

Standardizing Local Tax Change Notices

AGENCY REQUEST LEGISLATION

Department of Revenue



Contact Steve Ewing with questions
360-742-7310 | steve.ewing@dor.wa.gov

What the bill does

The bill standardizes the notice local governments must provide the department as part of making a local sales and use tax change, including a change from a referendum or annexation.

- The Department of Revenue is the centralized collector and administrator of local sales and use tax for local governments.

The bill adds a missing notice for public facilities districts (PFDs) to provide the department when bonds retire or are refinanced.

This bill supports local governments' collection of local sales and use tax by ensuring:

- Necessary information is shared between local governments and DOR for the department to accurately administer local sales and use taxes.
- PFDs receive the correct amount of state-share sales and use tax as part of issuing bonds for a regional center.

Additional information

Local sales and use taxes

Under current law, a local government must provide notice to DOR when a local sales and use tax change and/or annexation is to take effect. However, the statute does not specify what that notice entails.

Given the number of local jurisdictions and local sales and use tax provisions in the state, it is difficult for the department to accurately administer them without sufficient information from the local jurisdictions.

This proposal standardizes the written notification that local jurisdictions need to provide DOR and requires that they also provide a copy of the local ordinance. In the case of an annexation, a local jurisdiction would also need to provide the boundaries of the annexed territory, and a list of the parcels contained therein.

Public facilities district state-share sales and use tax

Under current law, a PFD may impose a local sales and use tax to help finance or refinance the construction, improvement, or expansion of a regional center (e.g., a convention, conference, or special events center and related parking).

The tax imposed does not increase the local sales and use tax rate; rather, the tax is taken from the state's share of sales and use tax. It expires when the bonds are retired, or after 40 years—whichever occurs first.

Current law does not require PFDs to notify the department when bonds are set to retire. That makes it harder for DOR to know when is the right time to stop diverting state-share sales and use tax to the public facilities district. This proposal would require a PFD to notify the department at least 75 days prior to the bonds retiring.