073	1.88%
CLARK COUNTY	289,802		35,179	324,981	14,293,209	2.27%
COLUMBIA COUNTY	6,498			6,498	76,750	8.47%
COWLITZ COUNTY	275,848			275,848	2,714,043	10.16%
DOUGLAS COUNTY	159,497		4,717	164,214	1,610,663	10.20%
FERRY COUNTY	39,735		3,702	43,437	209,397	20.74%
FRANKLIN COUNTY	92,410	(7,956)	(2,598)	81,857	2,321,654	3.53%
GARFIELD COUNTY	19,788			19,788	37,883	52.23%
GRANT COUNTY	68,756		(9,116)	59,641	2,497,249	2.39%
GRAYS HARBOR COUNTY	(389,529)		(29,286)	(418,816)	3,350,081	-12.50%
ISLAND COUNTY	71,822	18,739	13,524	104,085	4,131,575	2.52%
JEFFERSON COUNTY	137,485		13,241	150,726	1,699,794	8.87%
KING COUNTY	643,289		(103,415)	539,874	72,383,775	0.75%
KITSAP COUNTY	670,302	102,413	73,605	846,321	18,861,471	4.49%
KITTITAS COUNTY	40,676	6,648	3,161	50,484	1,921,214	2.63%
KLICKITAT COUNTY	8,187			8,187	783,261	1.05%
LEWIS COUNTY	(271,254)	(5,405)	(3,445)	(280,104)	7,091,190	-3.95%
LINCOLN COUNTY	68,178		7,762	75,940	238,665	31.82%
MASON COUNTY	114,921	23,893	20,225	159,038	2,856,660	5.57%
OKANOGAN COUNTY	48,556		(4,780)	43,777	1,251,552	3.50%
PACIFIC COUNTY	168,451			168,451	704,706	23.90%
PEND OREILLE COUNTY	110,275			110,275	221,375	49.81%
PIERCE COUNTY	3,152,227	182,576	92,853	3,427,656	38,211,828	8.97%

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SAN JUAN COUNTY	86,339	11,589	10,128	108,055	2,642,878	4.09%
SKAGIT COUNTY	620,755		10,770	631,524	5,789,692	10.91%
SKAMANIA COUNTY	6,008			6,008	130,263	4.61%
SNOHOMISH COUNTY	3,079,692		121,344	3,201,036	27,976,665	11.44%
SPOKANE COUNTY	(57,897)	(95,012)	(33,411)	(186,320)	23,716,362	-0.79%
STEVENS COUNTY	25,913		(8,829)	17,084	1,183,291	1.44%
THURSTON COUNTY	1,037,897	(42,508)	(25,503)	969,887	12,723,814	7.62%
WAHIAKUM	13,621			13,621	101,232	13.46%
WALLA WALLA COUNTY	65,900	(11,567)	(4,218)	50,115	2,127,085	2.36%
WHATCOM COUNTY	1,866,417		80,293	1,946,710	7,070,649	27.53%
WHITMAN COUNTY	8,448		(1,444)	7,004	802,206	0.87%
YAKIMA COUNTY	114,834		(23,396)	91,438	6,002,168	1.52%
ABERDEEN	(99,915)		(13,744)	(113,659)	3,093,431	-3.67%
AIRWAY HEIGHTS	(7,062)		(916)	(7,978)	417,201	-1.91%
ALBION	(436)		(81)	(517)	9,090	-5.69%
ALGONA	43,882		(476)	43,406	232,154	18.70%
ALMIRA	2,714		402	3,116	16,491	18.90%
ANACORTES	(203,888)		2,823	(201,065)	2,519,986	-7.98%
ARLINGTON	181,377		4,352	185,730	2,960,087	6.27%
ASOTIN CITY	31			31	23,175	0.13%
AUBURN/KING	(1,236,543)		(8,293)	(1,244,837)	12,439,530	-10.01%
AUBURN/PIERCE	(880)		236	(645)	225,681	-0.29%
BAINBRIDGE ISLAND	210,853		8,216	219,068	2,121,829	10.32%
BATTLE GROUND	76,834		1,809	78,643	998,924	7.87%
BEAUX ARTS VILLAGE	16,965		(56)	16,910	28,169	60.03%
BELLEVUE	(1,420,137)		(22,068)	(1,442,205)	36,331,021	-3.97%
BELLINGHAM	(278,997)		58,018	(220,980)	13,835,929	-1.60%
BENTON CITY	741		(1,419)	(679)	168,073	-0.40%
BINGEN	(1,180)			(1,180)	41,476	-2.84%
BLACK DIAMOND	(372)		(757)	(1,129)	247,269	-0.46%
BLAINE	72,793		3,330	76,123	731,489	10.41%
BONNEY LAKE	76,262		2,801	79,063	1,540,976	5.13%
BOTHELL/KING	(480,788)		(3,068)	(483,856)	4,661,575	-10.38%
BOTHELL/SNOHOMISH	59,365		4,749	64,114	2,843,734	2.25%
BREMERTON	126,465		14,739	141,204	5,735,045	2.46%
BREWSTER	2,432		(371)	2,061	177,622	1.16%
BRIDGEPORT	2,406		402	2,808	46,000	6.11%
BRIER	95,474		2,112	97,587	167,607	58.22%
BUCKLEY	22,749		1,000	23,748	402,546	5.90%
BUCODA	105		(115)	(10)	17,638	-0.06%
BURIEN	340,060		(6,000)	334,061	4,207,598	7.94%
BURLINGTON	(682,727)		1,361	(681,366)	5,250,719	-12.98%



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CAMAS	44,244	2,204	46,448	1,044,848	4.45%
CARBONADO	514	147	661	16,022	4.13%
CARNATION	(5,172)	(359)	(5,531)	257,462	-2.15%
CASHMERE	9,267	(1,445)	7,822	218,579	3.58%
CASTLE ROCK	29,438		29,438	217,824	13.51%
CATHLAMET	4,411		4,411	62,914	7.01%
CENTRALIA	303,942	(1,042)	302,900	2,151,169	14.08%
CHEHALIS	(93,460)	(489)	(93,949)	2,543,512	-3.69%
CHELAN CITY	22,271	(1,678)	20,593	628,382	3.28%
CHENEY	23,786	(1,889)	21,896	678,240	3.23%
CHEWELAH	(27,798)	(553)	(28,351)	220,041	-12.88%
CLARKSTON	(55,953)		(55,953)	467,785	-11.96%
CLE ELUM	28,686	305	28,991	434,352	6.67%
CLYDE HILL	128,231	(546)	127,685	175,100	72.92%
COLFAX	8,422	(375)	8,047	275,537	2.92%
COLLEGE PLACE	(62,804)	(1,510)	(64,314)	423,521	-15.19%
COLTON	53	(51)	2	12,163	0.01%
COLVILLE	(111,619)	(1,237)	(112,856)	1,156,841	-9.76%
CONCONULLY	41	(33)	8	10,426	0.08%
CONCRETE	5,766	150	5,915	65,921	8.97%
CONNELL	6,219	(433)	5,787	155,459	3.72%
COSMOPOLIS	5,933	(1,324)	4,610	112,745	4.09%
COULEE CITY	612	(119)	493	48,917	1.01%
COULEE DAM	579	(144)	435	51,176	0.85%
COUPEVILLE	13,494	399	13,893	254,700	5.45%
COVINGTON	186,719	(2,715)	184,003	1,289,294	14.27%
CRESTON	2,798	331	3,129	10,200	30.67%
CUSICK	3,783		3,783	11,658	32.45%
DARRINGTON	(1,138)	438	(701)	112,563	-0.62%
DAVENPORT	53,602	2,344	55,945	182,603	30.64%
DAYTON	2,553		2,553	163,173	1.56%
DEER PARK	(7,834)	(610)	(8,444)	473,863	-1.78%
DES MOINES	739,852	(5,566)	734,286	1,829,673	40.13%
DU PONT	24,543	747	25,290	368,409	6.86%
DUVALL	12,876	(979)	11,897	519,898	2.29%
EAST WENATCHEE	(93,525)	1,551	(91,974)	1,597,766	-5.76%
EATONVILLE	(3,026)	469	(2,557)	304,372	-0.84%
EDGEWOOD	273,448	2,112	275,560	431,909	63.80%
EDMONDS	554,167	12,933	567,100	4,358,285	13.01%
ELECTRIC CITY	291	(192)	99	26,569	0.37%
ELLENSBURG	(7,668)	2,722	(4,946)	2,411,081	-0.21%
ELMA	(5,615)	(2,685)	(8,301)	396,322	-2.09%
ELMER CITY	27	(45)	(17)	4,374	-0.40%

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ENDICOTT	(48)	(47)	(95)	13,088	-0.72%
ENTIAT	(2,378)	(470)	(2,848)	46,047	-6.18%
ENUMCLAW	(273,981)	(2,112)	(276,093)	1,909,170	-14.46%
EPHRATA	(60,896)	(1,387)	(62,283)	937,239	-6.65%
EVERETT	(1,664,614)	31,487	(1,633,128)	18,379,064	-8.89%
EVERSON	4,200	1,688	5,888	145,638	4.04%
FAIRFIELD	(1,556)	(117)	(1,673)	36,665	-4.56%
FARMINGTON	(71)	(20)	(91)	3,955	-2.30%
FEDERAL WAY	609,727	(15,815)	593,911	11,554,039	5.14%
FERNDALE	8,432	7,476	15,909	931,513	1.71%
FIFE	(1,063,602)	1,091	(1,062,511)	4,955,458	-21.44%
FIRCREST	104,345	1,343	105,687	236,459	44.70%
FORKS	20,824	1,012	21,835	280,367	7.79%
FRIDAY HARBOR	29,549	1,461	31,010	685,250	4.53%
GARFIELD	91	(83)	8	20,993	0.04%
GEORGE	299	(109)	190	40,338	0.47%
GIG HARBOR	(85,360)	1,482	(83,878)	3,360,947	-2.50%
GOLD BAR	9,603	674	10,276	95,614	10.75%
GOLDENDALE	(6,650)		(6,650)	252,678	-2.63%
GRAND COULEE	(15,285)	(184)	(15,469)	166,096	-9.31%
GRANDVIEW	(35,230)	(1,747)	(36,978)	645,055	-5.73%
GRANGER	3,534	(549)	2,985	82,528	3.62%
GRANITE FALLS	(53,174)	905	(52,269)	343,332	-15.22%
HAMILTON	1,170	64	1,234	12,750	9.68%
HARRAH	250	(129)	121	27,488	0.44%
HARRINGTON	1,636	585	2,220	21,084	10.53%
HARTLINE	95	(26)	69	4,655	1.48%
HATTON	362	45	407	3,170	12.85%
HOQUIAM	(211,343)	(7,566)	(218,908)	599,360	-36.52%
HUNTS POINT	279	(86)	193	113,210	0.17%
ILWACO	5,754		5,754	99,742	5.77%
INDEX	1,088	52	1,141	11,612	9.82%
IONE	2,788		2,788	25,555	10.91%
ISSAQUAH	(241,411)	(2,601)	(244,012)	8,539,538	-2.86%
KAHLOTUS	233	(30)	203	6,311	3.21%
KALAMA	9,882		9,882	178,127	5.55%
KELSO	253,229		253,229	1,720,211	14.72%
KENMORE	327,657	(3,618)	324,039	1,339,144	24.20%
KENNEWICK	(777,171)	(29,314)	(806,485)	10,350,165	-7.79%
KENT	(2,252,276)	(15,896)	(2,268,172)	19,140,260	-11.85%
KETTLE FALLS	1,865	(378)	1,487	114,738	1.30%

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KIRKLAND	349,866	(8,637)	341,229	11,358,689	3.00%
KITTITAS CITY	4,286	189	4,476	55,351	8.09%
KRUPP	(13)	(13)	(26)	1,474	-1.78%
LA CENTER	3,212	294	3,506	102,670	3.42%
LA CONNER	9,978	147	10,125	334,110	3.03%
LA CROSSE	(2,085)	(49)	(2,134)	28,238	-7.56%
LACEY	(558,697)	(5,741)	(564,438)	5,282,287	-10.69%
LAKE FOREST PARK	266,414	(2,426)	263,988	684,977	38.54%
LAKE STEVENS	78,011	2,176	80,187	541,961	14.80%
LAKESWOOD	556,274	13,296	569,569	6,021,471	9.46%
LAMONT	96	(14)	82	2,072	3.96%
LANGLEY	2,705	230	2,935	232,921	1.26%
LATAH	(310)	(39)	(349)	11,740	-2.97%
LEAVENWORTH	11,095	(994)	10,101	680,063	1.49%
LIBERTY LAKE	15,861	(926)	14,935	766,734	1.95%
LIND	(1,082)	246	(836)	46,896	-1.78%
LONG BEACH	36,872		36,872	277,751	13.28%
LONGVIEW	(230,973)		(230,973)	5,729,162	-4.03%
LYMAN	1,039	79	1,118	29,545	3.78%
LYNDEN	(70,993)	7,857	(63,135)	1,476,239	-4.28%
LYNNWOOD	(1,272,798)	11,140	(1,261,658)	14,502,680	-8.70%
MABTON	836	(391)	445	52,720	0.84%
MALDEN	271	(29)	242	2,285	10.60%
MANSFIELD	354	62	416	13,784	3.02%
MAPLE VALLEY	74,302	(2,837)	71,466	1,534,705	4.66%
MARCUS	9	(38)	(30)	1,844	-1.62%
MARYSVILLE	320,531	9,039	329,570	3,640,468	9.05%
MATTAWA	(1,406)	(576)	(1,982)	136,007	-1.46%
MCCLEARY	5,276	(1,193)	4,084	105,476	3.87%
MEDICAL LAKE	10,681	(841)	9,840	220,002	4.47%
MEDINA	70,836	(568)	70,268	854,437	8.22%
MERCER ISLAND CITY	584,371	(4,141)	580,230	2,403,951	24.14%
MESA	(19,274)	(61)	(19,336)	38,170	-50.66%
METALINE	786		786	8,637	9.10%
METALINE FALLS	1,797		1,797	22,806	7.88%
MILL CREEK	295,162	3,951	299,113	1,230,914	24.30%
MILLWOOD	19,749	(330)	19,419	213,267	9.11%
MILTON/KING	58,445	(154)	58,292	49,677	117.34%
MILTON/PIERCE	137,545	1,174	138,719	571,252	24.28%
MONROE	(183,300)	4,808	(178,492)	2,701,909	-6.61%
MONTESANO	23,079	(2,812)	20,267	361,938	5.60%
MORTON	529	(73)	456	213,659	0.21%
MOSES LAKE	(169,236)	(3,116)	(172,352)	3,226,156	-5.34%
MOSSYROCK	1,886	(34)	1,852	48,874	3.79%

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MOUNT VERNON	509,144	5,049	514,194	4,360,086	11.79%
MOUNTLAKE TERRACE	395,852	6,709	402,561	1,316,797	30.57%
MOXEE CITY	1,778	(173)	1,604	60,804	2.64%
MUKILTEO	369,497	6,070	375,567	1,565,475	23.99%
NACHES	2,362	(146)	2,215	112,544	1.97%
NAPAVINE	495	(94)	401	142,907	0.28%
NESPELEM	3,494	(35)	3,459	7,332	47.18%
NEWCASTLE	207,985	(1,548)	206,437	816,595	25.28%
NEWPORT	53,683		53,683	220,935	24.30%
NOOKSACK	(744)	771	27	48,709	0.05%
NORMANDY PARK	226,551	(1,206)	225,345	361,443	62.35%
NORTH BEND	(30,599)	(893)	(31,492)	1,258,910	-2.50%
NORTH BONNEVILLE	195		195	15,561	1.25%
NORTHPORT	(20)	(68)	(88)	13,803	-0.64%
OAK HARBOR	99,374	4,587	103,960	2,387,051	4.36%
OAKESDALE	(1,732)	(56)	(1,788)	17,434	-10.26%
OAKVILLE	(577)	(567)	(1,144)	33,489	-3.42%
OCEAN SHORES	22,982	(3,324)	19,658	544,141	3.61%
ODESSA	10,413	1,295	11,708	82,891	14.12%
OKANOGAN CITY	(383)	(414)	(797)	322,791	-0.25%
OLYMPIA	(989,088)	(7,693)	(996,780)	13,055,395	-7.64%
OMAK	(127,741)	(799)	(128,540)	909,818	-14.13%
OROVILLE	2,331	(281)	2,051	170,335	1.20%
ORTING	31,361	920	32,281	319,467	10.10%
OTHELLO	31,607	2,544	34,151	813,691	4.20%
PACIFIC/KING	88,268	(1,019)	87,249	366,924	23.78%
PACIFIC/PIERCE	(74,337)	33	(74,304)	202,127	-36.76%
PALOUSE	(248)	(134)	(382)	41,730	-0.92%
PASCO	(159,144)	(4,833)	(163,977)	5,608,512	-2.92%
PATEROS	(593)	(108)	(701)	35,212	-1.99%
PE ELL	135	(46)	89	37,445	0.24%
POMEROY	1,432		1,432	97,773	1.46%
PORT ANGELES	59,970	5,956	65,926	2,365,927	2.79%
PORT ORCHARD	100,898	3,103	104,001	2,110,665	4.93%
PORT TOWNSEND	47,986	5,306	53,291	1,250,031	4.26%
POULSBO	(84,384)	2,751	(81,633)	2,076,355	-3.93%
PRESCOTT	76	(59)	17	23,745	0.07%
PROSSER	(26,576)	(2,555)	(29,131)	649,986	-4.48%
PULLMAN	(60,327)	(3,313)	(63,640)	2,063,063	-3.08%
PUYALLUP	(1,117,345)	7,915	(1,109,430)	12,231,735	-9.07%
QUINCY	2,733	(1,039)	1,695	512,808	0.33%

## Department of Revenue SSTA Sourcing Study

RAINIER	2,632	(269)	2,363	86,263	2.74%
RAYMOND	29,411		29,411	234,496	12.54%
REARDAN	1,803	824	2,627	28,109	9.35%
REDMOND	(563,648)	(8,684)	(572,332)	14,228,175	-4.02%
RENTON	(894,074)	(10,155)	(904,229)	15,059,531	-6.00%
REPUBLIC	2,344	506	2,849	102,543	2.78%
RICHLAND	(108,993)	(20,913)	(129,906)	5,335,881	-2.43%
RIDGEFIELD	(15,787)	349	(15,437)	248,076	-6.22%
RITZVILLE	5,079	743	5,822	218,470	2.66%
RIVERSIDE	43	(55)	(11)	13,591	-0.08%
ROCK ISLAND	251	168	419	32,467	1.29%
ROCKFORD	233	(106)	127	42,149	0.30%
ROSALIA	(10,467)	(86)	(10,552)	30,995	-34.05%
ROSLYN	424	175	600	53,380	1.12%
ROY	(445)	196	(249)	113,899	-0.22%
ROYAL CITY	(515)	(364)	(879)	115,082	-0.76%
RUSTON	25,512	168	25,679	28,645	89.65%
SAMMAMISH	615,095	(6,537)	608,558	2,403,501	25.32%
SEATAC	1,008,994	(4,776)	1,004,219	7,825,499	12.83%
SEATTLE	(2,260,508)	(107,663)	(2,368,171)	116,643,607	-2.03%
SEDRO WOOLLEY	(40,139)	1,667	(38,472)	1,062,966	-3.62%
SELAH	19,028	(1,323)	17,705	555,067	3.19%
SEQUIM	93,988	1,412	95,400	1,118,246	8.53%
SHELTON	124,006	3,668	127,674	1,499,430	8.51%
SHORELINE	141,671	(10,044)	131,627	5,803,782	2.27%
SKYKOMISH	278	(41)	237	34,798	0.68%
SNOHOMISH CITY	(26,404)	2,810	(23,593)	1,717,877	-1.37%
SNOQUALMIE	3,977	(794)	3,183	835,526	0.38%
SOAP LAKE	1,770	(348)	1,423	65,101	2.19%
SOUTH BEND	14,191		14,191	96,089	14.77%
SOUTH CLE ELUM	73	95	168	13,665	1.23%
SOUTH PRAIRIE	1,274	100	1,374	25,288	5.43%
SPANGLE	(155)	(55)	(210)	39,648	-0.53%
SPOKANE CITY	(1,050,554)	(39,384)	(1,089,938)	28,317,033	-3.85%
SPOKANE VALLEY	106,113	(16,361)	89,752	11,194,853	0.80%
SPRAGUE	746	668	1,414	26,727	5.29%
SPRINGDALE	(89)	(71)	(160)	22,925	-0.70%
ST. JOHN	(1,194)	(66)	(1,260)	54,976	-2.29%
STANWOOD	15,668	1,339	17,007	795,746	2.14%
STARBUCK	314		314	2,302	13.65%
STEILACOOM	64,858	1,381	66,240	220,388	30.06%
STEVENSON	(33)		(33)	165,100	-0.02%
SULTAN	13,299	1,281	14,581	267,421	5.45%
SUMAS	1,658	844	2,502	91,854	2.72%

