



Pierce County Council

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Rules and Operations Committee

Douglas G. Richardson, Chair
Rick Talbert, Vice Chair
Dan Roach, Executive Pro Tempore
Jim McCune, Alternate

MEETING AGENDA

October 16, 2017 - 10:00 AM

1. Call to Order
2. Roll Call
3. Approval of Agenda
4. Approval of Minutes
5. Approval of the Meeting Schedule for the week of October 23-27, 2017
6. Approval of the Council Agenda for October 24, 2017
7. [Proposal No. 2017-51](#), County Excise Tax on Real Estate Sales and REET Adjustments
An Ordinance of the Pierce County Council Amending Chapter 4.24 of the Pierce County Code (PCC), "County Excise Tax on Real Estate Sales"; Eliminating the Current Allocation Formula for the First .25 of 1 Percent Real Estate Excise Tax by Repealing PCC 4.24.060, "Distribution and Disposition of Proceeds of Tax Imposed Under PCC 4.24.010"; Repealing the Sunset Date of the Second .25 of 1 percent Real Estate Excise Tax; and Setting an Effective Date.

Sponsored by: Councilmembers Douglas G. Richardson and Derek Young
Council contact person: Paul Bocchi, (253) 798-7304
Date of final Council hearing: October 31, 2017

8. [Proposal No. 2017-55](#), Interfund Loans
An Ordinance of the Pierce County Council Adopting a New Chapter 2.130 of the Pierce County Code, "Interfund Loans," Creating Policies and Procedures For the Approval and Use of Interfund Loans.

Sponsored by: Councilmembers Douglas G. Richardson, Rick Talbert, and Derek Young
Council contact person: Paul Bocchi, (253) 798-7304
Date of final Council hearing: October 31, 2017

*Regularly scheduled meetings are broadcast live and replayed on channel 22 (Comcast and Click! Network) and on channel 20 (Rainier Connect).
Electronic meeting material can be accessed at www.piercecountywa.org/councilcommittees.
Video archives are available at www.piercecountytv.org.*

9. Other Business
10. Adjournment

1 Sponsored by: Councilmembers Douglas G. Richardson and Derek Young
2 Requested by: County Council

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4
5
6 ORDINANCE NO. 2017-51
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9
10 **An Ordinance of the Pierce County Council Amending Chapter 4.24 of the**
11 **Pierce County Code (PCC), "County Excise Tax on Real**
12 **Estate Sales"; Eliminating the Current Allocation Formula for**
13 **the First .25 of 1 Percent Real Estate Excise Tax by**
14 **Repealing Section 4.24.060, "Distribution and Disposition of**
15 **Proceeds of Tax Imposed Under PCC 4.24.010"; Repealing**
16 **the Sunset Date of the Second .25 of 1 Percent Real Estate**
17 **Excise Tax; and Setting an Effective Date.**

18
19 **Whereas**, Pierce County is experiencing an increasing need for capital
20 expenditures especially in the area of deferred maintenance of its facilities; and

21
22 **Whereas**, the current split of the first .25 of 1 percent of the Real Estate Excise
23 (first REET) tax decreases the County's flexibility to address its capital needs; and

24
25 **Whereas**, the County Council believes that it is prudent to give the County
26 maximum flexibility in how capital dollars are appropriated; and

27
28 **Whereas**, the current sunset date of the second .25 of 1 percent of the Real
29 Estate Excise (second REET) tax is prior to the maturity of bonds that the revenues
30 have been pledged against; and

31
32 **Whereas**, as the population of Pierce County continues to increase, creating the
33 need for additional road and parks improvements supported by the second REET, it has
34 become necessary to support those needs with adequate sources of revenue; and

35
36 **Whereas**, the County Council has concluded that the sunset date for the second
37 REET should be eliminated; **Now Therefore**,

38
39 **BE IT ORDAINED by the Council of Pierce County:**

40
41 Section 1. Chapter 4.24 of the Pierce County Code, "County Excise Tax on Real
42 Estate Sales," is hereby amended as set forth in Exhibit A, which is attached hereto and
43 incorporated herein by reference.
44
45



1 Section 2. The effective date of this Ordinance shall be January 1, 2018.
2
3

4 **PASSED** this ____ day of _____, 2017.
5

6 ATTEST:
7
8
9

PIERCE COUNTY COUNCIL
Pierce County, Washington

10 _____
11 **Denise D. Johnson**
12 Clerk of the Council
13
14

_____ **Douglas G. Richardson**
Council Chair

15 _____
16 **Bruce F. Dammeier**
17 Pierce County Executive
18 Approved _____ Vetoed _____, this
19 _____ day of _____,
20 2017.

