AGREEMENT BETWEEN THE STATE OF WASHINGTON, DEPARTMENT OF REVENUE AND THE CITY OF MUKILTEO REGARDING ADMINISTRATION AND COLLECTION OF LOCAL LEASEHOLD EXCISE TAX

THIS AGREEMENT, made this __18TH__ day of __JANUARY__, 1996, by and between the State of Washington, Department of Revenue, hereinafter referred to as the Department, and City of Mukilteo, hereinafter referred to as the City, WITNESSETH:

WHEREAS, The Legislature of the State of Washington has by Chapter 61, Laws of 1975-76, 2nd ex. sess., authorized cities and counties to impose a local leasehold excise tax; and

WHEREAS, It is provided in Section 8 of said act that any city or county imposing a local leasehold excise tax by ordinance shall, prior to the effective date thereof, contract with the Department for the administration and collection of said tax; and

WHEREAS, The City has by ordinance, a copy of which is attached hereto, elected to impose a leasehold excise tax commencing on the first day of __JANUARY__, 1996;

NOW, THEREFORE, To effectuate Section 8 of the aforementioned act, the parties hereto agree as follows:

1. The Department shall exclusively perform all functions incident to the administration and collection of the taxes imposed by the said ordinance, other than criminal prosecutions.

2. The Department shall retain from the taxes so collected the amount of two percent (2%) thereof as expenses of administration and collection. Said amount shall be subject to review during January of each year.

3. The remainder of said taxes so collected shall be deposited by the Department in the Local Leasehold Excise Tax Revolving Fund under the custody of the State Treasurer.

4. In carrying out its administration and collection duties hereunder, the Department shall, insofar as the same are applicable, apply the administrative provisions contained in Chapters 82.02 and 82.32 RCW, and the Department's rules and regulations promulgated pursuant to RCW 82.32.300, as the same exist or may hereafter be amended. The Department shall adopt additional rules and regulations, in accordance with the State Administrative Procedure Act, to facilitate the administration and collection of the local taxes as it may deem necessary or desirable.

5. The Department shall perform its duties hereunder so that as far as possible the local leasehold excise tax adopted by the City shall be administered and collected in a manner which is as consistent and uniform as possible with the state leasehold excise tax and facilitates the imposition of the local leasehold excise tax upon individual taxable events simultaneously with the imposition of the state leasehold excise tax.

6. The City shall have the right from time to time to examine the records of the Department as they concern taxpayers subject to the aforementioned ordinance.

7. The allocation of local leasehold excise tax collections among the various cities and counties will be sent by the Department to the State Treasurer within 60 days after the close of the first bimonthly period for which the tax is imposed and thereafter on a bimonthly basis.
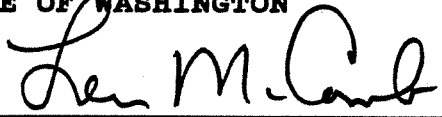
8. All refunds and credits for local leasehold excise tax made by the Department shall be charged to the City.
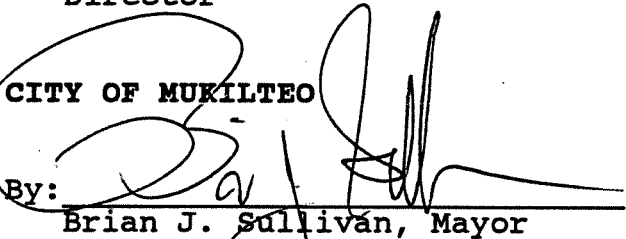
9. The Department shall require redistribution to the affected counties or cities, of any tax, penalty and interest distributed to a county or city other than the county or city entitled thereto but such redistribution shall not be made as to amounts originally distributed earlier than three bimonthly periods prior to the bimonthly period in which the Department obtains knowledge of the improper distribution.

10. This Agreement shall take effect on the __1ST__ day of JANUARY ___, 1996, and shall thereafter be automatically renewed on December 31st of each year unless one of the parties gives written notice of termination on or before November 1st of each such year.

11. In witness thereof the parties hereto have affixed their signatures the day and year first above written.

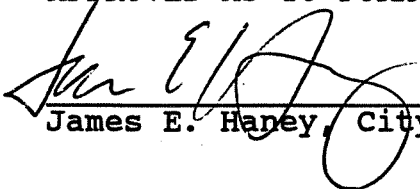DEPARTMENT OF REVENUE
STATE OF WASHINGTON

By: _____
Director

CITY OF MUKILTEO

By: _____
Brian J. Sullivan, Mayor

ATTEST:

_____
Thomas G. Carlson, City Clerk

APPROVED AS TO FORM:

_____
James E. Haney, City Attorney