## Department of Revenue SSTA Sourcing Study

SUMNER	(200,226)	1,965	(198,261)	2,189,044	-9.06%
SUNNYSIDE	(37,338)	(2,901)	(40,239)	1,862,806	-2.16%
TACOMA	(800,555)	44,174	(756,381)	31,364,011	-2.41%
TEKOA	630	(109)	521	36,577	1.42%
TENINO	2,060	(265)	1,795	152,977	1.17%
TIETON	747	(246)	501	52,705	0.95%
TOLEDO	1,070	(47)	1,023	64,722	1.58%
TONASKET	(599)	(172)	(770)	177,131	-0.43%
TOPPENISH	13,102	(1,864)	11,238	512,098	2.19%
TUKWILA	(1,012,722)	(3,257)	(1,015,979)	14,592,638	-6.96%
TUMWATER	82,017	(2,294)	79,723	2,744,659	2.90%
TWISP	(2,101)	(159)	(2,260)	144,064	-1.57%
UNION GAP	(281,954)	(1,173)	(283,127)	2,470,865	-11.46%
UNIONTOWN	(1,399)	(43)	(1,442)	29,506	-4.89%
UNIVERSITY PLACE	700,046	6,879	706,925	1,758,836	40.19%
VADER	342	(42)	300	18,766	1.60%
VANCOUVER	126,713	24,225	150,937	14,227,961	1.06%
WAITSBURG	940	(227)	713	57,532	1.24%
WALLA WALLA CITY	(119,783)	(5,553)	(125,336)	3,533,685	-3.55%
WAPATO	8,581	(934)	7,647	286,392	2.67%
WARDEN	778	(516)	262	130,640	0.20%
WASHOUGAL	27,925	1,481	29,407	664,115	4.43%
WASHTUCNA	8	108	116	9,530	1.22%
WATERVILLE	2,649	229	2,878	47,955	6.00%
WAVERLY	73	(28)	46	5,418	0.84%
WENATCHEE	(247,170)	(13,419)	(260,589)	5,360,065	-4.86%
WEST RICHLAND	16,297	(4,651)	11,646	347,618	3.35%
WESTPORT	(3,949)	(1,780)	(5,729)	215,601	-2.66%
WHITE SALMON	3,122		3,122	86,696	3.60%
WILBUR	12,547	1,233	13,781	63,332	21.76%
WILKESON	584	96	680	25,891	2.63%
WILSON CREEK	490	(48)	442	9,194	4.80%
WINLOCK	2,266	(93)	2,174	99,220	2.19%
WINTHROP	(616)	(59)	(675)	158,953	-0.42%
WOODINVILLE	161,714	(1,854)	159,860	4,424,244	3.61%
WOODLAND	(108,748)		(108,748)	668,751	-16.26%
WOODWAY	19,578	324	19,902	98,196	20.27%
YACOLT	48	180	228	48,818	0.47%
YAKIMA CITY	(338,134)	(16,429)	(354,563)	10,824,358	-3.28%
YARROW POINT	45,436	(191)	45,246	146,498	30.89%
YELM	(2,002)	(628)	(2,630)	757,404	-0.35%

## Department of Revenue SSTA Sourcing Study

ZILLAH	8,500	(509)	7,992	180,851	4.42%
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### BASIC AND OPTIONAL LOCAL TAX Calendar Year 2002 – Changes from Sourcing

Clark, Klickitat, and Skamania Counties have a total regular local tax rate of less than 0.01. The 15 percent county allocation from each city is at the county rate, not the higher city tax rate.

One percent administration fee deducted prior to calculating the 15 percent county allocation.

The following numbers are estimates. As with all estimates, there is a margin of error. For some very small cities and counties, the margin of error may be large enough to produce inconsistent results.

Location Code	Location	Total Regular Local Tax Rate	Regular Local Tax with 15% Adjustment on CY02 TRS	Regular Local Tax with 15% Adjustment on Gain or Loss	Gain/Loss as a Percent of CY02 Regular Local Tax
100	ADAMS COUNTY	0.01	412,036	43,487	10.55%
101	HATTON	0.01	2,352	362	15.39%
102	LIND	0.01	42,454	(1,082)	-2.55%
103	OTHELLO	0.01	767,681	31,607	4.12%
104	RITZVILLE	0.01	205,029	5,079	2.48%
105	WASHTUCNA	0.01	7,583	8	0.11%
200	ASOTIN COUNTY	0.005	199,229	(127)	-0.06%
201	ASOTIN CITY	0.005	23,175	31	0.13%
202	CLARKSTON	0.005	467,785	(55,953)	-11.96%
300	BENTON COUNTY	0.01	3,432,045	41,479	1.21%
301	BENTON CITY	0.01	136,543	741	0.54%
302	KENNEWICK	0.01	9,698,951	(777,171)	-8.01%
303	PROSSER	0.01	593,230	(26,576)	-4.48%
304	RICHLAND	0.01	4,871,307	(108,993)	-2.24%
305	WEST RICHLAND	0.01	244,290	16,297	6.67%
400	CHELAN COUNTY	0.01	3,853,810	(149,606)	-3.88%
401	CASHMERE	0.01	176,951	9,267	5.24%
402	CHELAN CITY	0.01	580,056	22,271	3.84%
403	ENTIAT	0.01	32,513	(2,378)	-7.31%
404	LEAVENWORTH	0.01	651,423	11,095	1.70%

## Department of Revenue SSTA Sourcing Study

405	WENATCHEE	0.01	4,973,590	(247,170)	-4.97%
500	CLALLAM COUNTY	0.01	3,450,075	58,260	1.69%
501	FORKS	0.01	250,139	20,824	8.32%
502	PORT ANGELES	0.01	2,187,938	59,970	2.74%
503	SEQUIM	0.01	1,076,042	93,988	8.73%
600	CLARK COUNTY	0.008	12,444,043	289,802	2.33%
601	BATTLE GROUND	0.01	903,850	76,834	8.50%
602	CAMAS	0.008	928,980	44,244	4.76%
603	LA CENTER	0.01	87,223	3,212	3.68%
604	RIDGEFIELD	0.01	229,720	(15,787)	-6.87%
605	VANCOUVER	0.008	12,954,609	126,713	0.98%
606	WASHOUGAL	0.01	586,242	27,925	4.76%
607	YACOLT	0.008	39,362	48	0.12%
700	COLUMBIA COUNTY	0.01	76,750	6,498	8.47%
701	DAYTON	0.01	163,173	2,553	1.56%
702	STARBUCK	0.01	2,302	314	13.65%
800	COWLITZ COUNTY	0.01	2,714,043	275,848	10.16%
801	CASTLE ROCK	0.01	217,824	29,438	13.51%
802	KALAMA	0.01	178,127	9,882	5.55%
803	KELSO	0.01	1,720,211	253,229	14.72%
804	LONGVIEW	0.01	5,729,162	(230,973)	-4.03%
805	WOODLAND	0.01	668,751	(108,748)	-16.26%
900	DOUGLAS COUNTY	0.01	1,410,125	159,497	11.31%
901	BRIDGEPORT	0.01	28,900	2,406	8.33%
902	EAST WENATCHEE	0.01	1,531,809	(93,525)	-6.11%
903	MANSFIELD	0.01	11,134	354	3.18%
904	ROCK ISLAND	0.01	25,345	251	0.99%
905	WATERVILLE	0.01	38,225	2,649	6.93%
1000	FERRY COUNTY	0.01	184,447	39,735	21.54%
1001	REPUBLIC	0.01	99,134	2,344	2.36%
1100	FRANKLIN COUNTY	0.01	1,422,885	92,410	6.49%
1101	CONNELL	0.01	118,612	6,219	5.24%
1102	KAHLOTUS	0.01	3,755	233	6.20%
1103	MESA	0.01	32,940	(19,274)	-58.51%
1104	PASCO	0.01	5,196,895	(159,144)	-3.06%
1200	GARFIELD COUNTY	0.01	37,883	19,788	52.23%
1201	POMEROY	0.01	97,773	1,432	1.46%



## Department of Revenue SSTA Sourcing Study

1300	GRANT COUNTY	0.01	2,114,728	68,756	3.25%
1301	COULEE CITY	0.01	43,914	612	1.39%
1302	ELECTRIC CITY	0.01	18,514	291	1.57%
1303	EPHRATA	0.01	879,030	(60,896)	-6.93%
1304	GEORGE	0.01	35,759	299	0.84%
1305	GRAND COULEE	0.01	158,380	(15,285)	-9.65%
1306	HARTLINE	0.01	3,553	95	2.68%
1307	KRUPP	0.01	923	(13)	-1.42%
1308	MATTAWA	0.01	111,842	(1,406)	-1.26%
1309	MOSES LAKE	0.01	3,095,410	(169,236)	-5.47%
1310	QUINCY	0.01	469,226	2,733	0.58%
1311	ROYAL CITY	0.01	99,819	(515)	-0.52%
1312	SOAP LAKE	0.01	50,517	1,770	3.50%
1313	WARDEN	0.01	108,976	778	0.71%
1315	WILSON CREEK	0.01	7,159	490	6.85%
1400	GRAYS HARBOR COUNTY	0.01	2,985,086	(389,529)	-13.05%
1401	ABERDEEN	0.01	2,922,134	(99,915)	-3.42%
1402	COSMOPOLIS	0.01	96,248	5,933	6.16%
1403	ELMA	0.01	362,853	(5,615)	-1.55%
1404	HOQUIAM	0.01	505,068	(211,343)	-41.84%
1405	MCCLEARY	0.01	90,612	5,276	5.82%
1406	MONTESANO	0.01	326,888	23,079	7.06%
1407	OAKVILLE	0.01	26,426	(577)	-2.18%
1408	WESTPORT	0.01	193,412	(3,949)	-2.04%
1409	OCEAN SHORES	0.01	502,713	22,982	4.57%
1500	ISLAND COUNTY	0.01	3,126,367	71,822	2.30%
1501	COUPEVILLE	0.01	242,264	13,494	5.57%
1502	LANGLEY	0.01	225,762	2,705	1.20%
1503	OAK HARBOR	0.01	2,244,147	99,374	4.43%
1600	JEFFERSON COUNTY	0.01	1,508,343	137,485	9.11%
1601	PORT TOWNSEND	0.01	1,173,317	47,986	4.09%
1700	KING COUNTY	0.01	62,804,778	643,289	1.02%
1701	ALGONA	0.01	188,040	43,882	23.34%
1702	AUBURN	0.01	11,885,703	(1,237,424)	-10.41%
1703	BEAUX ARTS VILLAGE	0.01	23,015	16,965	73.71%
1704	BELLEVUE	0.01	34,286,922	(1,420,137)	-4.14%
1705	BLACK DIAMOND	0.01	177,123	(372)	-0.21%
1706	BOTHELL	0.01	7,059,512	(421,423)	-5.97%
1707	CARNATION	0.01	224,180	(5,172)	-2.31%
1708	CLYDE HILL	0.01	124,522	128,231	102.98%
1709	DES MOINES	0.01	1,314,106	739,852	56.30%

## Department of Revenue SSTA Sourcing Study

1710	DUVALL	0.01	429,224	12,876	3.00%
1711	ENUMCLAW	0.01	1,713,583	(273,981)	-15.99%
1712	COVINGTON	0.01	1,037,800	186,719	17.99%
1713	HUNTS POINT	0.01	105,261	279	0.27%
1714	ISSAQUAH	0.01	8,298,614	(241,411)	-2.91%
1715	KENT	0.01	17,667,897	(2,252,276)	-12.75%
1716	KIRKLAND	0.01	10,558,695	349,866	3.31%
1717	LAKE FOREST PARK	0.01	460,301	266,414	57.88%
1718	MEDINA	0.01	801,850	70,836	8.83%
1719	MERCER ISLAND CITY	0.01	2,020,377	584,371	28.92%
1720	MAPLE VALLEY	0.01	1,271,942	74,302	5.84%
1721	NORMANDY PARK	0.01	249,716	226,551	90.72%
1722	NORTH BEND	0.01	1,176,185	(30,599)	-2.60%
1723	PACIFIC	0.01	473,044	13,931	2.95%
1724	REDMOND	0.01	13,423,813	(563,648)	-4.20%
1725	RENTON	0.01	14,118,896	(894,074)	-6.33%
1726	SEATTLE	0.01	106,671,160	(2,260,508)	-2.12%
1727	SKYKOMISH	0.01	31,042	278	0.89%
1728	SNOQUALMIE	0.01	761,974	3,977	0.52%
1729	TUKWILA	0.01	14,290,915	(1,012,722)	-7.09%
1730	YARROW POINT	0.01	128,852	45,436	35.26%
1731	MILTON	0.01	539,757	195,991	36.31%
1732	FEDERAL WAY	0.01	10,089,101	609,727	6.04%
1733	SEATAC	0.01	7,383,135	1,008,994	13.67%
1734	BURIEN	0.01	3,651,847	340,060	9.31%
1735	WOODINVILLE	0.01	4,252,505	161,714	3.80%
1736	NEWCASTLE	0.01	673,246	207,985	30.89%
1737	SHORELINE	0.01	4,873,454	141,671	2.91%
1738	KENMORE	0.01	1,004,051	327,657	32.63%
1739	SAMMAMISH	0.01	1,797,958	615,095	34.21%
1800	KITSAP COUNTY	0.01	14,435,032	670,302	4.64%
1801	BREMERTON	0.01	5,364,398	126,465	2.36%
1802	PORT ORCHARD	0.01	2,032,645	100,898	4.96%
1803	POULSBO	0.01	2,007,174	(84,384)	-4.20%
1804	BAINBRIDGE ISLAND	0.01	1,915,223	210,853	11.01%
1900	KITTITAS COUNTY	0.01	1,320,058	40,676	3.08%
1901	CLE ELUM	0.01	415,650	28,686	6.90%
1902	ELLENSBURG	0.01	2,244,284	(7,668)	-0.34%
1903	KITTITAS CITY	0.01	43,761	4,286	9.80%
1904	ROSLYN	0.01	42,632	424	1.00%
1905	SOUTH CLE ELUM	0.01	7,817	73	0.93%
2000	KLICKITAT COUNTY	0.005	783,261	8,187	1.05%
2001	BINGEN	0.005	41,476	(1,180)	-2.84%

## Department of Revenue SSTA Sourcing Study

2002	GOLDENDALE	0.01	252,678	(6,650)	-2.63%
2003	WHITE SALMON	0.01	86,696	3,122	3.60%
2100	LEWIS COUNTY	0.01	5,397,609	(271,254)	-5.03%
2101	CENTRALIA	0.01	1,951,736	303,942	15.57%
2102	CHEHALIS	0.01	2,449,962	(93,460)	-3.81%
2103	MORTON	0.01	199,735	529	0.26%
2104	MOSSYROCK	0.01	42,377	1,886	4.45%
2105	NAPAVINE	0.01	124,873	495	0.40%
2106	PELL	0.01	28,693	135	0.47%
2107	TOLEDO	0.01	55,639	1,070	1.92%
2108	VADER	0.01	10,744	342	3.18%
2109	WINLOCK	0.01	81,518	2,266	2.78%
2200	LINCOLN COUNTY	0.01	208,046	68,178	32.77%
2201	ALMIRA	0.01	14,906	2,714	18.21%
2202	CRESTON	0.01	8,894	2,798	31.45%
2203	DAVENPORT	0.01	173,358	53,602	30.92%
2204	HARRINGTON	0.01	18,778	1,636	8.71%
2205	ODESSA	0.01	77,784	10,413	13.39%
2206	REARDAN	0.01	24,857	1,803	7.25%
2207	SPRAGUE	0.01	24,093	746	3.10%
2208	WILBUR	0.01	58,467	12,547	21.46%
2210	CRESTON-GEN-ST	0	-	-	0.00%
2300	MASON COUNTY	0.01	2,186,375	114,921	5.26%
2301	SHELTON	0.01	1,443,700	124,006	8.59%
2400	OKANOGAN COUNTY	0.01	1,051,324	48,556	4.62%
2401	BREWSTER	0.01	162,090	2,432	1.50%
2402	CONCONULLY	0.01	9,063	41	0.45%
2403	COULEE DAM	0.01	45,147	579	1.28%
2404	ELMER CITY	0.01	2,503	27	1.09%
2405	NESPELEM	0.01	5,849	3,494	59.74%
2406	OKANOGAN CITY	0.01	305,458	(383)	-0.13%
2407	OMAK	0.01	876,353	(127,741)	-14.58%
2408	OROVILLE	0.01	158,579	2,331	1.47%
2409	PATEROS	0.01	30,693	(593)	-1.93%
2410	RIVERSIDE	0.01	11,296	43	0.38%
2411	TONASKET	0.01	169,930	(599)	-0.35%
2412	TWISP	0.01	137,392	(2,101)	-1.53%
2413	WINTHROP	0.01	156,482	(616)	-0.39%
2500	PACIFIC COUNTY	0.01	704,706	168,451	23.90%
2501	ILWACO	0.01	99,742	5,754	5.77%
2502	LONG BEACH	0.01	277,751	36,872	13.28%

