

# SENATE BILL REPORT

## SB 6216

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As Passed Senate, March 8, 2000

**Title:** An act relating to defining rural counties for purposes of sales and use tax for public facilities.

**Brief Description:** Defining rural counties for purposes of sales and use tax for public facilities in rural counties.

**Sponsors:** Senators Haugen, Loveland, Gardner, T. Sheldon and Rasmussen.

**Brief History:**

**Committee Activity:** Ways & Means: 1/26/2000, 2/22/2000 [DP].  
Passed Senate, 3/8/2000, 47-0.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Loveland, Chair; Bauer, Vice Chair; Brown, Vice Chair; Fraser, Long, Rasmussen, Rossi, B. Sheldon, Spanel, Thibaudeau, Wojahn and Zarelli.

**Staff:** David Schumacher (786-7474)

**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.

In 1999, the Legislature changed the focus of a number of tax programs from distressed county- to rural counties.- Included in these changes was an increase in the local option tax credit from 0.04 percent to 0.08 percent for rural counties. Rural counties are defined as counties with population densities of less than 100 persons per square mile.

**Summary of Bill:** For the purpose of the local sales tax credit, the definition of rural county- is expanded to include those counties with land area of less than 250 square miles. Island County and San Juan County are the only two counties that meet this requirement. (San Juan already qualifies under the population density criteria.)

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** Island County should not be classified as an urban county along with King and Pierce counties. Island County needs this source of revenue, especially in the wake of I-695.

**Testimony Against:** None.

**Testified:** Mike Shelton, Island County (pro).