HOUSE BILL REPORT
2SSB 5452

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: Authorizing the creation of public facilities districts.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Bauer, Deccio, Benton, Goings, Winsley, Rasmussen, Franklin, Eide, Zarelli, Wojahn and Hale).

Brief History:
Committee Activity:
Economic Development, Housing & Trade: 3/30/99, 4/2/99 [DPA].

Brief Summary of Second Substitute Bill
(As Amended by House Committee)

- Authorizes cities and towns in a county with a population less than 1 million to create a public facilities district to acquire, build, own, and operate one or more regional convention, conference, or special events center that cost at least $10 million, including debt service.

- Amends the existing county public facilities district statues to give them authority to build regional convention, conference, or special event centers.

- Provides a 0.033 percent credit against the state retail sales and use tax credit to a city or county public facilities district that starts construction on a new or rehabilitation of an existing regional facility before January 1, 2003.

- Prohibits a county public facilities district from receiving the 0.033 percent credit if it has imposed the sales and use tax credit to construct a major league baseball stadium.

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT, HOUSING & TRADE

Majority Report: Do pass as amended. 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 municipal corporations and independent taxing districts. A public facilities district may be created by resolution of the county legislative authority and their boundaries are coextensive with those of the county. Public facilities districts 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 districts may impose excise taxes at a rate not to exceed 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, a public facilities district may (i) impose a 0.1 percent sales and use tax on retail sales in the county, and (ii) impose both a single and multi year excess property tax levies to retire general obligation bonds issued for capital purposes. A public facilities district may issue both general obligation bonds that are backed by the full faith and credit of the district and revenue bonds that are backed by the revenues generated by the facility being financed.

Currently, King and Spokane counties are the only counties to have established public facilities districts. The construction and operation of the new Safeco Field (baseball) in King County is governed by public facilities district statutes.

Summary of Amended Bill:

The legislative authority of a city or a group of contiguous cities located in a county or counties each having a population of less than 1 million may create a public facilities district for the purpose of building, remodeling, owning and operating a regional center. A regional center means a convention, conference, or special events center, or any combination of facilities, and related parking facilities that serve a regional population and that costs at least $10 million, including debt service. The boundaries of the city-created public facilities district must be the same as the boundaries of the city or cities that establish it.

A city-created public facilities district is governed by either a five-member or seven-member board of directors appointed by the legislative body that created the district. All members of the board of directors are appointed by the legislative authority, but no member of the legislative authority can be a member of the board of directors.

A single-city public facilities district is governed by a five member board of directors that are appointed to four-year terms. Two members are selected by the legislative authority and three members are selected based on recommendations from local organizations that include, but are not limited to the local chamber of commerce, local economic development council, and local labor council.

A multi-city public facilities district is governed by a seven members board of directors that are appointed to four-year terms. Three members are selected by the legislative authorities that created the district and four members are selected based on recommendations from local organizations that include, but are not limited to the local chamber of commerce, local economic development council, and local labor council.

A county-created public facilities district is now authorized to build, remodel, own and operate a regional center that costs at least $10 million, including debt service.

A public facilities district is given authority to use various financing mechanisms to assist in the construction, rehabilitation, or operation of one or more regional convention, conference, or special events centers.

. Financing

General Obligation and Revenue Bonds. A city-created public facility district may issue either general obligation bonds or revenue bonds to finance the regional center. The general obligation bond indebtedness may not exceed an amount up to 0.5 percent of the value of the taxable property within the district. The district may also issue voter-approved general obligation bonds in an amount up to 1.5 percent of the value of the taxable property within the district for capital purposes only. The general obligation bonds may be issued for a period up to 30 years. The revenue bonds may be issued to fund those portions of the regional center that are revenue generating. The revenue bonds may not be issued for a period in excess of 30 years.

Admissions and Leasehold Taxes. All city-created and county-created public facilities districts may impose a tax on admissions and parking fees to events at regional centers that are owned and operated by the district. A city, town, or county may not impose the tax on regional centers owned or operated by the district. The leasehold interest in a regional center owned and operated by city-created and county-created public facilities districts are exempt from taxation.

Local Retail Sales and Use Tax. After August 1, 2000, (i) a city-created public facilities district may impose up to a 0.2 percent voter-approved sales and use tax on all retail sales in the city, and (ii) a county-created public facilities district is authorized to increase its voter-approved sales and use tax on all retail sales in the county from up to 0.1 percent up to 0.2 percent. All moneys must be used to design, land acquisition, construction, maintaining and operating its public facilities.

State Sales and Use Tax Credit. If the construction of a new regional center or improvement of an existing regional center begins before January 1, 2003, a city-created or county-created public facilities district may impose a 0.033 percent sales and use tax that is deducted from the state sales tax. This tax may not be collected before August 1, 2000. It expires when the bonds issued for the construction of the regional center are retired. If both the city and county public facilities districts impose this sales tax, the city-created district tax is credited against the county-created districts tax.

A county-created public facilities district that has imposed the 0.017 percent state sales and use tax credit to construct a major league baseball stadium may not impose the 0.033 percent sales and use tax credit.

A public facilities district that imposes the 0.033 percent state sales and use tax credit must contribute an amount equal to 33 percent of the moneys collected from sales and use tax credit. The moneys can be from public or private sources and is used for the construction or improvement of a regional center.

. Miscellaneous Provisions

Design-Build Construction. A city-created public facilities district may use the alternative construction method known as "design-build" or "general contractor/construction manager" procedures for the construction or improvement of a regional center.

Amended Bill Compared to Second Substitute Bill: The amended bill establishes the public facilities district board is governed by a five-member or seven-member board of directors. All members are appointed by the legislative authority, but prohibits a member of the legislative authority from serving on the board of directors.

A county-created public facilities district that has imposed the 0.017 percent state sales and use tax credit to construct a major league baseball stadium may not impose the 0.033 percent sales and use tax credit to construct a regional center. All public facilities district that impose the 0.033 percent state sales and use tax credit must contribute an amount equal to 33 percent of the moneys collected from the sales and use tax credit. The contribution can be from public or private sources. The emergency clause is removed.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill will help cities throughout the state. There is a demonstrated need for quality facilities in several cities in the state. The projects will also provide a boost to the local economies through the revenue generated from the conventions, special events, and conferences. The state sales and use tax credit is vital and key to securing additional financial commitments from the public and private sector. These investments are necessary to the revitalization of downtown areas where most of the regional centers will be located.

Testimony Against: None.

Testified: Senator Al Bauer; Senator James West; Representative Don Carlson; Larry Ellis, Identity Clark County; Steve Horenstein, Vancouver Chamber of Commerce; Elie Kassels, Prestige Development; Royce Pollard, city of Vancouver; Kevin Phelps, city of Tacoma; and Tyrus Tenold, Spokane Industries.