## Department of Revenue SSTA Sourcing Study

2503	RAYMOND	0.01	234,496	29,411	12.54%
2504	SOUTH BEND	0.01	96,089	14,191	14.77%
2600	PEND OREILLE COUNTY	0.01	221,375	110,275	49.81%
2601	CUSICK	0.01	11,658	3,783	32.45%
2602	IONE	0.01	25,555	2,788	10.91%
2603	METALINE	0.01	8,637	786	9.10%
2604	METALINE FALLS	0.01	22,806	1,797	7.88%
2605	NEWPORT	0.01	220,935	53,683	24.30%
2700	PIERCE COUNTY	0.01	24,995,927	3,152,227	12.61%
2701	BONNEY LAKE	0.01	1,406,559	76,262	5.42%
2702	BUCKLEY	0.01	354,586	22,749	6.42%
2703	CARBONADO	0.01	8,986	514	5.72%
2704	DU PONT	0.01	332,575	24,543	7.38%
2705	EATONVILLE	0.01	281,860	(3,026)	-1.07%
2706	FIFE	0.01	4,903,093	(1,063,602)	-21.69%
2707	FIRCREST	0.01	172,023	104,345	60.66%
2708	GIG HARBOR	0.01	3,289,823	(85,360)	-2.59%
2710	ORTING	0.01	275,314	31,361	11.39%
2711	PUYALLUP	0.01	11,851,973	(1,117,345)	-9.43%
2712	ROY	0.01	104,492	(445)	-0.43%
2713	RUSTON	0.01	20,597	25,512	123.86%
2714	SOUTH PRAIRIE	0.01	20,503	1,274	6.22%
2715	STEILACOOM	0.01	154,103	64,858	42.09%
2716	SUMNER	0.01	2,094,756	(200,226)	-9.56%
2717	TACOMA	0.01	29,244,434	(800,555)	-2.74%
2718	WILKESON	0.01	21,269	584	2.74%
2719	UNIVERSITY PLACE	0.01	1,428,773	700,046	49.00%
2720	EDGEWOOD	0.01	330,552	273,448	82.72%
2721	LAKEWOOD	0.01	5,383,510	556,274	10.33%
2800	SAN JUAN COUNTY	0.01	2,123,152	86,339	4.07%
2801	FRIDAY HARBOR	0.01	650,288	29,549	4.54%
2900	SKAGIT COUNTY	0.01	4,929,478	620,755	12.59%
2901	ANACORTES	0.01	2,294,508	(203,888)	-8.89%
2902	BURLINGTON	0.01	5,141,988	(682,727)	-13.28%
2903	CONCRETE	0.01	53,974	5,766	10.68%
2904	HAMILTON	0.01	7,609	1,170	15.37%
2905	LA CONNER	0.01	322,390	9,978	3.09%
2906	LYMAN	0.01	23,269	1,039	4.47%
2907	MOUNT VERNON	0.01	3,956,767	509,144	12.87%
2908	SEDRO WOOLLEY	0.01	929,812	(40,139)	-4.32%
3000	SKAMANIA COUNTY	0.005	130,263	6,008	4.61%

## Department of Revenue SSTA Sourcing Study

3001	NORTH BONNEVILLE	0.01	15,561	195	1.25%
3002	STEVENSON	0.005	165,100	(33)	-0.02%
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3100	SNOHOMISH COUNTY	0.01	23,846,316	3,079,692	12.91%
3101	ARLINGTON	0.01	2,811,936	181,377	6.45%
3102	BRIER	0.01	95,707	95,474	99.76%
3103	DARRINGTON	0.01	97,670	(1,138)	-1.17%
3104	EDMONDS	0.01	3,918,071	554,167	14.14%
3105	EVERETT	0.01	17,307,313	(1,664,614)	-9.62%
3106	GOLD BAR	0.01	72,688	9,603	13.21%
3107	GRANITE FALLS	0.01	312,541	(53,174)	-17.01%
3108	INDEX	0.01	9,827	1,088	11.08%
3109	LAKE STEVENS	0.01	467,886	78,011	16.67%
3110	LYNNWOOD	0.01	14,123,490	(1,272,798)	-9.01%
3111	MARYSVILLE	0.01	3,332,787	320,531	9.62%
3112	MONROE	0.01	2,538,251	(183,300)	-7.22%
3113	MOUNTLAKE TERRACE	0.01	1,088,435	395,852	36.37%
3114	MUKILTEO	0.01	1,358,867	369,497	27.19%
3115	SNOHOMISH CITY	0.01	1,622,215	(26,404)	-1.63%
3116	STANWOOD	0.01	750,174	15,668	2.09%
3117	SULTAN	0.01	223,801	13,299	5.94%
3118	WOODWAY	0.01	87,151	19,578	22.46%
3119	MILL CREEK	0.01	1,096,429	295,162	26.92%
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3200	SPOKANE COUNTY	0.01	16,260,020	(57,897)	-0.36%
3201	AIRWAY HEIGHTS	0.01	364,031	(7,062)	-1.94%
3202	CHENEY	0.01	568,541	23,786	4.18%
3203	DEER PARK	0.01	438,474	(7,834)	-1.79%
3204	FAIRFIELD	0.01	29,877	(1,556)	-5.21%
3205	LATAH	0.01	9,492	(310)	-3.27%
3206	MEDICAL LAKE	0.01	171,176	10,681	6.24%
3207	MILLWOOD	0.01	194,096	19,749	10.17%
3208	ROCKFORD	0.01	35,975	233	0.65%
3209	SPANGLE	0.01	36,462	(155)	-0.42%
3210	SPOKANE CITY	0.01	26,030,396	(1,050,554)	-4.04%
3211	WAVERLY	0.01	3,819	73	1.92%
3212	LIBERTY LAKE	0.01	712,985	15,861	2.22%
3213	SPOKANE VALLEY	0.01	10,244,925	106,113	1.04%
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3300	STEVENS COUNTY	0.01	988,388	25,913	2.62%
3301	CHEWELAH	0.01	207,842	(27,798)	-13.37%
3302	COLVILLE	0.01	1,129,529	(111,619)	-9.88%
3303	KETTLE FALLS	0.01	106,385	1,865	1.75%
3304	MARCUS	0.01	997	9	0.85%
3305	NORTHPORT	0.01	12,302	(20)	-0.16%
3306	SPRINGDALE	0.01	21,358	(89)	-0.42%

## Department of Revenue SSTA Sourcing Study

3400	THURSTON COUNTY	0.01	8,081,205	1,037,897	12.84%
3401	BUCODA	0.01	9,765	105	1.08%
3402	LACEY	0.01	4,890,372	(558,697)	-11.42%
3403	OLYMPIA	0.01	12,530,259	(989,088)	-7.89%
3404	RAINIER	0.01	67,934	2,632	3.87%
3405	TENINO	0.01	134,894	2,060	1.53%
3406	TUMWATER	0.01	2,588,066	82,017	3.17%
3407	YELM	0.01	714,535	(2,002)	-0.28%
3500	WAHKIAKUM	0.01	101,232	13,621	13.46%
3501	CATHLAMET	0.01	62,914	4,411	7.01%
3600	WALLA WALLA COUNTY	0.01	1,425,937	65,900	4.62%
3601	COLLEGE PLACE	0.01	356,454	(62,804)	-17.62%
3602	PRESCOTT	0.01	21,116	76	0.36%
3603	WAITSBURG	0.01	47,433	940	1.98%
3604	WALLA WALLA CITY	0.01	3,287,035	(119,783)	-3.64%
3700	WHATCOM COUNTY	0.01	5,962,513	1,866,417	31.30%
3701	BELLINGHAM	0.01	13,035,216	(278,997)	-2.14%
3702	BLAINE	0.01	685,534	72,793	10.62%
3703	EVERSON	0.01	122,343	4,200	3.43%
3704	FERNDALE	0.01	828,331	8,432	1.02%
3705	LYNDEN	0.01	1,367,797	(70,993)	-5.19%
3706	NOOKSACK	0.01	38,073	(744)	-1.95%
3707	SUMAS	0.01	80,212	1,658	2.07%
3800	WHITMAN COUNTY	0.01	726,841	8,448	1.16%
3801	ALBION	0.01	4,856	(436)	-8.99%
3802	COLFAX	0.01	255,966	8,422	3.29%
3803	COLTON	0.01	9,491	53	0.56%
3804	ENDICOTT	0.01	10,659	(48)	-0.45%
3805	FARMINGTON	0.01	2,914	(71)	-2.44%
3806	GARFIELD	0.01	16,655	91	0.55%
3807	LA CROSSE	0.01	25,671	(2,085)	-8.12%
3808	LAMONT	0.01	1,343	96	7.15%
3809	MALDEN	0.01	792	271	34.17%
3810	OAKESDALE	0.01	14,519	(1,732)	-11.93%
3811	PALOUSE	0.01	34,755	(248)	-0.71%
3812	PULLMAN	0.01	1,890,181	(60,327)	-3.19%
3813	ROSALIA	0.01	26,518	(10,467)	-39.47%
3814	ST. JOHN	0.01	51,527	(1,194)	-2.32%
3815	TEKOA	0.01	30,886	630	2.04%
3816	UNIONTOWN	0.01	27,250	(1,399)	-5.13%

## Department of Revenue SSTA Sourcing Study

3900	YAKIMA COUNTY	0.01	5,029,958	114,834	2.28%
3901	GRANDVIEW	0.01	572,445	(35,230)	-6.15%
3902	GRANGER	0.01	59,705	3,534	5.92%
3903	HARRAH	0.01	22,129	250	1.13%
3904	MABTON	0.01	36,455	836	2.29%
3905	MOXEE CITY	0.01	53,599	1,778	3.32%
3906	NACHES	0.01	106,461	2,362	2.22%
3907	SELAH	0.01	500,103	19,028	3.80%
3908	SUNNYSIDE	0.01	1,742,265	(37,338)	-2.14%
3909	TIETON	0.01	42,480	747	1.76%
3910	TOPPENISH	0.01	434,657	13,102	3.01%
3911	UNION GAP	0.01	2,422,113	(281,954)	-11.64%
3912	WAPATO	0.01	247,564	8,581	3.47%
3913	YAKIMA CITY	0.01	10,141,669	(338,134)	-3.33%
3914	ZILLAH	0.01	159,712	8,500	5.32%

### CRIMINAL JUSTICE LOCAL SALES TAX Calendar Year 2002 – Changes from Sourcing

Tax is levied by the county and is imposed countywide, but the receipts are shared with the cities. The Department's 1 percent administration fee is deducted in the calculation. Of the remaining tax, 10 percent is distributed to the county, and 90 percent is distributed to the county and all cities within the county on a per capita basis.

Location Code	Location	2002 Population (except Spokane County is 2003 Pop)	Criminal Justice Tax Rate	Total Allocation of Criminal Justice Tax on CY02 TRS	Total Allocation of Criminal Justice Tax Gain or Loss	Gain/Loss as a Percent of CY02 Regular Local Tax
100	ADAMS COUNTY	8045	0.001	77,056	4,260	5.53%
101	HATTON	105	0.001	818	45	5.53%
102	LIND	570	0.001	4,441	246	5.53%
103	OTHELLO	5905	0.001	46,010	2,544	5.53%
104	RITZVILLE	1725	0.001	13,441	743	5.53%
105	WASHTUCNA	250	0.001	1,948	108	5.53%
Total Criminal Justice Tax		<b>16,600</b>		<b>143,713</b>	<b>7,946</b>	
300	BENTON COUNTY	34610	0.001	590,234	(26,569)	-4.50%
301	BENTON CITY	2725	0.001	31,531	(1,419)	-4.50%
302	KENNEWICK	56280	0.001	651,213	(29,314)	-4.50%
303	PROSSER	4905	0.001	56,756	(2,555)	-4.50%
304	RICHLAND	40150	0.001	464,574	(20,913)	-4.50%

## Department of Revenue SSTA Sourcing Study

305	WEST RICHLAND	8930	0.001	103,329	(4,651)	-4.50%
	Total Criminal Justice Tax	<b>147,600</b>		<b>1,897,637</b>	<b>(85,422)</b>	
400	CHELAN COUNTY	29665	0.001	508,230	(17,646)	-3.47%
401	CASHMERE	3045	0.001	41,628	(1,445)	-3.47%
402	CHELAN CITY	3535	0.001	48,327	(1,678)	-3.47%
403	ENTIAT	990	0.001	13,534	(470)	-3.47%
404	LEAVENWORTH	2095	0.001	28,640	(994)	-3.47%
405	WENATCHEE	28270	0.001	386,475	(13,419)	-3.47%
	Total Criminal Justice Tax	<b>67,600</b>		<b>1,026,834</b>	<b>(35,652)</b>	
500	CLALLAM COUNTY	38970	0.001	445,998	14,924	3.35%
501	FORKS	3130	0.001	30,228	1,012	3.35%
502	PORT ANGELES	18430	0.001	177,989	5,956	3.35%
503	SEQUIM	4370	0.001	42,204	1,412	3.35%
	Total Criminal Justice Tax	<b>64,900</b>		<b>696,419</b>	<b>23,304</b>	
600	CLARK COUNTY	175710	0.001	1,849,166	35,179	1.90%
601	BATTLE GROUND	11110	0.001	95,074	1,809	1.90%
602	CAMAS	13540	0.001	115,868	2,204	1.90%
603	LA CENTER	1805	0.001	15,446	294	1.90%
604	RIDGEFIELD	2145	0.001	18,356	349	1.90%
605	VANCOUVER	148800	0.001	1,273,352	24,225	1.90%
606	WASHOUGAL	9100	0.001	77,873	1,481	1.90%
607	YACOLT	1105	0.001	9,456	180	1.90%
	WOODLAND	85	0.001	727	14	1.90%
	Total Criminal Justice Tax	<b>363,400</b>		<b>3,455,319</b>	<b>65,735</b>	
900	DOUGLAS COUNTY	20539	0.001	200,537	4,717	2.35%
901	BRIDGEPORT	2065	0.001	17,100	402	2.35%
902	EAST WENATCHEE	7965	0.001	65,958	1,551	2.35%
903	MANSFIELD	320	0.001	2,650	62	2.35%
904	ROCK ISLAND	860	0.001	7,122	168	2.35%
905	WATERVILLE	1175	0.001	9,730	229	2.35%
	COULEE DAM	176	0.001	1,457	34	2.35%
	Total Criminal Justice Tax	<b>33,100</b>		<b>304,554</b>	<b>7,163</b>	
1000	FERRY COUNTY	6325	0.001	24,949	3,702	14.84%
1001	REPUBLIC	975	0.001	3,409	506	14.84%
	Total Criminal Justice Tax	<b>7,300</b>		<b>28,358</b>	<b>4,208</b>	
1100	FRANKLIN COUNTY	12915	0.001	221,260	(2,598)	-1.17%
1101	CONNELL	3100	0.001	36,847	(433)	-1.17%
1102	KAHLOTUS	215	0.001	2,556	(30)	-1.17%
1103	MESA	440	0.001	5,230	(61)	-1.17%
1104	PASCO	34630	0.001	411,616	(4,833)	-1.17%
	Total Criminal Justice Tax	<b>51,300</b>		<b>677,509</b>	<b>(7,956)</b>	



## Department of Revenue SSTA Sourcing Study

1300	GRANT COUNTY	36625	0.001	382,522	(9,116)	-2.38%
1301	COULEE CITY	590	0.001	5,003	(119)	-2.38%
1302	ELECTRIC CITY	950	0.001	8,055	(192)	-2.38%
1303	EPHRATA	6865	0.001	58,209	(1,387)	-2.38%
1304	GEORGE	540	0.001	4,579	(109)	-2.38%
1305	GRAND COULEE	910	0.001	7,716	(184)	-2.38%
1306	HARTLINE	130	0.001	1,102	(26)	-2.38%
1307	KRUPP	65	0.001	551	(13)	-2.38%
1308	MATTAWA	2850	0.001	24,165	(576)	-2.38%
1309	MOSES LAKE	15420	0.001	130,747	(3,116)	-2.38%
1310	QUINCY	5140	0.001	43,582	(1,039)	-2.38%
1311	ROYAL CITY	1800	0.001	15,262	(364)	-2.38%
1312	SOAP LAKE	1720	0.001	14,584	(348)	-2.38%
1313	WARDEN	2555	0.001	21,664	(516)	-2.38%
1315	WILSON CREEK	240	0.001	2,035	(48)	-2.38%
	COULEE DAM	0	0.001	-	-	0.00%
	<b>Total Criminal Justice Tax</b>	<b>76,400</b>		<b>719,775</b>	<b>(17,153)</b>	
	<b>GRAYS HARBOR</b>					
1400	COUNTY	27025	0.001	364,995	(29,286)	-8.02%
1401	ABERDEEN	16250	0.001	171,297	(13,744)	-8.02%
1402	COSMOPOLIS	1565	0.001	16,497	(1,324)	-8.02%
1403	ELMA	3175	0.001	33,469	(2,685)	-8.02%
1404	HOQUIAM	8945	0.001	94,293	(7,566)	-8.02%
1405	MCCLEARY	1410	0.001	14,863	(1,193)	-8.02%
1406	MONTESANO	3325	0.001	35,050	(2,812)	-8.02%
1407	OAKVILLE	670	0.001	7,063	(567)	-8.02%
1408	WESTPORT	2105	0.001	22,190	(1,780)	-8.02%
1409	OCEAN SHORES	3930	0.001	41,428	(3,324)	-8.02%
	<b>Total Criminal Justice Tax</b>	<b>68,400</b>		<b>801,144</b>	<b>(64,282)</b>	
1500	ISLAND COUNTY	50494	0.001	421,354	13,524	3.21%
1501	COUPEVILLE	1730	0.001	12,436	399	3.21%
1502	LANGLEY	996	0.001	7,160	230	3.21%
1503	OAK HARBOR	19880	0.001	142,904	4,587	3.21%
	<b>Total Criminal Justice Tax</b>	<b>73,100</b>		<b>583,854</b>	<b>18,739</b>	
1600	JEFFERSON COUNTY	18145	0.001	191,451	13,241	6.92%
1601	PORT TOWNSEND	8455	0.001	76,715	5,306	6.92%
	<b>Total Criminal Justice Tax</b>	<b>26,600</b>		<b>268,166</b>	<b>18,547</b>	
1700	KING COUNTY	351136	0.001	9,578,997	(103,415)	-1.08%
1701	ALGONA	2525	0.001	44,114	(476)	-1.08%
1702	AUBURN/KING	43970	0.001	768,197	(8,293)	-1.08%
1703	BEAUX ARTS VILLAGE	295	0.001	5,154	(56)	-1.08%

