HOUSE BILL REPORT
HB 1628

As Reported by House Committee On:
Trade & Economic Development

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.

Sponsors: Representatives Barlean, Sehlin, Santos and Kagi.

Brief History:
Committee Activity:
Trade & Economic Development: 2/13/01, 2/22/01 [DP].

Brief Summary of Bill

- Modifies the definition of rural county– under the 0.08 percent local option sales and use tax for public facilities in rural counties to include a county that is less than 250 square miles in size.

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: Do pass. Signed by 12 members: Representatives Van Luven, Republican Co-Chair; Veloria, Democratic Co-Chair; Dunn, Republican Vice Chair; Eickmeyer, Democratic 1st Vice Chair; Fromhold, Democratic 2nd Vice Chair; Ahern, Gombosky, Jackley, Mulliken, O'Brien, Pflug and Woods.

Staff: Kenny Pittman (786-7392).

Background:

In 1997 the Legislature authorized a local option sales and use tax for public facilities in distressed counties. A distressed county could impose a 0.04 percent local sales and use tax with the tax being 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. The revenue from the distressed counties' local option sales and use tax must be used to finance public facilities. A public facility was not defined. A distressed county was defined as a county with an average unemployment rate that exceeds the state's unemployment rate by 20 percent for the previous three-year period, as determined by the Employment Security Department (23 counties were eligible under that definition).

In 1999 the Legislature revised the distressed counties' local option sales and use tax to be used in rural counties. The Legislature also increased the local option tax rate from 0.04 percent to 0.08 percent for the rural counties. The revenues from the local option sales and use tax must be used to finance public facilities, in a rural county, that are listed as an item on the county's overall economic development plan, or the economic development section of the county's comprehensive plan, or the comprehensive plan of a city, or the county's or cities' capital facilities plan.

A public facility is defined to mean bridges, roads, domestic and industrial water, sanitary sewer, and storm sewer facilities, earth stabilization, railroad, electricity, natural gas, buildings, structures, telecommunications, transportation, and commercial infrastructure, and port facilities. A rural county is defined as county with a population density of less than 100 persons per square mile as determined by the Office of Financial Management (Thirty-one counties are eligible for the local option sales and use tax using the rural county definition).

Summary of Bill:

The definition of a rural county– under the local option sales and use tax for public facilities in rural counties is modified to include a county that is smaller than 250 square miles as determined by the Office of Financial Management.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The bill addresses a definition problem that excluded Island County from a rural economic development infrastructure financing program. The ability to generate financing for infrastructure projects will result in job creation and family wage jobs for our residents.

Testimony Against: None.

Testified: (In support) Representative Barlean, prime sponsor; Ron Newbry, Island County Economic Development Association; and Ron Rosenbloom, Association of Washington Cities.