

HOUSE BILL REPORT

HB 1277

As Reported By House Committee On:
Economic Development, Housing & Trade

Title: An act relating to funding for regional convention, conference, or special events centers.

Brief Description: Creating a public facilities district.

Sponsors: Representatives Carlson, Ogden, Dunn, Alexander, Benson, Pennington, Wood, Gombosky, D. Sommers, Mielke, Crouse, Boldt, Skinner, Hankins and Romero.

Brief History:

Committee Activity:

Economic Development, Housing & Trade: 2/16/99, 2/26/99 [DPS].

Brief Summary of Substitute Bill

- Authorizes cities or towns to create a public facilities district to acquire, build, own and operate one or more regional convention, conference, or special events centers that cost at least \$10 million.

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT, HOUSING & TRADE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Van Luven, Republican Co-Chair; Veloria, Democratic Co-Chair; Dunn, Republican Vice Chair; Eickmeyer, Democratic Vice Chair; Ballasiotes; Gombosky; Miloscia; Morris; Radcliff; Skinner; D. Sommers and Wolfe.

Staff: Kenny Pittman (786-7392).

Background:

Public facilities districts are corporate municipal bodies, established by statute as independent taxing authorities. They may be created in any county and their boundaries are the same as the boundaries of the county. They are authorized to

acquire, build, own and operate sports facilities, entertainment facilities, or convention facilities, or any combination of such facilities, together with contiguous parking facilities.

Public facilities district may impose excise taxes at a rate not exceeding 2 percent on the sale or charge for furnishing lodging by a hotel, motel, trailer camp, or tourist court with 40 or more lodging units. With voter approval, public facility districts may impose a 0.1 percent sales and use taxes. With voter approval, public facility districts may impose both single year excess property tax levies and multiple year excess levies to retire general obligation bonds issued for capital purposes. Public facility districts may issue general obligation bonds that are back by the full faith and credit of the district and revenue bonds that are backed by the revenue of the facility being financed.

Summary of Substitute Bill:

A public facilities district may be created in any city or town, located in a county with a population of less than one million, by legislative authority of the city or town and must be coextensive with the boundaries of the city or town. A contiguous group of cities or towns may enter into an agreement to create and jointly operate a public facilities district, if approved by majority vote of the public.

The public facility districts are authorized to acquire, build, own and operate one or more regional centers.— Regional centers are defined as convention, conference, or special events centers, or any combination of facilities, and related parking facilities, serving a regional population constructed, improved, or rehabilitated after the date of this act at a cost of at least \$10 million.

The board of directors of a public facility district must consist of members of the legislative body of the city that created the district. A public facility district that consists of a contiguous group of cities or towns may be governed by a board appointed in accordance to a joint operating agreement between the participating cities or towns.

A public facilities district may use an alternative construction method known as design-build— or general contractor/construction manager— procedures for the construction or improvement of a regional center.

Substitute Bill Compared to Original Bill:

The substitute bill removed all taxing authority and the 0.033 percent state sales tax credit from public facilities districts created by a city or town. The ability to use the following financing mechanisms were removed: (i) tax on lodging up to 2 percent; (ii)

voter-approved excess property tax levy for one year for operating or capital purposes; (iii) voter-approved excess property tax levy for bond retirement; (iv) five-year sales and use tax deferral on buildings, structures, or related machinery and equipment; (v) nonvoter and voter-approved general obligation bonds for capital purposes up to a period of 30 years; (vi) revenue bonds; (vii) 0.01 percent local retail sales and use tax; and (viii) 0.033 percent state retail sales and use tax credit.

Appropriation: None.

Fiscal Note: Requested February 10, 1999 (Original Bill). Not requested for Substitute Bill.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect on July 1, 1999.

Testimony For: (Original Bill) There is a need and demand for regional convention or special event centers. The lack of facilities of adequate size has resulted in the loss of conventions for the area. Having regional facilities will bring in conventions that are now going elsewhere. This will also let cities expand existing facilities so that additional conventions or events can be held there. The resulting conventions will result in economic growth for the area and jobs for the residents.

Testimony Against: (Original Bill) The lodging industry in Washington is already one of the highest taxed in the nation. The imposition of this additional tax on lodging will hurt the industry. We need to revise the bill so that an existing county public facilities district is not required to manage the operations of a public facilities district that is created by a city or town within the county.

Testified: (Pro) Representative Carlson, prime sponsor; Representative Ogden, sponsor; Mark Brown, city of Vancouver; Kathy Coffey, Yakima Visitor and Convention Bureau; Vernon Stoner, city of Vancouver; Jeff Colliton, city of Spokane; Hartly Kruger, Spokane Area Convention and Visitor Bureau; Coy Wood.

(Con to hotel/motel tax provisions) Becky Bogard, Washington State Hotel and Motel Association; and (Con to joint management provisions) Phil Watkins, Spokane Public Facilities District.