## Department of Revenue SSTA Sourcing Study

1704	BELLEVUE	117000	0.001	2,044,100	(22,068)	-1.08%
1705	BLACK DIAMOND	4015	0.001	70,146	(757)	-1.08%
1706	BOTHELL/KING	16264	0.001	284,147	(3,068)	-1.08%
1707	CARNATION	1905	0.001	33,282	(359)	-1.08%
1708	CLYDE HILL	2895	0.001	50,578	(546)	-1.08%
1709	DES MOINES	29510	0.001	515,567	(5,566)	-1.08%
1710	DUVALL	5190	0.001	90,674	(979)	-1.08%
1711	ENUMCLAW	11195	0.001	195,587	(2,112)	-1.08%
1712	COVINGTON	14395	0.001	251,494	(2,715)	-1.08%
1713	HUNTS POINT	455	0.001	7,949	(86)	-1.08%
1714	ISSAQUAH	13790	0.001	240,924	(2,601)	-1.08%
1715	KENT	84275	0.001	1,472,363	(15,896)	-1.08%
1716	KIRKLAND	45790	0.001	799,994	(8,637)	-1.08%
1717	LAKE FOREST PARK	12860	0.001	224,676	(2,426)	-1.08%
1718	MEDINA	3010	0.001	52,588	(568)	-1.08%
1719	MERCER ISLAND CITY	21955	0.001	383,574	(4,141)	-1.08%
1720	MAPLE VALLEY	15040	0.001	262,763	(2,837)	-1.08%
1721	NORMANDY PARK	6395	0.001	111,727	(1,206)	-1.08%
1722	NORTH BEND	4735	0.001	82,725	(893)	-1.08%
1723	PACIFIC/KING	5405	0.001	94,430	(1,019)	-1.08%
1724	REDMOND	46040	0.001	804,362	(8,684)	-1.08%
1725	RENTON	53840	0.001	940,635	(10,155)	-1.08%
1726	SEATTLE	570802	0.001	9,972,446	(107,663)	-1.08%
1727	SKYKOMISH	215	0.001	3,756	(41)	-1.08%
1728	SNOQUALMIE	4210	0.001	73,553	(794)	-1.08%
1729	TUKWILA	17270	0.001	301,723	(3,257)	-1.08%
1730	YARROW POINT	1010	0.001	17,646	(191)	-1.08%
1731	MILTON/KING	815	0.001	14,239	(154)	0.00%
1732	FEDERAL WAY	83850	0.001	1,464,938	(15,815)	-1.08%
1733	SEATAC	25320	0.001	442,364	(4,776)	-1.08%
1734	BURIEN	31810	0.001	555,751	(6,000)	-1.08%
1735	WOODINVILLE	9830	0.001	171,739	(1,854)	-1.08%
1736	NEWCASTLE	8205	0.001	143,349	(1,548)	-1.08%
1737	SHORELINE	53250	0.001	930,327	(10,044)	-1.08%
1738	KENMORE	19180	0.001	335,093	(3,618)	-1.08%
1739	SAMMAMISH	34660	0.001	605,543	(6,537)	-1.08%
	<b>Total Criminal Justice Tax</b>	<b>1,774,312</b>		<b>34,443,217</b>	<b>(371,849)</b>	
1800	KITSAP COUNTY	161345	0.001	1,850,992	73,605	3.98%
1801	BREMERTON	37530	0.001	370,647	14,739	3.98%
1802	PORT ORCHARD	7900	0.001	78,021	3,103	3.98%
1803	POULSBO	7005	0.001	69,182	2,751	3.98%
1804	BAINBRIDGE ISLAND	20920	0.001	206,606	8,216	3.98%
	<b>Total Criminal Justice Tax</b>	<b>234,700</b>		<b>2,575,447</b>	<b>102,413</b>	
1900	KITTITAS COUNTY	14520	0.001	193,735	3,161	1.63%
1901	CLE ELUM	1775	0.001	18,703	305	1.63%

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1902	ELLENSBURG	15830	0.001	166,796	2,722	1.63%
1903	KITTITAS CITY	1100	0.001	11,590	189	1.63%
1904	ROSLYN	1020	0.001	10,747	175	1.63%
1905	SOUTH CLE ELUM	555	0.001	5,848	95	1.63%
	Total Criminal Justice Tax	<b>34,800</b>		<b>407,420</b>	<b>6,648</b>	
2100	LEWIS COUNTY	41920	0.001	659,293	(3,445)	-0.52%
2101	CENTRALIA	15040	0.001	199,432	(1,042)	-0.52%
2102	CHEHALIS	7055	0.001	93,550	(489)	-0.52%
2103	MORTON	1050	0.001	13,923	(73)	-0.52%
2104	MOSSYROCK	490	0.001	6,497	(34)	-0.52%
2105	NAPAVINE	1360	0.001	18,034	(94)	-0.52%
2106	PE ELL	660	0.001	8,752	(46)	-0.52%
2107	TOLEDO	685	0.001	9,083	(47)	-0.52%
2108	VADER	605	0.001	8,022	(42)	-0.52%
2109	WINLOCK	1335	0.001	17,702	(93)	-0.52%
	Total Criminal Justice Tax	<b>70,200</b>		<b>1,034,289</b>	<b>(5,405)</b>	
2200	LINCOLN COUNTY	4563	0.001	30,619	7,762	25.35%
2201	ALMIRA	295	0.001	1,586	402	25.35%
2202	CRESTON	243	0.001	1,306	331	25.35%
2203	DAVENPORT	1720	0.001	9,245	2,344	25.35%
2204	HARRINGTON	429	0.001	2,306	585	25.35%
2205	ODESSA	950	0.001	5,106	1,295	25.35%
2206	REARDAN	605	0.001	3,252	824	25.35%
2207	SPRAGUE	490	0.001	2,634	668	25.35%
2208	WILBUR	905	0.001	4,865	1,233	25.35%
	Total Criminal Justice Tax	<b>10,200</b>		<b>60,918</b>	<b>15,444</b>	
2300	MASON COUNTY	41305	0.001	307,277	20,225	6.58%
2301	SHELTON	8495	0.001	55,730	3,668	6.58%
	Total Criminal Justice Tax	<b>49,800</b>		<b>363,008</b>	<b>23,893</b>	
2400	OKANOGAN COUNTY	23938	0.001	200,228	(4,780)	-2.39%
2401	BREWSTER	2200	0.001	15,532	(371)	-2.39%
2402	CONCONULLY	193	0.001	1,363	(33)	-2.39%
2403	COULEE DAM	854	0.001	6,029	(144)	-2.39%
2404	ELMER CITY	265	0.001	1,871	(45)	-2.39%
2405	NESPELEM	210	0.001	1,483	(35)	-2.39%
2406	OKANOGAN CITY	2455	0.001	17,333	(414)	-2.39%
2407	OMAK	4740	0.001	33,465	(799)	-2.39%
2408	OROVILLE	1665	0.001	11,755	(281)	-2.39%
2409	PATEROS	640	0.001	4,519	(108)	-2.39%
2410	RIVERSIDE	325	0.001	2,295	(55)	-2.39%
2411	TONASKET	1020	0.001	7,201	(172)	-2.39%
2412	TWISP	945	0.001	6,672	(159)	-2.39%
2413	WINTHROP	350	0.001	2,471	(59)	-2.39%

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Total Criminal Justice Tax		<b>39,800</b>		<b>312,216</b>	<b>(7,453)</b>	
2700	PIERCE COUNTY	329124	0.001	4,455,345	92,853	2.08%
2701	BONNEY LAKE	12360	0.001	134,417	2,801	2.08%
2702	BUCKLEY	4410	0.001	47,960	1,000	2.08%
2703	CARBONADO	647	0.001	7,036	147	2.08%
2704	DU PONT	3295	0.001	35,834	747	2.08%
2705	EATONVILLE	2070	0.001	22,512	469	2.08%
2706	FIFE	4815	0.001	52,364	1,091	2.08%
2707	FIRCREST	5925	0.001	64,436	1,343	2.08%
2708	GIG HARBOR	6540	0.001	71,124	1,482	2.08%
2709	MILTON/PIERCE	5180	0.001	56,334	1,174	2.08%
2710	ORTING	4060	0.001	44,153	920	2.08%
2711	PUYALLUP	34920	0.001	379,762	7,915	2.08%
2712	ROY	865	0.001	9,407	196	2.08%
2713	RUSTON	740	0.001	8,048	168	2.08%
2714	SOUTH PRAIRIE	440	0.001	4,785	100	2.08%
2715	STEILACOOM	6095	0.001	66,284	1,381	2.08%
2716	SUMNER	8670	0.001	94,288	1,965	2.08%
2717	TACOMA	194900	0.001	2,119,577	44,174	2.08%
2718	WILKESON	425	0.001	4,622	96	2.08%
2719	UNIVERSITY PLACE	30350	0.001	330,062	6,879	2.08%
2720	EDGEWOOD	9320	0.001	101,357	2,112	2.08%
2721	LAKESWOOD	58662	0.001	637,961	13,296	2.08%
2723	PACIFIC/PIERCE	145	0.001	1,577	33	0.00%
2724	AUBURN/PIERCE	1040	0.001	11,310	236	0.00%
	<b>Total Criminal Justice Tax</b>	<b>724,998</b>		<b>8,760,555</b>	<b>182,576</b>	
2800	SAN JUAN COUNTY	12555	0.001	242,382	10,128	4.18%
2801	FRIDAY HARBOR	2045	0.001	34,962	1,461	4.18%
	<b>Total Criminal Justice Tax</b>	<b>14,600</b>		<b>277,344</b>	<b>11,589</b>	
2900	SKAGIT COUNTY	45205	0.001	860,213	10,770	1.25%
2901	ANACORTES	14910	0.001	225,477	2,823	1.25%
2902	BURLINGTON	7190	0.001	108,731	1,361	1.25%
2903	CONCRETE	790	0.001	11,947	150	1.25%
2904	HAMILTON	340	0.001	5,142	64	1.25%
2905	LA CONNER	775	0.001	11,720	147	1.25%
2906	LYMAN	415	0.001	6,276	79	1.25%
2907	MOUNT VERNON	26670	0.001	403,319	5,049	1.25%
2908	SEDRO WOOLLEY	8805	0.001	133,154	1,667	1.25%
	<b>Total Criminal Justice Tax</b>	<b>105,100</b>		<b>1,765,980</b>	<b>22,110</b>	
3100	SNOHOMISH COUNTY	300460	0.001	4,130,349	121,344	2.94%
3101	ARLINGTON	13280	0.001	148,151	4,352	2.94%
3102	BRIER	6445	0.001	71,900	2,112	2.94%
3103	DARRINGTON	1335	0.001	14,893	438	2.94%

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3104	EDMONDS	39460	0.001	440,213	12,933	2.94%
3105	EVERETT	96070	0.001	1,071,751	31,487	2.94%
3106	GOLD BAR	2055	0.001	22,925	674	2.94%
3107	GRANITE FALLS	2760	0.001	30,790	905	2.94%
3108	INDEX	160	0.001	1,785	52	2.94%
3109	LAKE STEVENS	6640	0.001	74,075	2,176	2.94%
3110	LYNNWOOD	33990	0.001	379,190	11,140	2.94%
3111	MARYSVILLE	27580	0.001	307,681	9,039	2.94%
3112	MONROE	14670	0.001	163,658	4,808	2.94%
3113	MOUNTLAKE TERRACE	20470	0.001	228,362	6,709	2.94%
3114	MUKILTEO	18520	0.001	206,608	6,070	2.94%
3115	SNOHOMISH CITY	8575	0.001	95,662	2,810	2.94%
3116	STANWOOD	4085	0.001	45,572	1,339	2.94%
3117	SULTAN	3910	0.001	43,620	1,281	2.94%
3118	WOODWAY	990	0.001	11,044	324	2.94%
3119	MILL CREEK	12055	0.001	134,485	3,951	2.94%
3120	BOTHELL/SNOHOMISH	14490	0.001	161,650	4,749	0.00%
	Total Criminal Justice Tax	<b>628,000</b>		<b>7,784,364</b>	<b>228,694</b>	
3200	SPOKANE COUNTY	119,844	0.001	1,939,891	(33,411)	-1.72%
3201	AIRWAY HEIGHTS	4,590	0.001	53,170	(916)	-1.72%
3202	CHENEY	9,470	0.001	109,698	(1,889)	-1.72%
3203	DEER PARK	3,055	0.001	35,388	(610)	-1.72%
3204	FAIRFIELD	586	0.001	6,788	(117)	-1.72%
3205	LATAH	194	0.001	2,247	(39)	-1.72%
3206	MEDICAL LAKE	4,215	0.001	48,826	(841)	-1.72%
3207	MILLWOOD	1,655	0.001	19,171	(330)	-1.72%
3208	ROCKFORD	533	0.001	6,174	(106)	-1.72%
3209	SPANGLE	275	0.001	3,186	(55)	-1.72%
3210	SPOKANE CITY	197,400	0.001	2,286,637	(39,384)	-1.72%
3211	WAVERLY	138	0.001	1,599	(28)	-1.72%
3212	LIBERTY LAKE	4,640	0.001	53,749	(926)	-1.72%
3213	SPOKANE VALLEY	82,005	0.001	949,927	(16,361)	0.00%
	Total Criminal Justice Tax	<b>428,600</b>		<b>5,516,451</b>	<b>(95,012)</b>	
3300	STEVENS COUNTY	30978	0.001	194,903	(8,829)	-4.53%
3301	CHEWELAH	2220	0.001	12,200	(553)	-4.53%
3302	COLVILLE	4970	0.001	27,312	(1,237)	-4.53%
3303	KETTLE FALLS	1520	0.001	8,353	(378)	-4.53%
3304	MARCUS	154	0.001	846	(38)	-4.53%
3305	NORTHPORT	273	0.001	1,500	(68)	-4.53%
3306	SPRINGDALE	285	0.001	1,566	(71)	-4.53%
	Total Criminal Justice Tax	<b>40,400</b>		<b>246,680</b>	<b>(11,174)</b>	
3400	THURSTON COUNTY	117935	0.001	1,740,906	(25,503)	-1.46%
3401	BUCODA	640	0.001	7,873	(115)	-1.46%

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3402	LACEY	31860	0.001	391,914	(5,741)	-1.46%
3403	OLYMPIA	42690	0.001	525,136	(7,693)	-1.46%
3404	RAINIER	1490	0.001	18,329	(269)	-1.46%
3405	TENINO	1470	0.001	18,083	(265)	-1.46%
3406	TUMWATER	12730	0.001	156,594	(2,294)	-1.46%
3407	YELM	3485	0.001	42,869	(628)	-1.46%
	<b>Total Criminal Justice Tax</b>	<b>212,300</b>		<b>2,901,703</b>	<b>(42,508)</b>	
WALLA WALLA						
3600	COUNTY	16290	0.001	187,351	(4,218)	-2.25%
3601	COLLEGE PLACE	8035	0.001	67,067	(1,510)	-2.25%
3602	PRESCOTT	315	0.001	2,629	(59)	-2.25%
3603	WAITSBURG	1210	0.001	10,100	(227)	-2.25%
3604	WALLA WALLA CITY	29550	0.001	246,651	(5,553)	-2.25%
	<b>Total Criminal Justice Tax</b>	<b>55,400</b>		<b>513,797</b>	<b>(11,567)</b>	
WHATCOM COUNTY						
3700	WHATCOM COUNTY	76718	0.001	1,108,136	80,293	7.25%
3701	BELLINGHAM	69260	0.001	800,714	58,018	7.25%
3702	BLAINE	3975	0.001	45,955	3,330	7.25%
3703	EVERSON	2015	0.001	23,295	1,688	7.25%
3704	FERNDALE	8925	0.001	103,182	7,476	7.25%
3705	LYNDEN	9380	0.001	108,442	7,857	7.25%
3706	NOOKSACK	920	0.001	10,636	771	7.25%
3707	SUMAS	1007	0.001	11,642	844	7.25%
	<b>Total Criminal Justice Tax</b>	<b>172,200</b>		<b>2,212,002</b>	<b>160,277</b>	
WHITMAN COUNTY						
3800	WHITMAN COUNTY	6348	0.001	75,365	(1,444)	-1.92%
3801	ALBION	610	0.001	4,234	(81)	-1.92%
3802	COLFAX	2820	0.001	19,572	(375)	-1.92%
3803	COLTON	385	0.001	2,672	(51)	-1.92%
3804	ENDICOTT	350	0.001	2,429	(47)	-1.92%
3805	FARMINGTON	150	0.001	1,041	(20)	-1.92%
3806	GARFIELD	625	0.001	4,338	(83)	-1.92%
3807	LA CROSSE	370	0.001	2,568	(49)	-1.92%
3808	LAMONT	105	0.001	729	(14)	-1.92%
3809	MALDEN	215	0.001	1,492	(29)	-1.92%
3810	OAKESDALE	420	0.001	2,915	(56)	-1.92%
3811	PALOUSE	1005	0.001	6,975	(134)	-1.92%
3812	PULLMAN	24910	0.001	172,882	(3,313)	-1.92%
3813	ROSALIA	645	0.001	4,476	(86)	-1.92%
3814	ST. JOHN	497	0.001	3,449	(66)	-1.92%
3815	TEKOA	820	0.001	5,691	(109)	-1.92%
3816	UNIONTOWN	325	0.001	2,256	(43)	-1.92%
	<b>Total Criminal Justice Tax</b>	<b>40,600</b>		<b>313,083</b>	<b>(6,000)</b>	
YAKIMA COUNTY						
3900	YAKIMA COUNTY	87674	0.001	972,211	(23,396)	-2.41%
3901	GRANDVIEW	8415	0.001	72,609	(1,747)	-2.41%

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3902	GRANGER	2645	0.001	22,822	(549)	-2.41%
3903	HARRAH	621	0.001	5,358	(129)	-2.41%
3904	MABTON	1885	0.001	16,265	(391)	-2.41%
3905	MOXEE CITY	835	0.001	7,205	(173)	-2.41%
3906	NACHES	705	0.001	6,083	(146)	-2.41%
3907	SELAH	6370	0.001	54,964	(1,323)	-2.41%
3908	SUNNYSIDE	13970	0.001	120,541	(2,901)	-2.41%
3909	TIETON	1185	0.001	10,225	(246)	-2.41%
3910	TOPPENISH	8975	0.001	77,441	(1,864)	-2.41%
3911	UNION GAP	5650	0.001	48,751	(1,173)	-2.41%
3912	WAPATO	4500	0.001	38,828	(934)	-2.41%
3913	YAKIMA CITY	79120	0.001	682,689	(16,429)	-2.41%
3914	ZILLAH	2450	0.001	21,140	(509)	-2.41%
	<b>Total Criminal Justice Tax</b>	<b>225,000</b>		<b>2,157,132</b>	<b>(51,910)</b>	

**CORRECTIONAL FACILITY  
(JUVENILE DETENTION) LOCAL SALES TAX  
Calendar Year 2002 – Changes from Sourcing**

This is an optional 0.1 percent sales tax for counties with populations less than one million to fund juvenile detention facilities and jails. Voters within the county must approve the tax. The Department's 1 percent administration fee is deducted in the calculation.

Location Code	Location	Juvenile Detention Tax Rate	Total Juvenile Detention Tax Less 1% State Administration Fee on CY02 TRS	Total Juvenile Detention Tax Less 1% State Administration Fee on Gain or Loss	Gain/Loss as a Percent of CY02 Regular Local Tax
300	BENTON COUNTY	0.001	1,897,637	(85,422)	-4.50%
1100	FRANKLIN COUNTY	0.001	677,509	(7,956)	-1.17%
1500	ISLAND COUNTY	0.001	583,854	18,739	3.21%
1800	KITSAP COUNTY	0.001	2,575,447	102,413	3.98%
1900	KITTITAS COUNTY	0.001	407,420	6,648	1.63%
2100	LEWIS COUNTY	0.001	1,034,289	(5,405)	-0.52%
2300	MASON COUNTY	0.001	363,008	23,893	6.58%
2700	PIERCE COUNTY	0.001	8,760,555	182,576	2.08%
2800	SAN JUAN COUNTY	0.001	277,344	11,589	4.18%
3200	SPOKANE COUNTY	0.001	5,516,451	(95,012)	-1.72%
3400	THURSTON COUNTY	0.001	2,901,703	(42,508)	-1.46%
3600	WALLA WALLA COUNTY	0.001	513,797	(11,567)	-2.25%

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**PUBLIC TRANSPORTATION BENEFIT  
AREAS (TRANSIT) LOCAL SALES TAX  
Calendar Year 2002 – Changes from Sourcing**

The Department's 1 percent administration fee is deducted in the calculation.