21 Date of Publication of
22 Notice of Public Hearing: _____
23

24 Effective Date of Ordinance: _____
25
26



Chapter 4.24

COUNTY EXCISE TAX ON REAL ESTATE SALES

Sections:

4.24.010 Imposition of Tax.

4.24.015 Imposition of Additional Tax.

4.24.020 Collection.

4.24.030 Tax is Seller's Obligation – Choice of Remedies.

4.24.040 Tax as a Lien – Foreclosure.

4.24.050 Payment of Tax – Evidence of Payment – Recording.

~~**4.24.060 Distribution and Disposition of Proceeds of Tax Imposed Under PCC 4.24.010.**~~

Cross-references: Chapters 36.88, 82.45, 82.46, 86.12 RCW

4.24.010 Imposition of Tax.

There is imposed on each sale of real property situated in the unincorporated areas of the County a tax equal to one-quarter of one percent of the selling price effective January 1, 1986.

- A. Revenues generated from the tax imposed in this Section shall be used solely for financing capital projects specified in Title 19E PCC, the Capital Facilities Plan Element of the Pierce County Comprehensive Plan, and housing relocation assistance under RCW 59.18.440 and 59.18.450. However, revenues pledged by the County to debt retirement prior to April 30, 1992, may continue to be used for that purpose until the original debt for which the revenues were pledged is retired. The definition of capital projects, as used in this Section, shall be the same as set forth in RCW 82.46.010(6).
- B. The County Auditor shall place one percent of the proceeds of the taxes imposed under this Section in the County General Fund to defray the cost of collection.
- C. There is hereby created a Real Estate Excise Tax Fund.
- D. The Real Estate Excise Tax Fund shall contain the revenues received under this Section.

4.24.015 Imposition of Additional Tax.

There is imposed an additional excise tax on each sale of real property in the unincorporated areas of Pierce County at a rate of one quarter of one percent of the selling price effective January 1, 2002.

- A. Revenues generated from the tax imposed by this Section shall be used solely for financing capital projects specified in Title 19E PCC, the Capital Facilities Element of the Pierce County Comprehensive Plan. However, revenues (a) pledged by such counties and cities to debt retirement prior to March 1, 1992, may continue to be used for that purpose until the original debt for which the revenues were pledged is retired, or (b) committed prior to March 1, 1992, by such counties or cities to a project may continue to be used for that purpose until the project is completed.
- B. Revenues generated by the tax imposed by this Section shall be deposited in a separate fund.



- 1 C. For purposes of this Section, "Capital Project" means those public works projects of a
 2 local government for planning, acquisition, construction, reconstruction, repair,
 3 replacement, rehabilitation, or improvement of streets, roads, highways, sidewalks,
 4 street and road lighting systems, traffic signals, bridges, domestic water systems, storm
 5 and sanitary sewer systems, and planning, construction, reconstruction, repair,
 6 rehabilitation, or improvement of parks.
- 7 D. Expenditures of the 2nd REET shall occur in the following functional areas and in the
 8 following percentages:
- 9 1. Twenty-five percent for Capital Park and Recreation Projects – The funds in this
 10 category shall be used ~~primarily~~ for facilities in unincorporated Pierce County.
 11 ~~However, if the facility is located in an incorporated area within Pierce County, at a~~
 12 ~~minimum, a 1:1 match from the city shall be required as a condition of any~~
 13 ~~expenditure of Pierce County funds.~~
 - 14 2. Seventy-five percent for ~~Bonded~~ Major Arterial Transportation Projects—~~It is the~~
 15 ~~intent of the County Executive and the County Council to issue bonds against these~~
 16 ~~funds of approximately \$33 million to fund Major Arterial Transportation Projects.~~
- 17 E.—~~Authority to implement the 2nd REET shall sunset on December 31, 2026.~~

18
 19 **4.24.020 Collection.**

20 Taxes imposed under this Chapter shall be collected from persons who are taxable by the
 21 state under RCW Chapter 82.45 upon the occurrence of any taxable event within the
 22 unincorporated areas of the County. Taxes imposed under this Chapter shall comply with all
 23 applicable rules, regulations, laws and court decisions regarding real estate excise taxes as
 24 imposed under RCW Chapters 82.45 and 82.46.

25
 26 **4.24.030 Tax is Seller's Obligation – Choice of Remedies.**

27 The tax levied under this Chapter is the obligation of the seller and may be enforced through
 28 an action of debt against the seller or in the manner prescribed for the foreclosure of mortgages.
 29 Resort to one in course of enforcement is not an election not to pursue the other.

