

FINAL BILL REPORT

ESB 6408

C 221 L 92

SYNOPSIS AS ENACTED

Brief Description: Financing capital projects.

SPONSORS: Senators Matson, Vognild, Hayner, Sutherland, Madsen, McCaslin and Roach

SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

HOUSE COMMITTEE ON LOCAL GOVERNMENT

BACKGROUND:

In 1982, the governing body of any county, city, or town was authorized to impose an excise tax on each sale of real property at a rate not exceeding one-quarter of 1 percent of the selling price. The proceeds from the tax are placed in a capital improvement fund to be used for local improvements, including those improvements listed under the city local improvement district authorization (LIDs). The 1990 Growth Management Act (GMA) restricted the use of these proceeds in counties, cities, and towns required or choosing to plan under the GMA primarily for: (1) financing capital projects specified in a capital facilities plan element of a comprehensive plan, and (2) housing relocation assistance. Exceptions were made for proceeds previously pledged to debt retirement.

The 1990 Growth Management Act also authorized the governing body of any county, city, or town that plans under the GMA to impose an additional excise tax on the sale of real property at a rate not exceeding one-quarter of 1 percent of the selling price. Any county choosing to plan under the GMA and any city or town within that county may only impose this additional excise tax after voter approval. The proceeds from this additional real estate tax are used solely for financing capital projects specified in a capital facilities plan element of a comprehensive plan.

Questions have arisen as to the appropriateness of some of the expenditures of the proceeds generated by these two real estate excise taxes.

SUMMARY:

1982 Real Estate Excise Tax. The legislative authority of any county or city shall identify in the adopted budget the capital projects funded from the real estate excise tax and shall indicate that such tax is intended to be in addition to other funds available for such projects.

Counties or cities with populations in excess of 5,000 and which are required or have opted to plan under the Growth Management Act shall use these tax proceeds solely for financing capital projects specified in a capital facilities plan element of the comprehensive plan or for housing relocation assistance. Revenues pledged to debt retirement or committed to a project prior to April 30, 1992 may be used for those purposes until the original debt for which such revenues were pledged is retired or the project is completed.

The term "capital project" is defined to include streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, storm and sanitary sewer systems, parks, recreational facilities, law enforcement facilities, fire protection facilities, trails, libraries, administrative and/or judicial facilities, or river and/or waterway flood control projects.

Counties are authorized to obtain 1 percent of the tax to defray collection costs.

1990 Growth Management Act/Real Estate Excise Tax. The provisions adopted for 1982 real estate excise taxes, which are summarized above, also apply to the 1990 taxes, except that (1) there is no 5,000 population threshold with respect to new limitations on the use of proceeds after April 30, 1992; and (2) the definition of "capital project" does not include recreational facilities, law enforcement facilities, fire protection facilities, trails, libraries, administrative and/or judicial facilities, or river and/or waterway flood control projects.

VOTES ON FINAL PASSAGE:

Senate	39	10	
House	97	0	(House amended)
Senate	39	9	(Senate concurred)

EFFECTIVE: June 11, 1992