Location	Transit Tax Rate	Transit Tax Less 1% State Administration Fee on CY02 TRS	Transit Tax Less 1% State Administration Fee on Gain or Loss	Gain/Loss as a Percent of CY02 Transit Tax
Benton-Franklin PTBA	0.006	14,897,428	(583,012)	-3.91%
Chelan-Douglas PTBA	0.004	5,267,915	(119,123)	-2.26%
Clallam County PTBA	0.006	4,178,516	139,825	3.35%
Clark County PTBA	0.003	10,365,956	197,205	1.90%
Cowlitz County PTBA	0.001	876,397	2,618	0.30%
Everett PTBA	0.003	6,108,463	(587,511)	-9.62%
Grant County PTBA	0.002	1,439,550	(34,305)	-2.38%
Grays Harbor County	0.006	4,806,864	(385,691)	-8.02%
Island County PTBA	0.006	3,503,124	112,437	3.21%
Jefferson County PTBA	0.006	1,608,996	111,282	6.92%
King County	0.008	275,545,736	(2,974,793)	-1.08%
Kitsap County PTBA	0.008	20,603,577	819,307	3.98%
Lewis County PTBA	0.001	517,847	24,763	4.78%
Mason County PTBA	0.006	2,178,045	143,356	6.58%
Pacific County PTBA	0.003	423,835	76,403	18.03%
Pierce County PTBA	0.006	50,687,516	881,655	1.74%
Skagit PTBA	0.002	3,326,239	28,698	0.86%
Snohomish County PTBA	0.009	48,440,648	3,355,729	6.93%
Spokane County PTBA	0.003	15,898,518	(292,130)	-1.84%
Thurston County PTBA	0.006	14,893,868	(432,015)	-2.90%
Walla Walla County PTBA	0.003	1,370,040	(41,809)	-3.05%
Whatcom County PTBA	0.006	13,095,637	962,167	7.35%
Yakima (City)	0.003	3,579,413	(119,341)	-3.33%

**REGIONAL TRANSIT AUTHORITY LOCAL SALES TAX  
Calendar Year 2002 – Changes from Sourcing**

Pursuant to statute, the Department administers this tax at no charge.

Location	RTA Rate	RTA Tax on CY02 TRS	RTA Tax on Gains or Losses in RTA Area	Gain/Loss as a Percent of CY02 Regular Local Tax
Snohomish County	0.004	6,360,110	898,599	
King Total	0.004	38,029,067	(1,446,665)	



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Pierce County	0.004	9,175,883	719,289	
<b>Total RTA</b>		<b>53,565,059</b>	<b>171,223</b>	<b>0.32%</b>

### PUBLIC FACILITY DISTRICTS & REGIONAL CENTERS Calendar Year 2002 – Changes from Sourcing

RCW 82.14 provides for an additional 0.2 percent local sales tax to be used for acquisition, construction, and operation of public facilities. The Department's 1 percent administrative fee is deducted in the calculation. This tax has been imposed only in Spokane County to finance the Spokane arena.

PFD	PFD Tax Rate	PFD Tax Less 1% State Administration Fee on CY02 TRS	PFD Tax Less 1% State Administration Fee on Gain or Loss	Gain/Loss as a Percent of CY02 PFD Tax
Spokane Co. (sports & entertainment arena)	0.001	5,516,451	(95,012)	-1.72%

RCW 82.14.390 established a new local sales/use tax of up to 0.033 percent to finance regional centers. This tax is not an additional tax for consumers, and does not change the overall retail sales/use tax rate. Receipts are credited against the state 6.5 percent tax.

Regional Center	Regional Centers Tax Rate	Regional Center Tax on CY02 TRS	Regional Center Tax on Gain or Loss	Gain/Loss as a Percent of CY02 Regional Center Tax
Benton County (Regional Center)	0.00033	37,899	7,320	19.31%
Capital Area Regional Center	0.00033	930,876	(14,279)	-1.53%
Clark County (regional center)	0.00033	516,743	15,700	3.04%
Cowlitz County (conf./spc. events center )	0.00033	374,271	7,623	2.04%
Edmonds (regional center)	0.00033	153,650	21,732	14.14%
Everett (regional center)	0.00033	678,718	(65,279)	-9.62%
Grays Harbor County (Convention Center)	0.00033	267,048	(21,427)	-8.02%
Kennewick (regional center)	0.00033	380,351	(30,477)	-8.01%
Kitsap County (Conference/Special Event Center)	0.00033	858,482	34,138	3.98%
Pasco (Regional Center)	0.00033	203,800	(6,241)	-3.06%
Prosser (convention/conf./spc. event center)	0.00033	23,264	(1,042)	-4.48%
Richland (Regional Center)	0.00033	191,032	(4,274)	-2.24%
Skagit County (perf. arts/conference center)	0.00033	588,660	7,370	1.25%
Snohomish County (regional center)	0.00033	1,208,558	169,692	14.04%

**Department of Revenue SSTA Sourcing Study**

South Snohomish (Lynnwood convention center)	0.00033	553,862	(49,914)	-9.01%
Spokane County (convention center)	0.00033	1,838,817	(31,671)	-1.72%
Tacoma Regional (convention center)	0.00033	1,606,267	(23,837)	-1.48%
Vancouver (Conference Center)	0.00033	635,030	6,211	0.98%
Whatcom County (regional center )	0.00033	737,334	53,426	7.25%
Yakima Regional (regional center)	0.00033	512,309	(23,571)	-4.60%
<b>Total</b>			<b>51,199</b>	

**METRO PARKS FACILITIES  
Calendar Year 2002 – Changes from Sourcing**

Pursuant to statute, the Department’s 1 percent administrative fee is provided to the Department of Community, Trade and Economic Development.

Jurisdiction	Tax Rate	Pierce County Metro Park Tax on CY02 TRS Less 1% Administration Fee Distributed to CTED	Pierce County Metro Park Tax on Gains or Losses Less 1% Administration Fee Distributed to CTED	Gain/Loss as a Percent of CY02 Pierce County Metro Park Tax
<b>Total</b>	0.001	8,760,555	182,576	2.08%

**KING COUNTY BASEBALL STADIUM  
Calendar Year 2002 – Changes from Sourcing**

Jurisdiction	Tax Rate	King County Baseball Stadium Tax on CY02 TRS	King County Baseball Stadium Tax on Gains or Losses	Gain/Loss as a Percent of CY02 Baseball Stadium Tax
<b>Total</b>	0.00017	5,914,492	(63,853)	-1.08%

**KING COUNTY FOOTBALL STADIUM  
Calendar Year 2002 – Changes from Sourcing**

Jurisdiction	Tax Rate	King County Football Stadium Tax on CY02 TRS	King County Football Stadium Tax on Gains or Losses	Gain/Loss as a Percent of CY02 Football Stadium Tax
<b>Total</b>	0.00016	5,566,581	(60,097)	-1.08%

**APPENDIX B**

**ONE PERCENT FEES FOR ADMINISTRATION OF  
LOCAL SALES AND USE TAX, FISCAL YEAR 2003\***

Estimated by Location  
(Prepared by DOR)

<b>Location</b>	<b>Total Estimated Fees</b>	<b>Location</b>	<b>Total Estimated Fees</b>
Adams County	\$5,730	Clark County	\$226,610
Hatton	45	Battle Ground	14,388
Lind	603	Camas	14,814
Othello	8,981	La Center	1,537
Ritzville	2,420	Ridgefield	4,013
Washtucna	121	Vancouver	\$110,993
Asotin County	2,939	Washougal	9,399
City of Asotin	280	Yacolt	477
Clarkston	5,101	Columbia County	1,005
Benton County	93,186	Dayton	1,851
Benton City	2,095	Starbuck	16
Kennewick	113,005	Cowlitz County	36,068
Prosser	6,908	Castle Rock	2,441
Richland	64,218	Kalama	1,897
West Richland	4,453	Kelso	20,312
Chelan County	55,191	Longview	62,150
Cashmere	2,062	Woodland	7,333
City of Chelan	6,311	Douglas County	18,035
Entiat	450	Bridgeport	530
Leavenworth	7,096	East Wenatchee	16,754
Wenatchee	53,849	Mansfield	199
Clallam County	43,641	Rock Island	339
Forks	3,303	Waterville	557
Port Angeles	25,623	Ferry County	2,146
Sequim	12,395	Republic	1,092

\* Includes Basic/Optional, Criminal Justice, Juvenile Detention, Public Facility Districts in Spokane/King Counties, and County Rental Car Tax Distributions. Does not include distributions of transit tax, Pierce County zoo/aquarium tax, nor Emergency Communications tax.

**Department of Revenue SSTA Sourcing Study**

<b>Location</b>	<b>Total Estimated Fees</b>	<b>Location</b>	<b>Total Estimated Fees</b>
Franklin County	27,229	Island County	46,151
Connell	1,847	Coupeville	2,850
Kahlotus	76	Langley	2,515
Mesa	464	Oak Harbor	26,035
Pasco	61,310		
		Jefferson County	19,515
Garfield County	519	Port Townsend	13,669
Pomeroy	1,183		
		King County	1,019,345
Grant County	\$33,190	Algona	2,998
Coulee City	490	Auburn	135,082
Electric City	241	Beaux Arts Village	366
Ephrata	9,615	Bellevue	391,134
George	356	Black Diamond	2,503
Grand Coulee	1,876	Bothell	\$85,590
Hartline	46	Burien	44,155
Krupp	9	Carnation	2,770
Mattawa	1,317	Clyde Hill	2,106
Moses Lake	33,818	Covington	14,192
Quincy	5,149	Des Moines	19,678
Royal City	1,078	Duvall	5,851
Soap Lake	607	Enumclaw	19,951
Warden	1,223	Federal Way	123,217
Wilson Creek	103	Hunts Point	1,340
		Issaquah	90,735
Grays Harbor County	34,311	Kenmore	14,941
Aberdeen	33,771	Kent	203,439
Cosmopolis	1,502	Kirkland	123,110
Elma	4,106	Lake Forest Park	7,508
Hoquiam	6,257	Maple Valley	16,827
McCleary	1,201	Medina	12,769
Montesano	3,930	Mercer Island	41,202
Oakville	410	Newcastle	9,066
Ocean Shores	6,046	Normandy Park	4,243
Westport	2,441		

**Department of Revenue SSTA Sourcing Study**

<b>Location</b>	<b>Total Estimated Fees</b>	<b>Location</b>	<b>Total Estimated Fees</b>
King County (cont.)		Lewis County (cont.)	
North Bend	13,485	Mossyrock	549
City of Pacific	6,365	Napavine	1,505
Redmond	159,077	Pe Ell	514
Renton	162,401	Toledo	685
Sammamish	27,446	Vader	213
SeaTac	95,128	Winlock	1,113
Seattle	1,253,765		
Shoreline	62,798	Lincoln County	2,648
Skykomish	399	Almira	215
Snoqualmie	9,643	Creston	154
Tukwila	156,115	Davenport	2,156
Woodinville	48,347	Harrington	254
Yarrow Point	1,311	Odessa	966
		Reardan	322
Kitsap County	207,257	Sprague	348
Bainbridge Island	23,671	Wilbur	750
Bremerton	61,536		
Port Orchard	21,991	Mason County	33,165
Poulsbo	22,380	Shelton	16,116
Kittitas County	22,051	Okanogan County	13,970
Cle Elum	4,966	Brewster	2,209
Ellensburg	26,173	Conconully	108
City of Kittitas	575	Coulee Dam	589
Roslyn	632	Elmer City	52
South Cle Elum	146	Nespelem	50
		City of Okanogan	3,382
Klickitat County	5,307	Omak	9,537
Bingen	597	Oroville	1,995
Goldendale	4,684	Pateros	390
White Salmon	1,142	Riverside	153
		Tonasket	1,923
Lewis County	64,827	Twisp	1,681
Centralia	21,843	Winthrop	1,799
Chehalis	27,271		
Morton	2,428		

**Department of Revenue SSTA Sourcing Study**

<b>Location</b>	<b>Total Estimated Fees</b>	<b>Location</b>	<b>Total Estimated Fees</b>
Pacific County	9,269	San Juan County	30,542
Ilwaco	1,394	Friday Harbor	7,864
Long Beach	3,051		
Raymond	2,517	Skagit County	\$67,357
South Bend	1,030	Anacortes	26,371
		Burlington	56,184
Pend Oreille County	3,791	Concrete	717
Cusick	142	Hamilton	152
Ione	303	La Conner	3,737
Metaline	84	Lyman	307
Metaline Falls	261	Mount Vernon	46,955
Newport	2,591	Sedro Woolley	11,315
Pierce County	429,310	Skamania County	2,001
Bonney Lake	17,778	North Bonneville	813
Buckley	4,355	Stevenson	1,677
Carbonado	212		
Du Pont	4,565	Snohomish County	308,969
Eatonville	3,500	Arlington	32,345
Edgewood	4,974	Brier	1,973
Fife	51,144	Darrington	1,108
Fircrest	2,753	Edmonds	47,422
Gig Harbor	37,035	Everett	198,046
Lakewood	64,650	Gold Bar	1,023
Milton	6,838	Granite Falls	3,735
Orting	3,679	Index	127
Puyallup	129,050	Lake Stevens	6,388
Roy	1,341	Lynnwood	151,679
Ruston	337	Marysville	38,466
South Prairie	379	Mill Creek	14,053
Steilacoom	2,528	Monroe	28,629
Sumner	24,041	Mountlake Terrace	14,474
Tacoma	340,178	Mukilteo	20,760
University Place	18,757	City of Snohomish	19,011
Wilkeson	278	Stanwood	8,728

**Department of Revenue SSTA Sourcing Study**

<b>Location</b>	<b>Total Estimated Fees</b>	<b>Location</b>	<b>Total Estimated Fees</b>
Snohomish County (cont.)		Wahkiakum County	1,437
Sultan	3,014	Cathlamet	714
Woodway	1,123		
Spokane County	\$439,740	Walla Walla County	\$26,700
Airway Heights	4,580	College Place	5,049
Cheney	7,946	Prescott	270
Deer Park	5,034	Waitsburg	642
Fairfield	413	City of Walla Walla	38,337
Latah	148		
Liberty Lake	11,365	Whatcom County	83,707
Medical Lake	2,295	Bellingham	150,677
Millwood	2,365	Blaine	8,266
Rockford	427	Everson	1,592
Spangle	461	Ferndale	10,579
City of Spokane	308,421	Lynden	15,996
Spokane Valley	7,243	Nooksack	532
Waverly	64	Sumas	1,002
Stevens County	14,469	Whitman County	9,511
Chewelah	2,487	Albion	140
Colville	12,514	Colfax	3,286
Kettle Falls	1,455	Colton	151
Marcus	26	Endicott	150
Northport	190	Farmington	54
Springdale	253	City of Garfield	253
		La Crosse	309
Thurston County	143,715	Lamont	29
Bucoda	213	Malden	27
Lacey	55,997	Oakesdale	210
Olympia	142,998	Palouse	506
Rainier	971	Pullman	23,805
Tenino	1,434	Rosalia	382
Tumwater	32,463	St. John	599
Yelm	8,279	Tekoa	431
		Uniontown	319

## Department of Revenue SSTA Sourcing Study

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<b>Location</b>	<b>Total Estimated Fees</b>
Yakima County	\$68,937
Grandview	6,955
Granger	907
Harrah	291
Mabton	594
Moxee City	686
Naches	1,231
Selah	6,186
Sunnyside	\$19,582
Tieton	529
Toppenish	5,488
Union Gap	26,768
Wapato	3,323
City of Yakima	116,620
Zillah	2,013
<b>Total</b>	<b>\$10,653,714</b>



APPENDIX C

STREAMLINED SALES TAX SIMPLIFICATION SURVEY

Washington State University

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Social and Economic Sciences Research Center

Wilson Hall 133  
PO Box 644014  
Pullman, WA 99164-4014  
509-335-1511  
Fax 509-335-0116

August 12, 2003

«NAME»

«ADDRESS1»

«CITY», «STATE» «ZIP»

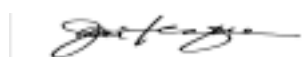
The Washington State Legislature recently passed legislation to adopt some provisions of the national Streamlined Sales and Use Tax Agreement, which provides for a simpler and more uniform sales and use tax structure among states. The legislature has asked the Department of Revenue to contact business and collect information on the fiscal impacts of one part of the agreement that governs how local government sales taxes are collected (also referred to as "sourced"). This information will help the legislature to make an informed decision on this issue. We ask that the person or persons most knowledgeable about sales and delivery issues complete and return this questionnaire. For some businesses, this may be several individuals.

The attached questionnaire contains several questions about business sales that are delivered to Washington customers, from storefronts, from warehouses, and from other sources of delivery. Your business was selected in a scientific sample of several targeted industries. Only a few businesses within each industry will be receiving a survey. Because each business represents many similar Washington businesses, it is important to the accuracy of the survey findings that you return your completed questionnaire. We very much appreciate and need your input on this issue so that the results will accurately reflect the views of all businesses in Washington State.

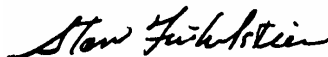
The questionnaires will be returned to and processed by Washington State University. All of the information you provide will be kept strictly confidential. No data will be disclosed that identifies any individual company. A code number is printed on the back page; this is used to check your company off the mailing list when it is returned. We ask that you do not write your name or provide any other identifying information anywhere on the questionnaire.

If you have any questions about the study or your participation, feel free to call Kent Miller at Washington State University at (800) 833-0867 and ask for the **Streamlined Sales Tax Simplification Survey** or send a fax message to him at (509) 335-4688 or an email at [kjmille@wsu.edu](mailto:kjmille@wsu.edu). If you prefer, you may complete the survey via the Internet at <http://sesrc.wsu.edu/SALESTAX/> and enter the ID number («ID») and password («PSWD») to access the questionnaire. Passwords are case sensitive so please enter it exactly as it appears here.

Sincerely,



Executive Director  
Washington Retail Association



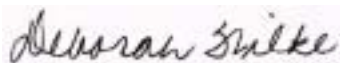
Executive Director  
Association of Washington Cities



Executive Director  
Washington State Association of  
Counties

## Department of Revenue SSTA Sourcing Study

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Executive Director  
Washington Association of County Officials



President  
Association of Washington Business



Chief Executive Officer  
WSA

P.S. This survey has been reviewed and approved by the Washington State University Institutional Review Board. If you have any questions concerning your rights about participating in this project, please contact 509-335-9661 and ask for the IRB Coordinator.

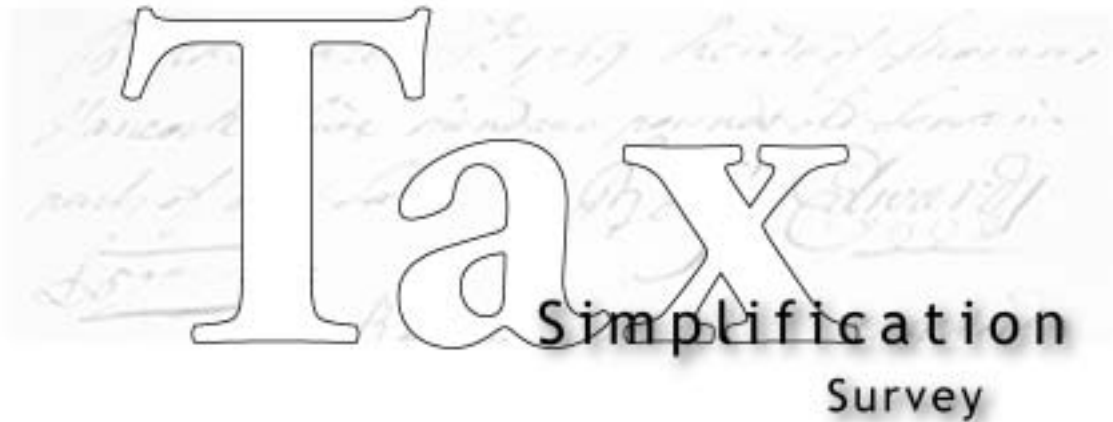
Summer 2003 (8-7-04)

**Department of Revenue SSTA Sourcing Study**

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*WASHINGTON STATE  
DEPARTMENT OF REVENUE*

**Washington State  
Streamlined Sales**



ENDORSED BY:

**WSA**  
**ASSOCIATION OF WASHINGTON BUSINESS**  
**WASHINGTON RETAIL ASSOCIATION**

**Association of Washington Cities**  
**WASHINGTON STATE ASSOCIATION OF COUNTIES**  
**WASHINGTON ASSOCIATION OF COUNTY OFFICIALS**

## SIMPLIFICATION SURVEY

### **Instructions**

*Please answer all questions if at all possible, and it is fine to provide your best estimate if exact figures are not known. All questions refer to the calendar year from January 1, 2002 through December 31, 2002.*

**Q1. There is currently a nationwide effort to reduce the administrative burdens associated with retail sales tax collection. This effort is known as the Streamlined Sales and Use Tax project? How familiar are you with this project?**

- 1 Have not heard of it
- 2 Heard of it but don't know anything about it
- 3 Somewhat familiar with it
- 4 Very familiar with it

**Q2. In your opinion, how complex is Washington State's sales tax system for your business?**

- 1 Not complex at all
- 2 Slightly complex
- 3 Of average complexity
- 4 More than average complexity
- 5 Extremely complex

### **Retail Sales in Washington State**

**Q3. From January 2002 through December 2002, did your business make any retail sales that were subject to Washington State retail sales tax?**

- 1 Yes
- 2 No → SKIP TO Q19 on Page 7

Department of Revenue SSTA Sourcing Study

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These questions refer to the calendar year from January 1, 2002 through December 31, 2002.