30
 31 **4.24.040 Tax as a Lien – Foreclosure.**

32 The tax provided for in this Chapter and any interest or penalties thereon is a specific lien
 33 upon each piece of real property sold from the time of sale until the tax is paid, which lien may
 34 be enforced in the manner prescribed for the foreclosure of mortgages.

35
 36 **4.24.050 Payment of Tax – Evidence of Payment – Recording.**

37 Any tax imposed under this Chapter shall be paid to and collected by the County Auditor or
 38 designee. The County Auditor shall cause a stamp evidencing satisfaction of the lien to be
 39 affixed to the instrument of sale for conveyance prior to its recording or to the real estate excise
 40 tax affidavit in the case of used mobile home sales. A receipt issued by the County Auditor for
 41 the payment of the tax imposed under this Chapter shall be evidence of the satisfaction of the
 42 lien imposed in ~~Section~~ **PCC** 4.24.040 and may be recorded in the manner prescribed for
 43 recording satisfaction of mortgages. No instrument of sale or conveyance evidencing a sale
 44 subject to the tax may be accepted by the County Auditor for filing or recording until the tax is
 45 paid and the stamp affixed thereto; in case the tax is not due on the transfer, the instrument shall
 46 not be accepted until suitable notation of this fact is made on the instrument by the County
 47 Auditor.



1 ~~This Section becomes effective on January 1, 2015.~~

2 ~~**4.24.060 — Distribution and Disposition of Proceeds of Tax Imposed Under PCC 4.24.010.**~~

3 ~~A. The County Auditor shall place 1 percent of the proceeds of the taxes imposed under~~
4 ~~PCC 4.24.010 in the County general fund to defray the cost of collection.~~

5 ~~B. The remaining proceeds of the tax imposed under PCC 4.24.010 shall be used as~~
6 ~~follows:~~

7 ~~1. Twenty four percent of the remaining proceeds shall be placed in a County Real~~
8 ~~Estate Excise Tax Capital River Improvement Fund to be used solely for~~
9 ~~construction of capital improvements authorized pursuant to RCW Chapter 82.46.~~
10 ~~All monies placed in river improvement fund shall be subject to the restrictions~~
11 ~~specified above in addition to the provisions of RCW 86.12.033 and RCW~~
12 ~~82.46.030.~~

13 ~~2. Seventy percent of the remaining proceeds shall be placed in a County Real Estate~~
14 ~~Excise Tax Capital Improvement Fund for expenditures pursuant to RCW 82.46.030.~~

15 ~~3. Six percent of the remaining proceeds shall be placed in a separately identifiable~~
16 ~~account within the Airport Fund to be used solely for capital improvements to the~~
17 ~~Pierce County Airport(s). All monies placed in the Airport(s) improvement fund~~
18 ~~shall be subject to the restrictions specified above in addition to the provisions of~~
19 ~~RCW 82.46.030.~~

20 ~~C. This Section does not limit the existing authority of the County to impose special~~
21 ~~assessments on properties specifically benefited thereby in the manner prescribed by~~
22 ~~law.~~

23 ~~D. The Council reserves the right to modify the funding allocations set forth PCC~~
24 ~~4.24.060 B. through subsequent ordinance adoption based upon economic need or~~
25 ~~unforeseen circumstances when it determines such modification is in the public interest.~~

26



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General Contacts Interested Parties Documents Code & Proposals **Fiscal** Comments Distri

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Balance

	2017	2018	2019	2020-2022	Total	
Total FTEs	0	0	0	0		
Total Expenditures	0	0	0	0	0	
Total Revenues	0	0	0	0	0	
Balance (Revenues - Expenditures)	0	0	0	0	0	

Expenditures

Manage Programs	Expand	Hide Summary	Comments				
Expenditure Type	2017	2018	2019	2020-2022	Total	Comments	

Revenue Sources

New	Edit	Delete	Comments				
Revenue Source	2017	2018	2019	2020-2022	Total	Comments	

Change Start Year Change Fiscal Impact Fiscal Note Prepared by:

1 Sponsored by: Councilmember Douglas G. Richardson, Rick Talbert, and Derek Young
2 Requested by: County Council
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6 ORDINANCE NO. 2017-55
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10 **An Ordinance of the Pierce County Council Adopting a New Chapter 2.130**
11 **of the Pierce County Code, "Interfund Loans," Creating**
12 **Policies and Procedures For the Approval and Use of**
13 **Interfund Loans.**
14

