

SENATE BILL REPORT

ESHB 2347

As Reported By Senate Committee On:
Government Operations & Elections, February 25, 2004

Title: An act relating to the inclusion of cultural facilities under the authority of certain public facilities districts.

Brief Description: Authorizing a sales and use tax for the construction of cultural centers.

Sponsors: House Committee on Trade & Economic Development (originally sponsored by Representatives McDonald, Morrell, Edwards and Hinkle).

Brief History:

Committee Activity: Government Operations & Elections: 2/25/04 [DPA-WM].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Roach, Chair; Stevens, Vice Chair; Berkey, Fairley, Horn, Kastama and McCaslin.

Staff: Mac Nicholson (786-7445)

Background: A public facilities district may be created via an ordinance or resolution by either a city or a county. A public facilities district is authorized to acquire, construct, own, remodel, maintain, equip, repair, and operate one or more regional centers. A regional center is defined in statute as a convention, conference, or special events center together with contiguous parking facilities, serving a regional population at a cost of at least \$10 million.

Districts formed prior to 2002 may impose a nonvoted 0.033 percent sales tax that is deducted from the state sales tax and is not an increase to taxpayers. Public facilities districts also may levy a 0.2 percent sales tax and a 2 percent lodging tax if approved by a majority of voters in the district.

Summary of Amended Bill: A public facilities district may impose a sales and use tax for the construction, improvement, or rehabilitation of a regional center, provided the district is created after July 1, 2005, but before June 30, 2007. Construction of a new regional center or the improvement or rehabilitation of an existing regional center must begin prior to January 1, 2008. The regional center must be located in a county with a population exceeding 700,000, must be used for community or cultural events or performances, and must have 2,000 or fewer permanent seats.

The public facilities sales and use tax may not exceed 0.033 percent and cannot be imposed prior to September 1, 2005. This public facilities sales and use tax must be deducted from the amount of sales and use tax due to the Department of Revenue. This sales and use tax expires

when the bonds issued for the construction of the regional center and related parking garage are retired, after 20 years, or when the cumulative total of taxes collected exceeds \$18 million.

The moneys collected from the public facilities sales and use tax must be used for the construction, improvement, or rehabilitation of a regional center and be matched with private or other public sources equal to 33 percent of the moneys collected by the public facilities sales and use tax. The public source cannot include nonvoter approved taxes authorized by the public facilities district.

If both the city's public facilities district and the county's public facilities district impose a sales and use tax for a regional center, then the city's public facilities district tax must be credited against the county sales and use tax.

If a county public facilities district in a county with a population of one million or more has imposed a sales and use tax for a baseball stadium or if a county created public stadium authority has imposed a sales and use tax to develop a stadium and exhibition center, then it cannot also impose the sales and use tax for the construction, improvement or rehabilitation of a regional center.

Amended Bill Compared to Substitute Bill: The PFD enabling statutes require construction or operation of a regional center, but the bill refers to a cultural center. The amendment harmonizes the bill and the PFD enabling statutes and provides that the PFD must operate a regional center used for community or cultural events and performances with a capacity of 2,000 or fewer seats. The amendment also requires that the PFD be located in a county with a population in excess of 700,000. Finally, the amendment clarifies that the Department of Revenue will collect the taxes on behalf of the district.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill allows the city of Puyallup and Pierce College to develop a facility for the arts and humanities. The scope of the bill is practical and reasonable, and provides the opportunity to diversify the economy and culture of the community.

Testimony Against: None.

Testified: Rep. McDonald, prime sponsor; Steve Wall, Pierce College; Mark Hoppen, City of Gig Harbor.