**Q4. What PERCENT of the value of your business' total retail sales were made in Washington State, and what percent were Non-Washington sales?**

\_\_\_\_\_ % Washington State retail sales

\_\_\_\_\_ % Non-Washington retail sales

---

100 % TOTAL RETAIL SALES

**Q5. What PERCENT of the value of your business' Washington State retail sales were taxable (that is, subject to retail sales tax) and what percent were exempt from state sales tax?**

\_\_\_\_\_ % Taxable sales in Washington State

\_\_\_\_\_ % Exempt sales in Washington State

---

100 % TOTAL SALES IN WASHINGTON STATE

**Q6. What PERCENT of the value of your business' taxable Washington State retail sales originated in-store, and what percent were made by remote sales, including sales made electronically, by internet, by catalog, or by telephone?**

\_\_\_\_\_ % In-Store Taxable Sales

\_\_\_\_\_ % Remote Taxable Sales

---


100 % TAXABLE SALES IN WASHINGTON STATE

***For the next few questions, the term "in-store" and "storefront" refer to any retail outlet including businesses that operate from a home. The term "delivered" refers to sales that are not physically picked up by customers at a storefront.***

Department of Revenue SSTA Sourcing Study

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**Q7. Did your business make any taxable, IN-STORE sales in Washington State from January through December 2002?**

- 1 Yes
  - 2 No → SKIP TO Q13 on Page 5
- 

**Q8. From January through December 2002, what PERCENT of your business' taxable, in-store (located in Washington State) retail sales were DELIVERED, and what percent were not-DELIVERED?**

\_\_\_\_\_ % Delivered in-store sales

\_\_\_\_\_ % Not-delivered in-store sales

---

100 % TAXABLE SALES MADE IN-STORE

**Q9. Approximately what percent of the value of your business' taxable, in-store, delivered retail sales were delivered within:**

\_\_\_\_\_ % The jurisdiction (either the city limits or unincorporated county) of the storefront

\_\_\_\_\_ % A 5-mile radius surrounding the jurisdiction (either the city limits or unincorporated county) of the storefront

\_\_\_\_\_ % A 10-mile radius surrounding the jurisdiction (either the city limits or unincorporated county) of the storefront

\_\_\_\_\_ % The remainder of the county in which the storefront is located

\_\_\_\_\_ % The remainder of the state of Washington

---

100 % DELIVERED SALES MADE IN-STORE

Department of Revenue SSTA Sourcing Study

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**Q10. Of the delivered, in-store sales, approximately what percent of the value of these sales were delivered from . . .**

\_\_\_\_\_ % Warehouses

\_\_\_\_\_ % Storefronts located in Washington State

\_\_\_\_\_ % Other Locations (e.g. direct from a factory)

---

100 % DELIVERED SALES MADE IN-STORE

*If YOUR BUSINESS DOES NOT HAVE A WAREHOUSE, OR IF NONE OF YOUR SALES WERE DELIVERED FROM A WAREHOUSE, THEN -> SKIP TO Q13*

**Q11. Of the in-store sales that were delivered FROM A WAREHOUSE, approximately what percent of the value of these sales were delivered from**

...

\_\_\_\_\_ % Your own warehouse located in Washington State

\_\_\_\_\_ % A leased warehouse located in Washington State

\_\_\_\_\_ % A warehouse located outside of Washington State

---

100 % SALES DELIVERED FROM A WAREHOUSE

**Q12. Of the in-store sales that were delivered FROM ANY IN-STATE WAREHOUSE (owned or leased), approximately what percent of the value of these sales were delivered within the city limits of the location of the warehouse, and what percent were delivered outside those city limits?**

\_\_\_\_\_ % Delivered within the city limits of any warehouse located in Washington State

\_\_\_\_\_ % Delivered outside the city limits of any warehouse located in Washington State

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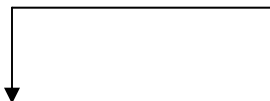
100 % SALES DELIVERED FROM A WAREHOUSE LOCATED IN WASHINGTON STATE

Department of Revenue SSTA Sourcing Study

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*The next few questions are only about the taxable retail sales that your business made REMOTELY, INCLUDING SALES ORIGINATED ELECTRONICALLY, by INTERNET, by TELEPHONE, or by CATALOG (in Washington State) from January through December 2002. For each question, please provide your best estimate.*

**Q13. Did your business make any REMOTE sales to Washington State residences from January through December 2002?**

- 1 Yes  
2 No                      SKIP TO Q17 on Page 6
- 

**Q14. Approximately what percent of your business' total remote taxable retail sales were made to each of the 39 counties in the State?**

<b>West</b>	<b>East</b>
_____ % Clallum	_____ % Adams
_____ % Clark	_____ % Asotin
_____ % Cowlitz	_____ % Benton
_____ % Grays Harbor	_____ % Chelan
_____ % Island	_____ % Columbia
_____ % Jefferson	_____ % Douglas
_____ % King	_____ % Ferry
_____ % Kitsap	_____ % Franklin
_____ % Lewis	_____ % Garfield
_____ % Mason	_____ % Grant
_____ % Pacific	_____ % Kittitas
_____ % Pierce	_____ % Klickitat
_____ % San Juan	_____ % Lincoln
_____ % Skagit	_____ % Okanogan
_____ % Skamania	_____ % Pend Oreille
_____ % Snohomish	_____ % Spokane
_____ % Thurston	_____ % Stevens
_____ % Wahkiakum	_____ % Walla Walla
_____ % Whatcom	_____ % Whitman
	_____ % Yakima

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100 % Total All Counties



Department of Revenue SSTA Sourcing Study

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**Q15. What is the source for the collection of sales taxes on remote sales?**

- 1 Your business headquarters location
  - 2 A warehouse location
  - 3 From each location that a sale is made
  - 4 Some other location (*please describe below*)
- 

**Q16. Approximately what percent of your business' total remote Washington State taxable retail sales were made to households, and what percent were made to businesses?**

\_\_\_\_\_ % Household remote sales

\_\_\_\_\_ % Business remote sales

---

100 % TOTAL REMOTE TAXABLE RETAIL SALES IN  
WASHINGTON STATE

***The next two questions are only about the taxable retail sales made to other businesses REMOTELY, INCLUDING SALES ORIGINATED ELECTRONICALLY OR BY CATALOG (in Washington State)***

**Q17. Did your business make any REMOTE sales to other BUSINESSES in Washington State from January through December 2002?**

- 1 Yes
- 2 No → SKIP TO Q19 on Page 7



**Q18. Approximately what percent of the value of REMOTE Washington taxable retail sales did your business make and deliver to BUSINESSES from January through December 2002 in each of the following major industry groups:**

\_\_\_\_\_ % Agriculture / Forestry / Fishing / Mining

\_\_\_\_\_ % Construction

\_\_\_\_\_ % Manufacturing

\_\_\_\_\_ % Utilities / Transportation

\_\_\_\_\_ % Wholesale / Retail Trade

**Department of Revenue SSTA Sourcing Study**

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\_\_\_\_\_ % Services (including Government)

---

100 % REMOTE SALES MADE TO BUSINESSES

**Q19. Periodically there is a need to collect information from businesses so that Washington State agencies can provide accurate data to legislative requests. As a business owner or manager, to which ONE of the following survey methods do you MOST prefer to respond:**

- 1 A mailed survey
- 2 A telephone survey
- 3 A web survey on the internet
- 4 A face-to-face interview
- 5 No preference or none of these

**Thank you very much for your participation in this survey of sales tax issues. If you have any further comments about this survey, please write them in the space below.**

**Please return your questionnaire in the enclosed envelope to:**

**Social & Economic Sciences Research Center  
Washington State University  
PO Box 1801  
Pullman, WA 99164-1801**

## Methodology for Calculating Sourcing Losses and Gains in Each Jurisdiction

For both the losses and gains estimates, we will use survey data. The survey will be stratified by nine industries in Eastern and Western Washington. In addition to the nine industries listed below, we will sample all other retailers, stratified by size (small, medium and large, depending on industry). We may also sample other non-retail businesses that collect retail sales taxes. A random sample of 100 will be surveyed in each of the strata, therefore we will send out about 3,200 surveys. We expect to get a 50 percent response rate. WSU survey center will administer the survey.

More detailed destination data will be gathered from a small number of very large e-tailers.

The industries are:

<u>NAIC</u>	<u>Description</u>
3222	Converted paper product manufacturing
323	Printing and related support activities
42	Wholesale Trade
442	Furniture and home furnishing stores
443	Electronics and appliance stores
45321	Office supplies and stationary stores
454	Non-store retailers
493	Transportation and Warehousing
452	General Merchandise Stores (including Department Stores)
Various	Other retailers (sample 100 each large, medium, small, leave out small for some SICs)
Various	Other non-retail SICs paying on line 45

### Losses

Analysis of the data will be done for 3 groups: electronic sales (delivered from warehouse or Headquarters), sales from store-fronts, and sales made at store-fronts and delivered from warehouses. This allocation of types of sales will come from the survey.

#### *Remote Sales*

All remote sales will be included as a loss. (The portion of electronic sales delivered in the jurisdiction of delivery will be allocated back by formula).

Statewide remote sales will be estimated by industry by multiplying the average percentage of electronic sales for each industry by taxable retail sales for that industry. The statewide industry amount will be allocated to jurisdictions based on the location of either headquarters or warehouses for that industry. Survey data will indicate, by industry, the percentage of sales currently sourced to warehouses vs. headquarters. DOR and employment security data will indicate the taxable retail sales (TRS) in each jurisdiction associated with headquarters or warehouses.

## Department of Revenue SSTA Sourcing Study

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### *Sales Originated In-Store*

Subtract Remote sales (estimated as described above) from TRS statewide to equal Storefront TRS.

### Distributed from Warehouse

Multiply Storefront TRS for each industry by the percent delivered and the percent delivered from a warehouse (from Survey data). Allocate each industry's storefront-originated deliveries from warehouses using DOR and Employment Security data describing location of and TRS associated with warehouses.

### Distributed from Storefront

Same methodology as outlined above only using the percent delivered from a storefront and the TRS associated with storefronts.

## **Gains**

### **Remote sales**

#### *Sales to Business*

Divide the total loss due to remote sales into business and household sales (using survey data). Use survey data to allocate sales to counties. Use survey data on sales to industries and employment data by industry to allocate to jurisdictions within each county.

#### *Sales to Households*

Using survey data we will calculate the amount of sales made to households by industry. The industry sales will be summed for each county to calculate total sales to households. The total sales to households will be allocated to each jurisdiction using jurisdiction level income from the 2000 census.

Detailed information on location of customers from a small number of very large remote sellers may be incorporated into the allocation. The location information may assist us in making more precise allocations, for example, to urban vs. rural areas.

#### *In-Store Sales*

Using survey data on destination of sales, we will estimate the probability that sales will be delivered within X miles of each warehouse or storefront and therefore allocate dollars. Census track level income data will also be used to allocate the dollars. We will use GIS to sum the dollars by jurisdiction.

## APPENDIX D

### STREAMLINED SOURCING DISCUSSION QUESTIONS – MITIGATION OPTIONS

(Prepared by DOR, August 2003)

#### 1. What is the purpose of mitigation?

- To make each jurisdiction “whole” from shifts in revenues due to sourcing changes?
  - 100% or partial
- To provide short term relief from shifts?
  - 100% or partial

#### 2. How long will mitigation last?

- Permanent
- Temporary
  - Same amount each year or decrease over time?

#### 3. What is the source of mitigation funds?

- State funds
  - Appropriation
  - New tax
  - Increase state RST to 6.6%, decrease locals by 0.1%
  - Additional revenues due to streamlining changes
- Local funds
  - Raise DOR administrative fee
  - Redistribute shifts in revenues (gains)
  - New tax
  - Use existing capacity
  - Remove restrictions on local RST
- Will demographics of winners/losers change source of funds?

#### 4. Who should receive mitigation?

- What is the measurement for determining who receives funds?
  - Determine a threshold of loss
  - Based on RST collected
  - Based on % of jurisdiction budget
- Should the thresholds/measurements differ? E.g. small, large, urban, rural

**5. How to distribute funds?**

- Formula
  - Static
  - Changing over time – population, retail base, annexations, incorporations, tax capacity
- Baseline
  - Survey?
  - Losses?

APPENDIX E

**STATE LEGISLATIVE STATUS OF STREAMLINED SALES AND USE TAX AGREEMENT**  
 (Prepared by SSTP, October 2, 2003)

In early 2000, representatives of state government and the business community formed the Streamlined Sales Tax Project (SSTP) to develop measures to design, test, and implement a sales and use tax system that radically simplifies sales and use taxes. On November 12, 2002, 34 states and the District of Columbia involved in the Streamlined Sales Tax Implementing States (SSTIS) process approved the Streamlined Sales and Use Tax Agreement based upon recommendations put forth by the SSTP. In early 2003, state legislatures began the process of introducing legislation aimed at conforming their state sales and use tax statutes to the Agreement. The Agreement goes into effect when 10 states comprising at least 20 percent of the population of states imposing sales tax have come into compliance. However, collection by sellers of sales and use taxes on remote sales remains voluntary under the Agreement until either Congress or the Supreme Court acts to make this collection mandatory.

	State	Bill Number(s) and Sponsors	Legislative Status	Intent of Legislation	Effective Date
◆	Alabama	HB 694 introduced by Rep. Graham		Legislation brings state into compliance with the SSTIS Agreement	
	Alaska	HB 293 introduced in the House		Legislation establishes a state sales tax and brings the state into compliance with the SSTIS Agreement	
♥	Arizona				
♣	Arkansas	SB 483 introduced by members of the Senate Finance and Taxation Committee on 02/28/03	SB 483 signed into law by Gov. Huckabee on 04/11/03	Legislation would conform the state's sales and use tax statutes to the SSTIS Agreement	

♣ In compliance with SSTIS      ◆ Participated in the negotiations of the SSTIS      ♥ Participating state in the SSTP      ♠ Does not impose sales tax

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	State	Bill Number(s) and Sponsors	Legislative Status	Intent of Legislation	Effective Date
♥	California	SB 157 introduced by Sen. Bowen on 02/11/03	SB 157 approved by Senate on 06/05/03; approved by Assembly on 09/08/03; signed into law on 10/09/03	Legislation would make California a participating state in the SSTIS	
	Colorado				
♥	Connecticut	SB 328, introduced by Sen. Crisco on 01/21/03	Legislation referred to Joint Committee on Finance and Revenue	Legislation endorses the SSTIS Agreement	
	Delaware	NO SALES TAX			
◆	District of Columbia		The District of Columbia City Council passed a resolution in 2002 to bring the majority of the city's sales tax statutes into compliance with the terms of the SSTIS Agreement		
◆	Florida	S 1776 introduced by Senate Finance and Taxation Committee	S 1776 reported from Senate Finance Committee on 03/27/03; legislature adjourned prior to House taking action on the legislation	Legislation brings the state into compliance with the Agreement	
	Georgia				
◆	Hawaii	HB 1226 introduced by Rep. Say on 01/23/03 and SB 1397 introduced by Sen. Bunda on 01/22/03	Legislation signed into law by Gov. Lingle on 06/16/03	Legislation allows Hawaii to become a member of the SSTIS	06/01/03

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	<b>State</b>	<b>Bill Number(s) and Sponsors</b>	<b>Legislative Status</b>	<b>Intent of Legislation</b>	<b>Effective Date</b>
	Idaho	S 1193 was introduced in the Idaho Senate on 04/24/03	S 1193 referred to Senate Local Government and Taxation Committee but failed to win approval by the Committee on 05/02/03	Legislation authorizes the Tax Commission to enter into the SSTIS Agreement and make the proposed statutory changes to the state's laws	
◆	Illinois	SB 631 introduced by Sens. Welch and Rauschenberger; HB 848, 849, 850, 851 introduced by Reps. Madigan and Currie	SB 631 approved by Senate on 03/25/03; House measures approved on 04/03/03	Legislation will bring state into compliance with the SSTIS Agreement	
♣	Indiana	SB 465 introduced by Sen. Borst and sponsored by Rep. Welch; HB 1815 introduced by Rep. Crawford and sponsored by Sen. Borst	HB 1815 signed into law by Gov. O'Bannon on 05/08/03	Legislation amends current Indiana statutes to conform the state's laws to the SSTIS Agreement	01/01/04
♣	Iowa	SB 1200 introduced by Sen. McKibben	House and Senate concurred on conforming legislation during special session; legislation sent to Gov. Vilsack for signature	Legislation would bring state into compliance with the SSTIS Agreement	07/01/04
♣	Kansas	SB 192 introduced by Sen. Corbin; HB 2264 introduced by the Committee on Taxation	Legislation signed into law by Gov. Sebelius on 05/21/03	Legislation would bring the state into compliance with the SSTIS Agreement	07/01/03
♣	Kentucky	HB 293 introduced by Reps. Moberly and Belcher on 01/07/03	HR 293 signed by Gov. Patton on 03/18/03	Conforms Kentucky statutes to the SSTIS Agreement; legislation also provides for a sales tax holiday in August 2003	07/01/04

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	State	Bill Number(s) and Sponsors	Legislative Status	Intent of Legislation	Effective Date
◆	Louisiana	SB 551, 674, 708, and 719 introduced by Sen. Jones	Legislation approved by Senate on 05/01/03; legislation now pending in the House	Legislation would bring some uniformity to the tax laws of local jurisdictions; some state conformity measures included to bring state into compliance with the SSTIS Agreement	
◆	Maine	HB 552 introduced by Rep. Lemoine on 02/14/03	HB 552 referred to Committee on Taxation on 02/14/03	Legislation would bring state into compliance with the SSTIS Agreement	
◆	Maryland	HB 559 introduced by Del. Hixson, et al.	Passed by the House on 03/21/03; approved by the Senate on 04/03/03; signed by Gov. Ehrlich on 05/13/03	Legislation seeks a report on the statutory changes and costs to the state to come into compliance with the Agreement	
◆	Massachusetts	SB 1949 introduced to make the state an Implementing State	SB 1949 approved by the legislature on 03/05/03	Legislation would make state a member of the SSTIS	
◆	Michigan				
♣	Minnesota	SF 1007, 1008, and 1505; HR 1463; HF 1597	SF 1505 signed into law by Gov. Pawlenty on 05/29/03	Legislation brings Minnesota into compliance with the SSTIS Agreement with the exception of definitions for “prepared food” and “durable medical equipment”	
◆	Mississippi	SB 2089 introduced on 01/24/03	Passed by both the House and Senate on 03/08/03 and signed into law by Gov. Musgrove	Legislation would make Mississippi a member of the SSTIS	

