

***Trade & Economic Development
Committee***

HB 1817

Brief Description: *Authorizing public centers districts.*

Sponsors: *Representatives Gombosky, Ahern, Fromhold, O'Brien and Wood.*

Brief Summary of Bill

- *Authorizes counties with populations of less than one million, and cities and towns located in a county with a population of less than one million, to create public centers districts to provide convention, conference, or special events, cultural, technology, or community centers, and related parking facilities, that are constructed or rehabilitated after July 1, 2001. Public center districts are governed by an appointed five or seven-member board of directors, who serve four-year staggered terms of office.*
- *Authorizes public centers districts to impose a variety of taxes, including an admissions tax, a parking tax, and two separate voter-approved sales and use taxes, one of which is credited against the state sales and use taxes.*

Hearing Date: *2/20/01*

Staff: *Steve Lundin (786-7127).*

Background:

A variety of special districts may be created by counties, cities, or towns to provide various public facilities and finance these facilities by imposing a variety of taxes.

Counties may create public facilities districts to provide sports facilities, entertainment facilities, convention facilities, regional centers, and related parking facilities. Cities and towns may create public facilities districts to provide regional centers and related parking facilities. Public facilities districts may impose a variety of taxes to finance these facilities, including: (1) A hotel/motel lodging tax of up to 2 percent on facilities with 40 or more

lodging units if the combined sales and use taxes, and lodging excise taxes, imposed on lodging do not exceed 11.5 percent; (2) an admissions tax of not more than 1 cent on 20 cents or fraction thereof paid for admissions, cover charges, food and refreshment charges if free entertainment or amusement is provided, equipment rental for recreation or amusement, and parking charges at its facilities; (3) a vehicle parking tax imposed on its parking facilities of not more than 10 percent; (4) voter-approved sales and use taxes of not exceeding 0.2 percent, but the maximum rate was 0.1 percent before August 1, 2000; and (5) an additional nonvoter-approved sales and use tax of not exceeding 0.033 percent with this tax being deducted from the state's sales and use taxes.

Summary of Bill:

Public centers districts may be created by the legislative authority of any county with a population of less than one million, by the legislative authority of a city or town in such a county, by the legislative authorities of two or more contiguous counties each with a population of one million or more, or by the legislative authorities of two or more contiguous cities or towns located in a county or counties each with a population of less than one million. A public centers district is coextensive with the boundaries of the entity or entities creating the district.

1. Board of directors

A public centers district created by a single county or a single city or town is governed by a five-member board of directors appointed by the authority creating the district, two of whom are appointed without recommendations and three of whom are appointed from recommendations by the local chamber of commerce, local economic development authority, and local labor council. A public centers district created by two or more counties, or two or more cities or towns, is governed by a seven-member board of directors appointed by the legislative authorities of the entities creating the district, with three of whom are appointed without recommendations and four of whom are appointed from recommendations by the local chamber of commerce, local economic development authority, and local labor council. Members of a board of directors serve four-year staggered terms of office.

2. General authorities

A public center district may provide and operate one or more public centers, which are defined as convention, conference or special events, cultural, technology or community centers, and related parking facilities, that are constructed after July 1, 2001, or an existing public center that is improved or rehabilitated after July 1, 2001.

A public centers district may expend its moneys to promote and advertise its public centers, but these materials may not be used to influence the outcome of a district election.

3. Finances

A public center district may impose the following taxes:

- *An admissions tax of not more than 1 cent on 20 cents or fraction thereof paid for admissions to regional centers. The tax is applied to admission charges, cover charges, food and refreshment charges if free entertainment or amusement is provided, equipment rental for recreation or amusement, and automobile parking charges if the charge is based upon the number of passengers in the automobile.*
- *A vehicle parking tax imposed on its parking facilities of not more than 10 percent.*
- *Voter-approved sales and use taxes of not exceeding 0.2 percent.*
- *An additional nonvoter-approved sales and use tax of not exceeding 0.033 percent with this tax being deducted from the state's sales and use taxes, if construction or rehabilitation work begins before January 1, 2005. The taxes expire when bonds issued for the construction of a public center and related parking facilities have been retired, but in no event more than 25 years after the tax is first imposed. The taxes may only be imposed if matched by other public and private sources by amount equal to 33 percent of the amount of the taxes. The match may be in the form of cash or in-kind contributions. A public center district may not impose this tax if it is located in a county imposing a 0.017 percent sales and use tax for a baseball stadium or located in a public stadium authority imposing a 0.016 percent sales and use tax for a public stadium.*

A credit mechanism is provided for each of these two sales and use taxes to avoid two different public centers districts occupying common territory both collecting the same sales and use taxes on the same taxable events. Each these two separate sales and use taxes that may be imposed by a public centers district that is created by one or more cities or towns is credited against the same sales and use taxes imposed by a public centers district created by one or more counties, if the two districts include common territory.

A public centers district may issue general obligation bonds of up to 0.5 percent of the value of taxable property in the district, without voter approval, and of up to a total of 1.5 percent of the value of taxable property in the district when authorized by voter approval, with maturities not exceeding 30 years. A public centers district may impose voter-approved excess property tax levies to retire the voter approved general obligation bonds.

A public center district may impose charges and fees for use of its facilities and issue revenue bonds payable from these revenues with maturities of not exceeding 30 years.

Leasehold interests in public centers districts are exempt from leasehold excise taxes.

4. Contracting

A public centers district may negotiate contracts with private entities for services, including the operation and management of its public centers.

A public centers district may use the alternative public works contacting procedures to award contracts to construct its public centers.

A public centers district may follow the Department of General Administration's procedures for purchasing materials, supplies, and equipment.

Appropriation: *None.*

Fiscal Note: *Requested on February 6, 2001.*

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