15 **Whereas**, Pierce County has made extensive use of interfund loans; and
16

17 **Whereas**, Pierce County does not have an established policy or procedure for
18 the use and approval of interfund loans; and
19

20 **Whereas**, the Pierce County Council believes that the use of interfund loans is
21 an important financing tool to offset timing differences in cash flow and provide short-
22 term financing for capital projects; and
23

24 **Whereas**, interfund loans can provide cost savings when used in place of short-
25 term external financing; and
26

27 **Whereas**, it is a best practice to have policies and procedures in place relating to
28 interfund loans; and
29

30 **Whereas**, the Washington State Auditor's Office has set out guidelines for the
31 making of and accounting for interfund loans; and
32

33 **Whereas**, the Pierce County Council believes that setting forth interfund loan
34 policies and procedures in the Pierce County Code based upon the State Auditor's
35 recommendations is important to the overall financial condition and reputation of Pierce
36 County; **Now Therefore**,

37
38 **BE IT ORDAINED by the Council of Pierce County:**
39

40 Section 1. A new Chapter 2.130 of the Pierce County Code, "Interfund Loans,"
41 is hereby adopted as shown in Exhibit A, which is attached hereto and incorporated
42 herein by reference.
43
44



1 Section 2. All interfund loans outstanding as of the date of this Ordinance shall
2 be subject to the requirements of Chapter 2.130 of the Pierce County Code upon their
3 renewal.
4

5
6 **PASSED** this ____ day of _____, 2017.
7

8 ATTEST:

PIERCE COUNTY COUNCIL
Pierce County, Washington

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14 _____
15 **Denise D. Johnson**
16 Clerk of the Council

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18
19
20 _____
21 **Douglas G. Richardson**
22 Council Chair

23
24 _____
25 **Bruce F. Dammeier**
26 Pierce County Executive
27 Approved _____ Vetoed _____, this
28 _____ day of _____,
29 2017.
30

25 Date of Publication of
26 Notice of Public Hearing: _____
27

28 Effective Date of Ordinance: _____
29
30



"New Chapter"

Chapter 2.130

INTERFUND LOANS

Sections:

- 2.130.010 Approval by Ordinance.**
- 2.130.020 Interest.**
- 2.130.030 Authorized Uses.**
- 2.130.040 Term.**
- 2.130.050 Accounting Required.**
- 2.130.060 Annual Review.**

2.130.010 Approval by Ordinance.

Interfund loans must be approved by Ordinance. The Ordinance will state the lending fund and the borrowing fund, a schedule of principle and interest payments, primary and secondary sources of repayment, interest rate and maturity date. The planned schedule of repayment should specify the due date(s) of payment(s) needed to repay the principal and interest.

2.130.020 Interest.

- A. Interest should be charged in all cases.
- B. The interest rate should be fixed for the term of the loan at the current Local Government Investment Pool (LGIP) rate, as published by the Washington State Treasurer's Office, plus 1 percent. If the LGIP rate is not available or deemed inappropriate to use, the rate should be set for the term of the loan at a rate no higher than an external rate available to Pierce County. The basis for the rate should be clearly stated in the Ordinance.

2.130.030 Authorized Uses.

- A. Interfund loans may be used to offset timing of cash flows, interim capital funding, short-term capital funding in lieu of external financing, or for other needs as deemed appropriate.
- B. Interfund loan proceeds may only be used for the purpose identified in the authorizing Ordinance.
- C. Interfund loans should not be made where the source of repayment cannot be clearly identified or is in doubt. The borrowing fund must show that there is a stream of funding that will be used as the primary source of repayment and that this source of repayment will be sufficient over the life of the loan to service the debt.

2.130.040 Term.

The term of the loan may continue over a period of up to two years, except for loans made with a source of repayment that fully amortizes the loan over its life, in which case the maturity can be up to five years. Loans must be temporary in the sense that no permanent diversion of



1 funds from the lending fund results from the failure to repay by the borrowing fund. Loans that
2 need to be renewed due to non-payment of principle should be reviewed for appropriateness of
3 the primary source of repayment and, if determined to be insufficient, a new source of repayment
4 should be substituted.

5
6 **2.130.050 Accounting Required.**

7 Appropriate accounting records shall be maintained to reflect the balance of loans in every
8 fund affected by such transactions.

9
10 **2.130.060 Annual Review.**

11 The status of all loans shall be reviewed annually by the County Council at a public meeting.
12
13



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This Proposal has No or De minimis Fiscal Impact

SUMMARY