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**Department of Revenue SSTA Sourcing Study**

	<b>State</b>	<b>Bill Number(s) and Sponsors</b>	<b>Legislative Status</b>	<b>Intent of Legislation</b>	<b>Effective Date</b>
◆	Missouri	SB 631 introduced by Sens. Bray, Vogel, and Goode		Legislation would bring the state into compliance with the SSTIS Agreement	
	Montana	NO SALES TAX SB 470 introduced by Sen. Mangan	SB 470 referred to the Committee on Taxation and is scheduled for a hearing on 03/06/03	SB 224 would enact a 4 percent sales and use tax, permit certain sales and use tax exemptions, and recommends that state enter into the SSTIS Agreement	
♣	Nebraska	LB 282 introduced by Sen. Landis on 01/13/03	LB 282 signed by Gov. Johanns on 05/06/03	Legislation bring the state's laws into compliance with the SSTIS Agreement	01/01/04
♣	Nevada	AB 514 introduced by Committee on Taxation	AB 514 signed into law by Gov. Guinn on 06/09/03	Legislation brings state's laws into compliance with the SSTIS Agreement	07/01/03
	New Hampshire	NO SALES TAX			
◆	New Jersey				
	New Mexico	HB 891 introduced by Rep. Taylor		Legislation conforms local sales taxes to SSTIS Agreement	
	New York	S 2850 introduced by Sens. Saland, Bruno, and Spano	SB 2850 approved by Senate on 03/11/03; the language of SB 2850 included 2004 budget bill and approved by the House on 05/02/03; sent to Gov. Pataki for Consideration	Legislation would make the state a member of the SSTIS	

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	State	Bill Number(s) and Sponsors	Legislative Status	Intent of Legislation	Effective Date
♣	North Carolina	SB 99 introduced by Sen. Kerr; HB 44 introduced by Rep. Luebke	HB 397 added additional language necessary to bring state into compliance with the SSTIS Agreement; signed into law by Gov. Easley on 06/03/03	Legislation would make changes to state's statutes into full compliance with the SSTIS Agreement; North Carolina enacted legislation in 2002 to adopt most of the provisions of the SSTIS Agreement	
♣	North Dakota	SB 2095 and 2096 introduced on 01/07/03 by Sen. Cook	SB 2095 and 2096 signed by Gov. Hoeven on 04/08/03	Legislation would bring state's laws into compliance with the SSTIS Agreement	12/31/05
♣	Ohio	HB 95	HB 95 includes language to bring Ohio into compliance with the SSTIS Agreement; signed into law by Gov. Taft on 06/26/03		
♣	Oklahoma	HB 1712 introduced on 02/04/03 by Rep. Pope; SB 708 introduced by Sen. Monson on 02/04/03	SB 708 signed into law by Gov. Henry on 06/05/03	Legislation amends statutes and brings Oklahoma into compliance with the SSTIS Agreement	11/01/03
	Oregon	NO SALES TAX HB 3500 and 3608 introduced by Rep. Hansen and Revenue Committee	Hearing held on HB 3500 on 04/11/03	Legislation would establish a sales tax system and bring the state into compliance with the SSTIS Agreement	
♥	Pennsylvania				
♦	Rhode Island				
♦	South Carolina				

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	State	Bill Number(s) and Sponsors	Legislative Status	Intent of Legislation	Effective Date
♣	South Dakota	SB 76 introduced on 01/24/03 by the Committee on State Affairs	SB 76 signed into law by Gov. Rounds on 03/06/03	Legislation brings the state into compliance with the SSTIS Agreement	01/01/04
♣	Tennessee	SB 899 introduced by Sen. Clabough; HB 823 introduced by Rep. Head	SB 899 signed by Gov. Bredeson on 06/16/03	Legislation brings the state into compliance with the SSTIS Agreement	
♣	Texas	SB 823 introduced by Sens. Fraser and VandePutte; HB 3143 introduced by Rep. Wilson	HB 2425 signed by Gov. Perry on 06/20/03; Several provisions effective on 10/01/03; other provisions become effective on 07/01/04	Legislation would bring the state into compliance with the SSTIS Agreement	10/01/03 07/01/04
♣	Utah	SB 147 introduced on 02/03/03 by Sen. Hillyard	SB 147 signed into law on 03/24/03 by Gov. Leavitt	Legislation would bring the state into compliance with the SSTIS Agreement	01/01/04
♣	Vermont	HB 480 introduced and referred to Appropriations Committee	HB 480 signed by Gov. Douglas on 06/18/03	Legislation would bring the state into compliance with the SSTIS Agreement	
♦	Virginia	SJR 347 introduced on 01/08/03 by Sen. Hanger and HJR 657 introduced on 01/08/03 by Rep. Watts	SJR 347 referred to Senate Rules Committee; JFR 657 approved by the House Rules Committee on 01/28/03	SJR 347 and HJR 657 would create a joint study committee to review the impact of the SSTIS Agreement on the state and make recommendations regarding whether the state should conform its laws to the Agreement	

♣ In compliance with SSTIS      ♦ Participated in the negotiations of the SSTIS      ♥ Participating state in the SSTP      ♠ Does not impose sales tax

## Department of Revenue SSTA Sourcing Study

	State	Bill Number(s) and Sponsors	Legislative Status	Intent of Legislation	Effective Date
♣	Washington	SB 5783 introduced by Sen. Finkbeiner on 02/12/03; HB 1863 introduced by Rep. Gombosky on 02/12/03	Legislation signed into law by Gov. Locke on 05/12/03	Legislation brings majority of state's statutes into compliance with the SSTIS Agreement	
♣	West Virginia	HB 3014	HB 3014 signed into law by Gov. Wise on 03/14/03	Legislation authorizes the Revenue Commissioner to enter the state into the Agreement and make any changes to the state's statutes to conform to the Agreement	01/01/04
♦	Wisconsin	AB 547 introduced by Rep. Lehman and SB 267 introduced by Sen. R. Brown on 10/02/03	Hearing scheduled for 10/06/03	Legislation would bring the state into compliance with the SSTIS Agreement	07/01/04
♣	Wyoming		Wyoming enacted legislation in 2002 to bring the state into compliance with the SSTIS		

♣ In compliance with SSTIS      ♦ Participated in the negotiations of the SSTIS      ♥ Participating state in the SSTP      ♠ Does not impose sales tax

**APPENDIX F**

**OTHER STATES DESTINATION-BASED SOURCING STATUS  
STATE SALES TAX SOURCING STATUS  
(Prepared by Kansas State DOR)**

<b>State</b>	<b>Sales Tax Sourcing Status</b>
Alabama	already a destination-based sourcing state. However, sales tax in Alabama is locally administered, which is not in compliance with the Streamlined Sales Tax Agreement, so they have no Streamlined Sales Tax Agreement-conforming legislation yet.
Arizona	is an origin-based sourcing state. They do have several local taxing jurisdictions. They do not have any Streamlined Sales Tax Agreement-conforming legislation yet.
Arkansas	currently an origin-based sourcing state (except labor services are sourced to the place where the services are performed). They passed Streamlined Sales Tax Agreement-conforming legislation, effective 1/1/04, including destination sourcing. They have 332 local taxing jurisdictions (including cities and counties). They do not tax newspaper and magazine subscriptions. Their revenue department is gearing up for implementation of destination sourcing, and they anticipate a lot of complaints.
California	is an origin-based sourcing state. They do have several local taxing jurisdictions. They do not have any Streamlined Sales Tax Agreement-conforming legislation and have only recently become involved in the Project.
Colorado	Not participating in the Streamlined Sales Tax Project. Colorado is already a destination-based sourcing state. Colorado also has locally administered local sales taxes, which would not be in compliance with the Agreement, were it to attempt to join.
Connecticut	is a destination-based sourcing state. They have no local sales tax. They have not passed Streamlined Sales Tax-conforming legislation yet.
Florida	has been a destination sourcing state since the 1980's, when local option sales taxes were first introduced. Florida has not enacted Streamlined Sales Tax Agreement-conforming legislation yet.
Georgia	a destination sourcing state for many years. However, they only have local county sales taxes, with 159 counties and mandate only 1 of 3 different rates can be used. They have not adopted Streamlined Sales Tax Agreement-conforming legislation.
Illinois	currently an origin-based sourcing state, except for purchase orders, for which destination sourcing is used. They have not yet adopted Streamlined Sales Tax Agreement-conforming legislation.
Indiana	has no local sales tax. They adopted Streamlined Sales Tax-conforming legislation effective 1/1/04.

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### Other States Destination-Based Sourcing Status

State	Sales Tax Sourcing Status
Iowa	currently an origin-based state. Iowa has only 50 local county sales taxes. Iowa has adopted Streamlined Sales Tax Agreement-conforming legislation, including destination sourcing, effective 7/1/04.
Kentucky	is a destination-based sourcing state. However, they have no local sales tax.
Louisiana	has been a destination sourcing state for many years. They have not yet adopted Streamlined Sales Tax Agreement-conforming legislation.
Massachusetts	has no local sales tax. They have not passed Streamlined Sales Tax Agreement-conforming legislation yet.
Michigan	is a destination sourcing state already. However, they have no local sales tax.
Minnesota	has been a destination sourcing state for a number of years. They only have 10 cities and 1 county with local sales tax. They have partially adopted Streamlined Sales Tax Agreement-conforming legislation.
Missouri	currently applies destination sourcing only for local use tax; origin sourcing still applies for sales tax. Missouri has not enacted Streamlined Sales Tax Agreement-conforming legislation yet. They will have to adopt destination sourcing to conform with and join the Streamlined Sales Tax Agreement. Missouri also has a large number of local option sales taxes and taxing jurisdictions (over 450), which complicates implementation of destination sourcing.
Nebraska	has been a destination sourcing state since 1967. However, Nebraska has only 129 local city sales taxes and no county sales taxes. Nebraska has adopted Streamlined Sales Tax Agreement-conforming legislation, effective 1/1/04.
Nevada	adopted Streamlined Sales Tax Agreement-conforming legislation effective 7/1/03 (including destination sourcing). Nevada only has about 17 local taxing jurisdictions.
New Jersey	no local sales tax. No Streamlined Sales Tax Agreement-conforming legislation yet.
New York	has used destination sourcing since 1965. They have not adopted Streamlined Sales Tax Agreement-conforming legislation.
North Carolina	adopted destination sourcing in 1/2002. They experienced a large volume of complaints for the first six months, particularly from furniture and appliance dealers and building supply stores, but it has quieted down now. However, North Carolina has only county sales tax, 100 counties, and they all have the same rate – no city sales taxes. Thus, the only issue for them is allocation of the sales tax, not billing problems.
North Dakota	has had destination sourcing for many years, but they have only 1 county local sales tax and 100 city local sales taxes. They adopted Streamlined Sales Tax Agreement-conforming legislation effective 12/31/05.
Ohio	already a destination sourcing state. They passed Streamlined Sales Tax Agreement-conforming legislation effective 1/1/04.



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### Other States Destination-Based Sourcing Status

State	Sales Tax Sourcing Status
Oklahoma	since the 1980's, Oklahoma has used destination sourcing only for mail, phone and Internet purchases. Origin sourcing is used for merchandise purchased in brick and mortar stores – whether delivered or picked up at the store. However, Oklahoma has adopted Streamlined Sales Tax Agreement-conforming legislation effective 11/1/03, which includes full destination sourcing for all transactions. Oklahoma has hundreds of local sales tax jurisdictions and local option sales taxes, complicating implementation of destination sourcing.
Pennsylvania	currently an origin-based sourcing state. They will have to adopt destination sourcing, if they wish to join the Agreement.
Rhode Island	is an origin-based sourcing state. They did not have any local sales taxes until this year, when one was enacted. However, it is to be implemented as a destination-based sourcing sales tax. There are 40 cities.
South Dakota	has had destination sourcing for the past 30 years. They adopted Streamlined Sales Tax Agreement-conforming legislation, effective 1/1/04.
Tennessee	currently an origin-based sourcing state. They adopted Streamlined Sales Tax Agreement-conforming legislation (effective Jan. 04), including destination sourcing. They also have several local taxing jurisdictions and anticipate complaints.
Texas	currently an origin-based state. They passed Streamlined Sales Tax Agreement-conforming legislation that includes only partial destination sourcing, effective 7/1/04. Destination sourcing will apply only to services – not sales of tangible personal property. Texas will not be in compliance until it passes full destination sourcing. Texas has 100 county local sales taxes, 200 city local sales taxes, and 8 special purpose local sales taxes.
Utah	currently an origin-based sourcing state, passed Streamlined Sales Tax Agreement-conforming legislation, which goes into effect on 7/1/04, including destination sourcing. Prior to that legislation, Utah applied destination sourcing only to interstate sales, but origin-based sourcing to intrastate sales. They have 293 local taxing jurisdictions, many of them very small, close together, with Salt Lake City having at least 5 within its borders. They are already experiencing outcry from small businesses and cities/counties concerned about revenue shifts. The legislature is considering origin-based sourcing for a portion of the local sales tax and destination-based sourcing for the rest, in order to accommodate concerns. This would obviously violate the Agreement, were that to occur.
Vermont	is an origin-based sourcing state. However, they have only 2 local sales taxes and no local use tax.
Virginia	is an origin-based sourcing state now. They have 145 taxing jurisdictions. However, the local sales tax rate is the same. They have not passed Streamlined Sales Tax Agreement-conforming legislation yet.

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**Other States Destination-Based Sourcing Status**

<b>State</b>	<b>Sales Tax Sourcing Status</b>
Washington	currently an origin-based sourcing state. They partially adopted Streamlined Sales Tax Agreement-conforming legislation but did not include destination sourcing.
Wisconsin	has been a destination-based sourcing state for some time. However, they also apply nexus at the local taxing jurisdiction level. This may be changed with their Streamlined Sales Tax Agreement legislation.
Wyoming	was the first state to adopt Streamlined Sales Tax Agreement-conforming legislation in 2002, including destination sourcing.

**APPENDIX G**

**ESTIMATE OF REMOTE SALES LOSSES**  
(Prepared by DOR)

Remote sales are sales made by catalog and Internet sellers who have no nexus with Washington State (no legal obligation to collect and remit sales and use taxes to Washington). Washington estimates in 2002 that \$3.1 billion in remote sales are untaxed, which means a loss of approximately \$59 million in tax for all local taxing jurisdictions. These estimated gains would not be realized immediately or in total due to potential de minimus thresholds and/or behavior changes. For the last few years remote sales have been growing by 25 percent, but should taper off. Taxable retail sales have grown at a rate of 4.63 percent per year from 1992 through 2002.

The local taxes have been adjusted for the State’s 1 percent administrative fee, and for the 15 percent county allocation. This display represents the basic and optional portion only.

The remote sales are allocated to each jurisdiction based on census block level household income data. However, Spokane County’s allocation is based on population because census block level data would not reflect the 2003 incorporation of Spokane Valley.

Location	Total Regular Local Tax Rate	Regular Local Tax with 15% Adjustment on Gain or Loss	Regular Local Tax with 15% Adjustment on \$3.1 Billion Local Remote Sales
ADAMS COUNTY	0.01	43,487	28,584
ASOTIN COUNTY	0.005	(127)	29,632
BENTON COUNTY	0.01	41,479	228,165
CHELAN COUNTY	0.01	(149,606)	156,700
CLALLAM COUNTY	0.01	58,260	222,440
CLARK COUNTY	0.008	289,802	803,952
COLUMBIA COUNTY	0.01	6,498	7,743
COWLITZ COUNTY	0.01	275,848	208,710
DOUGLAS COUNTY	0.01	159,497	95,899
FERRY COUNTY	0.01	39,735	22,030
FRANKLIN COUNTY	0.01	92,410	82,248
GARFIELD COUNTY	0.01	19,788	4,698
GRANT COUNTY	0.01	68,756	145,090
GRAYS HARBOR COUNTY	0.01	(378,690)	126,519
ISLAND COUNTY	0.01	71,822	273,447
JEFFERSON COUNTY	0.01	137,485	108,381
KING COUNTY	0.01	643,289	3,722,522
KITSAP COUNTY	0.01	670,302	803,069
KITTITAS COUNTY	0.01	40,676	89,638
KLICKITAT COUNTY	0.005	8,187	36,630

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LEWIS COUNTY	0.01	(271,254)	183,271
LINCOLN COUNTY	0.01	68,178	22,096
MASON COUNTY	0.01	114,921	173,965
OKANOGAN COUNTY	0.01	48,556	92,014
PACIFIC COUNTY	0.01	168,451	61,774
PEND OREILLE COUNTY	0.01	110,275	34,936
PIERCE COUNTY	0.01	3,152,227	1,777,030
SAN JUAN COUNTY	0.01	86,339	92,444
SKAGIT COUNTY	0.01	620,755	291,585
SKAMANIA COUNTY	0.005	6,008	18,677
SNOHOMISH COUNTY	0.01	3,079,692	1,855,796
SPOKANE COUNTY	0.01	(57,897)	702,878
STEVENS COUNTY	0.01	25,913	116,610
THURSTON COUNTY	0.01	1,037,897	673,765
WAHKIAKUM COUNTY	0.01	13,621	14,970
WALLA WALLA COUNTY	0.01	65,900	88,964
WHATCOM COUNTY	0.01	1,866,417	422,750
WHITMAN COUNTY	0.01	8,448	33,092
YAKIMA COUNTY	0.01	114,834	448,544
ABERDEEN	0.01	(99,915)	51,567
AIRWAY HEIGHTS	0.01	(7,062)	16,573
ALBION	0.01	(436)	2,174
ALGONA	0.01	43,882	9,331
ALMIRA	0.01	2,714	997
ANACORTES	0.01	(203,888)	64,012
ARLINGTON	0.01	181,377	44,130
ASOTIN CITY	0.005	31	1,680
AUBURN	0.01	(1,237,424)	152,327
BAINBRIDGE ISLAND	0.01	210,853	148,711
BATTLE GROUND	0.01	76,834	24,139
BEAUX ARTS VILLAGE	0.01	16,965	3,256
BELLEVUE	0.01	(1,420,137)	782,094
BELLINGHAM	0.01	(278,997)	247,914
BENTON CITY	0.01	741	6,856
BINGEN	0.005	(1,180)	767
BLACK DIAMOND	0.01	(372)	20,713
BLAINE	0.01	72,793	14,575
BONNEY LAKE	0.01	76,262	39,214
BOTHELL	0.01	(421,423)	154,469
BREMERTON	0.01	126,465	112,789
BREWSTER	0.01	2,432	3,917
BRIDGEPORT	0.01	2,406	4,208
BRIER	0.01	95,474	34,166
BUCKLEY	0.01	22,749	13,910

