

***Trade & Economic Development
Committee***

HB 2188

Brief Description: *Revising public facility district provisions.*

Sponsors: *Representatives Dunn (co-prime sponsor), Reardon (co-prime sponsor), Pennington, Gombosky and Linville.*

Brief Summary of Bill

- *Authorizes a public facilities district to be created by joint action of two or more cities and towns located in a county with a population of less than one million and the county or counties in which the cities and towns are located.*
- *Defines special events center, that may be provided by a public facilities district, to be a facility or combination of facilities, the primary purpose of which is the presentation of events, activities, performances, or exhibits for the enjoyment of the general public.*
- *Extends the date by which a public facilities district must either commence new construction or remodeling of a regional center, and be able to finance this work with proceeds from a sales and use tax at a rate of up to 0.033 percent, from January 1, 2003, to January 1, 2004.*
- *Allows a public facilities district created by a county to defer state and local sales and use taxes imposed on constructing a regional center, and acquiring machinery and equipment for a regional center, with payments on the deferred taxes being made in 10 annual installments commencing five years after the construction is completed and no payment of interest on the deferred taxes.*

Hearing Date:

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

Background:

Counties are authorized to create countywide public facilities districts to provide sports facilities, entertainment facilities, convention facilities, regional centers, and related parking facilities. Regional centers are defined as convention, conference, or special events facilities serving a regional population that are constructed or improved after July 25, 1999, at a cost of at least \$10 million. A public facilities district created by a county is governed by an appointed board of directors, with a varying composition and appointing authority.

One or more cities or towns located in a county with a population of less than one million may create a public facilities district to provide regional centers, which are defined to be the same as regional centers for public facilities districts created by a county. A public facilities district created by a city or town occupies the area of the cities or towns creating the district. A public facilities district created by a city or town is governed by an appointed board of directors, with a varying composition and appointing authority.

Public facilities districts may impose a variety of taxes to provide their facilities, including:

- A hotel/motel lodging tax of up to two 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. The tax could have been imposed prior to December 31, 1999, without voter approval, and since that date may only be imposed with voter approval.*
- 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, but the maximum rate was 0.1 percent before August 1, 2000.*
- 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. This tax may only be used to finance regional centers.*

A public facilities district created by a county may also impose voter approved excess property tax levies.

Summary of Bill:

A public facilities district may be created by joint action of the legislative authorities of one or more cities or towns located in a county with a population of less than one million and the legislative authority of the county or counties in which the cities and towns are located. Such a public facilities district would only include the territory included in each city or town participating in its creation as well as the unincorporated area of each county

participating in its creation. A public facilities district created by joint action of one or more counties and one or more cities and towns is governed by a seven-member governing body selected as follows: (1) Three members are appointed by the legislative authorities of the cities, towns, and counties; and (2) four members are appointed by the legislative authority based on recommendations from local organizations, including the local chamber of commerce, local economic development council, local labor council, and a neighborhood organization directly affected by the location of the regional center.

A special events center, that may be provided by a public facilities district, is defined to be a facility or combination of facilities, the primary purpose of which is the presentation of events, activities, performances, or exhibits for the enjoyment of the general public.

The date by which a public facilities district must either commence new construction or remodeling of a regional center, and be able to finance this work with proceeds from a sales and use tax at a rate of up to 0.033 percent, is extended from January 1, 2003, to January 1, 2004.

A public facilities district created by a county may defer state and local sales and use taxes imposed on site preparation, construction of buildings or other structures, and acquisition of machinery and equipment for a regional center. Payments of the deferred taxes begin five years after the date the Department of Revenue certifies as the date the regional center is complete, and are made on December 31 of that year and continuing on December 31st of each of the nine following years. Each payment is 10 percent of the deferred taxes and interest shall not be charged.

Appropriation: None.

Fiscal Note: Requested on February 19, 2001.

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