HB 2260
Bill Analysis

March 8, 1999

Brief Description: Promoting the creation and the retention of jobs.

Bill Sponsors: Representatives Eickmeyer, Alexander, Mulliken, Kessler, McMorris, Grant, Parlette, Doumit, Clements, Linville, Mielke, Koster, DeBolt, Cox, Pennington, Dunn, Crouse, Sump, Ericksen, Veloria, Mastin, Hankins, Murray, Van Luven, Skinner and Schoesler.

Brief Summary of Bill

- Renames the distressed county local option sales and use tax the rural county local option sales and use tax.
- Allows counties with population density of less than 60 people per square mile a tax rate of 0.08 percent.
- Allows counties with population density between 60 and 100 people per square mile a tax rate of 0.04 percent.
- Defines the public facilities that can be financed with proceeds from the sales and use tax.

Staff: Rick Peterson, 786-7150.

Background:

In 1997, the Legislature passed legislation to allow a distressed county to impose a 0.04 percent local sales and use tax on all retail sales in the county. The tax is credited against the state's 6.5 percent sales and use tax, therefore the consumer does not see an increase in the amount of tax paid. Revenues from the distressed counties local option sales and use tax must be used to finance public facilities. The legislation did not define a public facility. A

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distressed county is defined as a county with an average unemployment rate that exceeds the state's average unemployment rate by 20 percent for the previous 3-year period. Twenty-three counties are eligible.

Summary of Bill:

The distressed county local option sales and use tax is directed to rural counties. The tax rate is increased from 0.04 percent to 0.08 percent for rural counties with population densities less than 60 persons per square mile. A rural county with population density between 60 and 100 persons per square mile may impose a tax rate of 0.04 percent.

The revenues can only be used for public facilities that are listed as an item in the county's capital facilities plan or the capital facilities plan of a city located within a rural county.

A public facility is defined as a project of a local government for the planning, acquisition, construction, repair, reconstruction, replacement, rehabilitation, or improvement of bridges, roads, domestic and industrial water, flood control, earth stabilization, sanitary sewer, storm sewer, railroad, electricity, natural gas, telecommunications, buildings or structures, and port facilities all for the purpose for job creation, retention, or expansion.

Appropriation: None.

Fiscal Note: Available.

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