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BUCODA	0.01	105	2,145
BURIEN	0.01	340,060	144,664
BURLINGTON	0.01	(682,727)	21,608
CAMAS	0.008	44,244	52,983
CARBONADO	0.01	514	2,440
CARNATION	0.01	(5,172)	8,045
CASHMERE	0.01	9,267	9,903
CASTLE ROCK	0.01	29,438	6,465
CATHLAMET	0.01	4,411	1,883
CENTRALIA	0.01	303,942	45,421
CHEHALIS	0.01	(93,460)	20,998
CHELAN CITY	0.01	22,271	11,569
CHENEY	0.01	23,786	34,193
CHEWELAH	0.01	(27,798)	5,790
CLARKSTON	0.005	(55,953)	10,316
CLE ELUM	0.01	28,686	5,715
CLYDE HILL	0.01	128,231	45,050
COLFAX	0.01	8,422	10,169
COLLEGE PLACE	0.01	(62,804)	20,916
COLTON	0.01	53	1,700
COLVILLE	0.01	(111,619)	18,005
CONCONULLY	0.01	41	637
CONCRETE	0.01	5,766	1,989
CONNELL	0.01	6,219	6,437
COSMOPOLIS	0.01	5,933	5,675
COULEE CITY	0.01	612	1,777
COULEE DAM	0.01	579	3,865
COUPEVILLE	0.01	13,494	6,043
COVINGTON	0.01	186,719	59,188
CRESTON	0.01	2,798	633
CRESTON-GEN-ST	0	-	-
CUSICK	0.01	3,783	472
DARRINGTON	0.01	(1,138)	3,882
DAVENPORT	0.01	53,602	6,696
DAYTON	0.01	2,553	8,224
DEER PARK	0.01	(7,834)	11,030
DES MOINES	0.01	739,852	131,459
DU PONT	0.01	24,543	10,801
DUVALL	0.01	12,876	25,350
EAST WENATCHEE	0.01	(93,525)	20,058
EATONVILLE	0.01	(3,026)	7,486
EDGEWOOD	0.01	273,448	44,607
EDMONDS	0.01	554,167	231,258

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ELECTRIC CITY	0.01	291	3,408
ELLENSBURG	0.01	(7,668)	38,431
ELMA	0.01	(5,615)	7,924
ELMER CITY	0.01	27	927
ENDICOTT	0.01	(48)	862
ENTIAT	0.01	(2,378)	2,535
ENUMCLAW	0.01	(273,981)	44,275
EPHRATA	0.01	(60,896)	23,077
EVERETT	0.01	(1,664,614)	356,073
EVERSON	0.01	4,200	5,405
FAIRFIELD	0.01	(1,556)	2,116
FARMINGTON	0.01	(71)	305
FEDERAL WAY	0.01	609,727	361,549
FERNDALE	0.01	8,432	27,765
FIFE	0.01	(1,063,602)	15,487
FIRCREST	0.01	104,345	30,566
FORKS	0.01	20,824	8,240
FRIDAY HARBOR	0.01	29,549	7,818
GARFIELD	0.01	91	2,152
GEORGE	0.01	299	772
GIG HARBOR	0.01	(85,360)	36,053
GOLD BAR	0.01	9,603	7,130
GOLDENDALE	0.01	(6,650)	4,762
GRAND COULEE	0.01	(15,285)	2,366
GRANDVIEW	0.01	(35,230)	19,926
GRANGER	0.01	3,534	3,982
GRANITE FALLS	0.01	(53,174)	8,057
HAMILTON	0.01	1,170	854
HARRAH	0.01	250	1,349
HARRINGTON	0.01	1,636	1,336
HARTLINE	0.01	95	391
HATTON	0.01	362	246
HOQUIAM	0.01	(211,343)	27,570
HUNTS POINT	0.01	279	9,760
ILWACO	0.01	5,754	3,098
INDEX	0.01	1,088	653
IONE	0.01	2,788	1,198
ISSAQUAH	0.01	(241,411)	73,498
KAHLOTUS	0.01	233	870
KALAMA	0.01	9,882	6,904
KELSO	0.01	253,229	35,178

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KENMORE	0.01	327,657	115,867
KENNEWICK	0.01	(777,171)	214,514
KENT	0.01	(2,252,276)	329,432
KETTLE FALLS	0.01	1,865	4,194
KIRKLAND	0.01	349,866	338,919
KITTITAS CITY	0.01	4,286	2,567
KRUPP	0.01	(13)	144
LA CENTER	0.01	3,212	5,373
LA CONNER	0.01	9,978	3,641
LA CROSSE	0.01	(2,085)	1,189
LACEY	0.01	(558,697)	121,316
LAKE FOREST PARK	0.01	266,414	86,481
LAKE STEVENS	0.01	78,011	29,079
LAKESWOOD	0.01	556,274	231,073
LAMONT	0.01	96	165
LANGLEY	0.01	2,705	4,594
LATAH	0.01	(310)	700
LEAVENWORTH	0.01	11,095	7,421
LIBERTY LAKE	0.01	15,861	16,753
LIND	0.01	(1,082)	1,925
LONG BEACH	0.01	36,872	5,246
LONGVIEW	0.01	(230,973)	122,974
LYMAN	0.01	1,039	1,283
LYNDEN	0.01	(70,993)	36,578
LYNNWOOD	0.01	(1,272,798)	130,494
MABTON	0.01	836	2,835
MALDEN	0.01	271	505
MANSFIELD	0.01	354	1,030
MAPLE VALLEY	0.01	74,302	70,010
MARCUS	0.01	9	308
MARYSVILLE	0.01	320,531	99,789
MATTAWA	0.01	(1,406)	3,673
MCCLEARY	0.01	5,276	3,835
MEDICAL LAKE	0.01	10,681	15,219
MEDINA	0.01	70,836	48,272
MERCER ISLAND CITY	0.01	584,371	230,263
MESA	0.01	(19,274)	1,736
METALINE	0.01	786	391
METALINE FALLS	0.01	1,797	621
MILL CREEK	0.01	295,162	80,694
MILLWOOD	0.01	19,749	5,976
MILTON	0.01	195,991	5,719
MONROE	0.01	(183,300)	46,449
MONTESANO	0.01	23,079	12,685

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MORTON	0.01	529	3,385
MOSES LAKE	0.01	(169,236)	48,518
MOSSYROCK	0.01	1,886	1,106
MOUNT VERNON	0.01	509,144	85,770
MOUNTLAKE TERRACE	0.01	395,852	84,693
MOXEE CITY	0.01	1,778	2,082
MUKILTEO	0.01	369,497	102,842
NACHES	0.01	2,362	1,929
NAPAVINE	0.01	495	4,214
NESPELEM	0.01	3,494	467
NEWCASTLE	0.01	207,985	54,583
NEWPORT	0.01	53,683	5,084
NOOKSACK	0.01	(744)	2,563
NORMANDY PARK	0.01	226,551	42,503
NORTH BEND	0.01	(30,599)	27,011
NORTH BONNEVILLE	0.01	195	1,074
NORTHPORT	0.01	(20)	809
OAK HARBOR	0.01	99,374	65,183
OAKESDALE	0.01	(1,732)	1,376
OAKVILLE	0.01	(577)	1,699
OCEAN SHORES	0.01	22,982	13,959
ODESSA	0.01	10,413	3,158
OKANOGAN CITY	0.01	(383)	6,139
OLYMPIA	0.01	(989,088)	182,797
OMAK	0.01	(127,741)	11,806
OROVILLE	0.01	2,331	3,922
ORTING	0.01	31,361	14,171
OTHELLO	0.01	31,607	12,748
PACIFIC	0.01	13,931	19,663
PALOUSE	0.01	(248)	3,130
PASCO	0.01	(159,144)	84,105
PATEROS	0.01	(593)	1,722
PE ELL	0.01	135	1,606
POMEROY	0.01	1,432	4,621
PORT ANGELES	0.01	59,970	36,382
PORT ORCHARD	0.01	100,898	63,692
PORT TOWNSEND	0.01	47,986	23,496
POULSBO	0.01	(84,384)	25,414
PRESCOTT	0.01	76	963
PROSSER	0.01	(26,576)	14,446
PULLMAN	0.01	(60,327)	61,119
PUYALLUP	0.01	(1,117,345)	143,108



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QUINCY	0.01	2,733	12,222
RAINIER	0.01	2,632	4,790
RAYMOND	0.01	29,411	7,435
REARDAN	0.01	1,803	2,261
REDMOND	0.01	(563,648)	319,805
RENTON	0.01	(894,074)	236,174
REPUBLIC	0.01	2,344	2,623
RICHLAND	0.01	(108,993)	192,879
RIDGEFIELD	0.01	(15,787)	7,152
RITZVILLE	0.01	5,079	6,248
RIVERSIDE	0.01	43	775
ROCK ISLAND	0.01	251	2,366
ROCKFORD	0.01	233	1,924
ROSALIA	0.01	(10,467)	1,815
ROSLYN	0.01	424	3,656
ROY	0.01	(445)	711
ROYAL CITY	0.01	(515)	3,272
RUSTON	0.01	25,512	3,379
SAMMAMISH	0.01	615,095	285,685
SEATAC	0.01	1,008,994	97,036
SEATTLE	0.01	(2,260,508)	3,271,357
SEDRO WOOLLEY	0.01	(40,139)	27,249
SELAH	0.01	19,028	22,511
SEQUIM	0.01	93,988	14,763
SHELTON	0.01	124,006	24,863
SHORELINE	0.01	141,671	253,934
SKYKOMISH	0.01	278	993
SNOHOMISH CITY	0.01	(26,404)	34,348
SNOQUALMIE	0.01	3,977	7,378
SOAP LAKE	0.01	1,770	4,586
SOUTH BEND	0.01	14,191	5,304
SOUTH CLE ELUM	0.01	73	2,046
SOUTH PRAIRIE	0.01	1,274	1,713
SPANGLE	0.01	(155)	993
SPOKANE CITY	0.01	(1,050,554)	712,738
SPOKANE VALLEY	0.01	106,113	296,089
SPRAGUE	0.01	746	1,527
SPRINGDALE	0.01	(89)	659
ST. JOHN	0.01	(1,194)	2,063
STANWOOD	0.01	15,668	12,037
STARBUCK	0.01	314	326
STEILACOOM	0.01	64,858	31,220
STEVENSON	0.005	(33)	1,830
SULTAN	0.01	13,299	12,287

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SUMAS	0.01	1,658	2,578
SUMNER	0.01	(200,226)	30,933
SUNNYSIDE	0.01	(37,338)	27,965
TACOMA	0.01	(800,555)	705,273
TEKOA	0.01	630	2,287
TENINO	0.01	2,060	4,986
TIETON	0.01	747	2,724
TOLEDO	0.01	1,070	1,739
TONASKET	0.01	(599)	2,330
TOPPENISH	0.01	13,102	15,089
TUKWILA	0.01	(1,012,722)	74,197
TUMWATER	0.01	82,017	61,273
TWISP	0.01	(2,101)	3,012
UNION GAP	0.01	(281,954)	1,151
UNIONTOWN	0.01	(1,399)	13,974
UNIVERSITY PLACE	0.01	700,046	150,781
VADER	0.01	342	1,847
VANCOUVER	0.008	126,713	449,749
WAITSBURG	0.01	940	3,999
WALLA WALLA CITY	0.01	(119,783)	86,855
WAPATO	0.01	8,581	8,138
WARDEN	0.01	778	4,966
WASHOUGAL	0.01	27,925	25,746
WASHTUCNA	0.01	8	853
WATERVILLE	0.01	2,649	4,270
WAVERLY	0.01	73	498
WENATCHEE	0.01	(247,170)	106,442
WEST RICHLAND	0.01	16,297	36,828
WESTPORT	0.01	(3,949)	7,421
WHITE SALMON	0.01	3,122	3,746
WILBUR	0.01	12,547	2,900
WILKESON	0.01	584	1,407
WILSON CREEK	0.01	490	463
WINLOCK	0.01	2,266	2,919
WINTHROP	0.01	(616)	1,112
WOODINVILLE	0.01	161,714	58,646
WOODLAND	0.01	(108,748)	11,487
WOODWAY	0.01	19,578	9,492
YACOLT	0.008	48	2,156
YAKIMA CITY	0.01	(338,134)	214,880
YARROW POINT	0.01	45,436	14,158

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YELM	0.01	(2,002)	10,295
ZILLAH	0.01	8,500	7,008

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## APPENDIX H

### MITIGATION PRINCIPLES (Prepared by AWC and WSAC)

#### Association of Washington Cities Streamlined Sales Tax Principles – December 2003

##### Operating Principles

1. We support the general objectives of the Streamlined Sales Tax project, primarily the application of sales tax to internet and catalog sales.
2. Those jurisdictions adversely impacted by State compliance with the SST agreement should be compensated.

##### Mitigation Principles

1. The **goal** is to secure full reimbursement for those jurisdictions negatively impacted.
2. State resources should be used to offset the losses.
3. Implementation date may need to be moved beyond April 05.
4. Documented, not estimated, losses should be reimbursed.
5. Businesses may have to provide supplemental reports for some period of time to document losses.
6. Maybe we phase in implementation in a fashion that allows us to collect data on actual losses.
7. DOR needs to continue to study the issue with outside consultants and input from cities and counties.

Preliminary research indicates that 90 percent of the sales tax shift (in destination based sourcing) is a result of “warehousing” (manufacturing and distribution??) activity. If this is confirmed, future research should focus on the warehouse issue and refining this data.

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### Washington State Association of Counties Negotiating Position – Sales Tax Sourcing

<b>Topic</b>	<b>Position</b>
For or Against	Support sourcing as long as it is accompanied with adequate mitigation for local jurisdictions.
Funding for Mitigation	Funding for the losers must come from the state, rather than the projected winners.
How to Calculate Mitigation Need	Mitigation should be based on actual experience rather than current estimates.
Who Gets Mitigation?	Counties, cities, transit districts, special districts (convention centers, etc.)
Mitigation Duration	Economically distressed jurisdictions with significant losses need permanent mitigation. Other jurisdictions should be mitigated for a more limited period of time, perhaps tied to federal action on remote sales.
Priorities for Mitigation	If necessary, mitigation should include a means test that includes sales, property and other taxes.
City Mitigation	Support the efforts of AWC and its members to reach an agreement.

*WSAC 12/03/03*

## APPENDIX I

### INTRASTATE AND INTERSTATE SOURCING LEGALITY MEMORANDUM (Prepared by DOR)

One mitigation option offered by the advisory committee was to source intrastate sales according to current law, but source interstate sales according to Streamlined Sales and Use Tax Agreement sourcing rules. Other mitigation options require the redistribution of sales tax from one local jurisdiction to another local jurisdiction. These options raise federal and state constitutional issues that are not dispositive, but should be considered by policy makers. As with any piece of legislation, the Department will presume it is constitutional and implement it accordingly. However, the presumption of constitutionality must be evaluated in light of the limitations discussed in this memorandum.

#### **Intrastate and Interstate Sales**

The United States Constitution contains the Commerce Clause, which provides Congress the authority to “regulate Commerce...among the several States,” Article One, Section 8, clause 3. The Commerce Clause has also been interpreted as a negative command forbidding the states to discriminate against interstate trade. Thus, the United States Supreme Court has characterized the fundamental command of the Clause as being that “a State may not tax a transaction or incident more heavily when it crosses state lines than when it occurs entirely within the State,” *Armco Inc. v. Hardesty*, 467 U.S. 638, 642 (1984).

Sourcing interstate and intrastate sales differently may result in different sales and use tax rates being applied to similar sales. For example, a person who lives in Lacey purchases a sofa from a furniture store in Olympia. The sofa will be delivered from a warehouse in Chehalis to the consumer’s home in Lacey. Under current law, the local sales tax generated from that purchase would be sourced to Chehalis, the location of the retail outlet from which delivery took place, and the combined local sales and use tax rate imposed on the sale would be 7.8 percent. If the same person purchased the item from an on-line furniture retailer, under the SSTA sourcing rules, the local sales and use tax would be sourced to Lacey, the point of delivery, at a combined local sales and use tax rate imposed on the sale would be 8.4 percent.

There is concern that such a taxing system might be considered a violation of the Commerce Clause because it could result in different and higher tax rate being imposed on the interstate sales if remote sellers were required to collect sales and use taxes. This issue was considered by the United States Supreme Court in *Associated Industries of Missouri v. Lohman*, 511 U.S. 641, (1994). The Court found that the state of Missouri’s sales and use tax system violated the Commerce Clause because in some localities the use tax would exceed the sales tax. In striking down the tax scheme, the Court stated that common thread running through the cases upholding compensatory taxes is the equality of treatment between local and interstate commerce. When

out-of-state goods brought into a jurisdiction and are subjected to a higher levy than are goods sold locally, the resulting disparity is incompatible with the Commerce Clause.

### Use of Local Taxes in Redistribution

Article 11, section 12 of the state constitution prohibits the Legislature from imposing taxes upon local governments for local purposes, and requires the Legislature to vest in the local governments the power to assess and collect taxes for local purposes. The Legislature has vested in local governments the power to levy and collect sales and use taxes. The Department of Revenue collects local sales and use taxes for local governments pursuant to contract with the local governments. The taxes are distributed monthly by the state treasurer to the local governments imposing the tax. The current distribution is made without appropriation because the moneys are not state moneys in the state treasury but are local moneys held in trust for the local governments raising the tax.

Additionally, Article 7, section 9 of the state constitution provides, in relevant part: “For all corporate purposes, all municipal corporations may be vested with authority to assess and collect taxes and such taxes shall be uniform in respect to persons and property within the jurisdiction of the body levying the same.” This constitutional provision requires, among other things, that taxes imposed by counties or other municipal corporations be expended only for corporate purposes.

It can be argued that a proposal to divert the distribution of the local tax from the jurisdiction that levied the tax to another jurisdiction would change the nature of the tax from a local tax for a local purpose to a local tax for a state purpose. However, Article 11, section 12 has been held to allow local taxes for a state purpose if there is a special benefit to the local jurisdiction. A similar analysis would likely apply to challenges under Article 7, section 9.

For example, *Newman v. Schlarb*, 184 Wash. 147 (1935) involved a challenge to a state law that required counties to levy taxes sufficient to produce five cents per day for each pupil in attendance in the common schools of the county. The contention was that the tax was a county tax imposed for a county purpose, and therefore, the Legislature had no power to require the imposition of the tax under Article 11, section 12. In upholding the tax, the court said at page 154:

The establishment and maintenance of public schools throughout the state is primarily and essentially a State purpose, **from which local and special benefits are expected to, and do, flow to the counties and the various municipalities** of the state. ...These local subdivisions are created by the sovereign power of the state and under its paramount authority, with the view, not only of having them administer their own local and internal affairs, but also of having them carry out the policies of the state at large and assist in the accomplishment of the general purposes of the state. ...Consequently, the state, through the Legislature, may not only require such subdivisions to levy taxes for public purposes, but may also fix the amount to be levied by them, **provided that such purposes, though of a**

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**general nature and for the benefit of the whole people, result in special benefits to the particular subdivision.** (Emphasis added.)

See also *Clark v. Seiber*, 48 Wn.2d 783 (1956) and *Moses Lake Dist. v. Big Bend College*, 81 Wn.2d 551 (1972).

Conversely, in AGO 1988 No. 19, the Attorney General concluded that a county could not use its real estate excise tax revenues generated under RCW 82.46.010 to fund capital improvements of property owned by a city or other municipal corporation and not the county, absent any additional facts indicating that the improvements would serve a county purpose. The AGO noted that what qualifies as a “county purpose” cannot be defined with precision; however, the taxes should confer a direct benefit of reasonably general character to a significant portion of the county’s inhabitants. *See Id.* at 4. See also, *Intermediate School District v. Yakima County*, 81 Wn.2d 443 (1972).