

SENATE BILL REPORT

SB 5420

As of January 28, 1999

Title: An act relating to the distressed county local option sales and use tax for public facilities.

Brief Description: Revising the distressed county local option sales and use tax for public facilities.

Sponsors: Senators Rasmussen, Swecker, T. Sheldon, Snyder, Winsley and Haugen; by request of Governor Locke.

Brief History:

Committee Activity: Agriculture & Rural Economic Development: 2/1/99.

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Staff: David Schumacher (786-7474)

Background: Washington has developed various incentives that are designed to assist in job creation or retention in economically distressed areas. There are currently seven (often overlapping) categories of eligibility for distressed area sales and/or business and occupation tax relief.

In 1997, the Legislature passed 2SSB 5740 which allowed distressed counties to levy a 0.04 percent sales tax (credited against the state tax). Revenues from this tax may be used for public facilities.

In 1998, the voters passed Referendum 49 which distributes a portion of the motor vehicle excise tax (MVET) to distressed counties in proportion to the 0.04 percent sales tax credit. These revenues may be broadly used for "criminal justice and other purposes."

Summary of Bill: The 0.04 percent local option tax is increased to 0.08 percent for more specifically defined public facility purposes in distressed counties.

The tax is credited against the state sales tax; therefore, consumers will see no increase in their rates.

"Distressed county" is defined as a county with average unemployment more than 20 percent higher than the state average for the previous three years or a county with median household income less than 75 percent of the state average for the previous three years.

Appropriation: None.

Fiscal Note: Requested on January 21, 1999.

Effective Date: The bill takes effect on January 1, 2001.

