

FINAL BILL REPORT

ESB 5289

FULL VETO As Passed Legislature

Brief Description: Expanding the definition of "public facilities" for purposes of the use of certain revenues in rural counties.

Sponsors: Senators T. Sheldon and Gardner.

Senate Committee on Economic Development & Telecommunications
House Committee on Trade & Economic Development

Background: The state Legislature has authorized a number of local options sales and use tax programs to assist local jurisdictions in carrying out a variety of county and municipal purposes. One such program, enacted in 1997, is a local option tax for public facilities in rural counties.

Public facilities are defined for the purposes of the program to include the following types of infrastructure: bridges, roads, domestic and industrial water facilities, sewer, storm sewer, and earth stabilization facilities, railroads, electricity, natural gas, buildings, structures, telecommunications and transportation, or commercial infrastructure, and port facilities.

To qualify as a public facility eligible for the program, the facility must be listed as an item in a city or county's official economic development plans or capital facilities plans.

The maximum allowable tax rate may not exceed 0.08 percent and is deducted from the amount of tax the state would otherwise receive in sales and use taxes. Thirty-one counties have participated in the program since it started, generating nearly \$12.5 million of local revenue for public facilities in rural counties. No county program can last for more than 25 years.

Summary: The rural county local option sales tax program for public facilities is modified to clarify and expand the allowable purposes for which the moneys can be used.

The financing of public facilities is clarified to include the acquisition, construction, rehabilitation, alteration, expansion or improvement of public facilities for the purpose of creating or retaining private-sector jobs and to exclude certain electricity facilities. The financing of related costs is also allowed and defined to include a variety of development costs such as permitting, project design, feasibility studies, site planning and financing analysis. None of the .08 percent money may be provided to any public or private electric utility.

Obsolete language is deleted.

Votes on Final Passage:

Senate 49 0
House 74 23 (House amended)
Senate 45 0 (Senate concurred)