

March 4, 1997

BILL ANALYSIS

TO: Members, Committee on Trade and Economic Development
FROM: Kenny Pittman, Research Analyst (786-7392)
RE: HB 2178 - Creating the investments in Washington's future fund.

BACKGROUND:

The sales tax is imposed on retail sales of most items of tangible personal property and some services. The state tax rate is 6.5 percent and is applied to the selling price of the article or service. In addition, local sales taxes apply. The total tax rate is between 7 percent and 8.6 percent, depending on location. Sales tax applies with items are purchased at retail in state. Sales tax is paid by the purchaser and collected by the seller.

The sales tax collected by the seller is deemed to be held in trust by the seller until paid to the Department of Revenue. A tax collected by the seller is due on the 25 day of the month following the tax period in which the purchase was made. Tax periods are on a monthly, quarterly, or yearly basis.

The state's Basic Health Plan was created in 1987 to provide or make more readily available necessary basic health care services in an appropriate setting to working persons and others who lack coverage, at a cost that does not create barriers to the use of necessary health care services.

The Department of Community, Trade, and Economic Development is responsible for state wide tourism promotion activities and the establishment of foreign offices to promote Washington businesses and products.

The Washington Youthbuild program was created by the Legislature in 1994. The program is designed to address the lack of educational and economic opportunities for disadvantaged youth. The program, administered by the Employment Security Department,

provides basic educational skills training, specialized job training in the construction industry, work experience, and leadership skills for disadvantaged youth that have not completed high school.

SUMMARY:

Business are required to maintain into a pooled interest-bearing account for the deposit of sales tax on each taxable sale within five business days of the sale. The tax and interest earned on the pooled account must be paid to the Department of Revenue on the 25 day of the month following the tax period in which the purchase was made. The rate of interest on the pooled account cannot be less than the interest rate on a certificate of deposit with a term of 30 days.

The Investments in Washington's Future Fund (fund) is created in the state treasury. The Department of Revenue is directed to make deposits of interest earned on the businesses' pooled accounts into the fund. Moneys in the fund is disbursed as follows: (1) ten percent to the state's basic health plan; (2) ten percent for state wide tourism promotion activities through the Department of Community, Trade, and Economic Development; (3) five percent to the Washington Youthbuild program in the Employment Security Department; (4) five percent to establish and operate the state's foreign trade offices through the Department of Community, Trade, and Economic Development; (5) twenty percent for technology grants; and (6) fifty percent for grants to develop youth sports fields.

Technology Grants

A technology grant program is created in the Department of Community, Trade, and Economic Development (department). The department is directed to distribute grants, on a competitive basis, to school districts to acquire K-12 classroom computer hardware, software, and online access services and equipment. School districts must submit proposals for grants to the department.

School district are required to have either an ongoing program that emphasis specific approaches to technology-assisted learning or is identified by the Center for the Improvement of Student Learning based on best practices, and the school district has plans and means for evaluating the improvement in student learning as a result of technology-based strategies of the school district.

Youth Sports Fields

A youth sports field grant program is created in the Department

of Community, Trade, and Economic Development (department). The department may distribute grants to eligible organizations to assist in the acquisition, development, and maintenance of sports fields for youth activities.

Eligible organizations must be a community-based nonprofit organization that is recognized by the local government and is organized under federal or state law. Eligible organizations must submit proposals for grants to the department. The department may award grants up to \$300,000 to acquire, develop, or maintain sports fields for youth activities.

Appropriation: None.

Fiscal Note: Requested February 25, 1997.

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