

SENATE BILL REPORT

SB 5525

As Reported by Senate Committee On:
Government Operations, Tribal Relations & Elections, February 17, 2011

Title: An act relating to hospital benefit zones that have already formed.

Brief Description: Addressing hospital benefit zones that have already formed.

Sponsors: Senators Kilmer and Carrell.

Brief History:

Committee Activity: Government Operations, Tribal Relations & Elections: 2/15/11 [DPF], 2/17/11 [DP-WM, DNP].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS, TRIBAL RELATIONS & ELECTIONS

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

Signed by Senators Pridemore, Chair; Prentice, Vice Chair; Swecker, Ranking Minority Member; Chase, Nelson and Roach.

Minority Report: Do not pass.

Signed by Senator Benton.

Staff: Sharon Swanson (786-7447)

Background: In 2006 the Legislature authorized counties, cities and towns to finance public improvements in a defined area with a new form of tax increment financing. The defined area, called a benefit zone, must include a hospital that has received a certificate of need. Local governments may establish a hospital benefit zone (HBZ) to finance public infrastructure improvements. Revenue for the projects is generated through a new local sales and use tax, up to \$2 million per project per year, credits against the state sales and use tax, and matched with an equivalent amount of local resources. Eligible public improvement projects include streets, water and sewer systems, parking facilities, sidewalks, street lighting, and parks.

Summary of Bill: A local government may modify the public improvements to be financed with the use of HBZ financing by amending the enabling ordinance and holding a public hearing, provided that the total cost of the public improvements is not increased.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

With the approval of the Department of Revenue, a local government may modify the HBZ boundaries by amending the enabling ordinance and holding a public hearing.

The definition of local public sources is amended to include federal funds.

Local public sources may be estimated by the local government, with notice to the Department of Revenue, and may be applied to the year or years designated by the local government.

A city, town, or county is not required to expend taxes imposed under an HBZ in the fiscal year in which the taxes are received.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This bill gives additional fiscal flexibility to cities. It allows the cities to use federal dollars as part of the local match. It is very important that the City of Gig Harbor have the ability to change the project list without reforming the benefit zone. The needs of the area have changed since the creation of hospital benefit zones came about in 2006. The impact to the state will not change so there will be no additional fiscal impact to the state.

Persons Testifying: PRO: Rob Karlinsey, City Administrator, Briahna Taylor, Cynthia Weed, City of Gig Harbor.