

HOUSE BILL REPORT

ESHB 2347

As Passed House:

February 16, 2004

Title: An act relating to the inclusion of cultural facilities under the authority of certain public facilities districts.

Brief Description: Authorizing additional sales tax authority for public facilities districts.

Sponsors: By House Committee on Trade & Economic Development (originally sponsored by Representatives McDonald, Morrell, Edwards and Hinkle).

Brief History:

Committee Activity:

Trade & Economic Development: 1/22/04, 1/29/04 [DPS];

Finance: 2/6/04, 2/10/04 [DPS(TED)].

Floor Activity:

Passed House: 2/16/04, 95-2.

Brief Summary of Engrossed Substitute Bill

- Authorizes public facilities districts located in a county with a population that exceeds 215,000, created after July 1, 2005, but before June 30, 2007, to impose a sales and use tax of up to 0.033 percent for the construction of a new cultural center or the improvement or rehabilitation of an existing cultural center, so long as work on the cultural center commences prior to January 1, 2008.

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Veloria, Chair; Eickmeyer, Vice Chair; Skinner, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Blake, Chase, Condotta, Kristiansen, McCoy, Ormsby, Pettigrew, Priest and Rodne.

Staff: Tracey Taylor (786-7196).

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill by Committee on Trade & Economic Development be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives McIntire, Chair; Hunter, Vice Chair; Cairnes, Ranking Minority Member; Ahern, Conway, Morris and Santos.

Minority Report: Do not pass. Signed by 2 members: Representatives Orcutt, Assistant Ranking Minority Member; and Roach.

Staff: Rick Peterson (786-7150).

Background:

A public facilities district (PFD) may be created upon adoption of a resolution by the county legislative authority in which the proposed district is located. A PFD is a municipal corporation, and independent taxing authority within the meaning of Article VII, Section 1 of the State Constitution, and a taxing district within the meaning of Article VII, Section 2 of the State Constitution. A PFD is a body corporate and possesses all the usual powers of a corporation for public purposes or specially conferred by statute.

A PFD is authorized to acquire, construct, own, remodel, maintain, equip, reequip, repair, and operate sports facilities, entertainment facilities, convention facilities or regional centers, together with contiguous parking facilities. In addition to existing authorities, public facilities districts formed after January 1, 2000, may acquire, construct, maintain, and operate recreation facilities other than ski areas.

The districts formed prior to 2002 may impose a 0.033 percent sales tax that is deducted from the state sales tax and is not an increase to taxpayers. A PFD also may levy a 0.2 percent sales tax and a 2 percent lodging tax if approved by a majority of voters in the district.

Summary of Engrossed Substitute Bill:

A PFD created by a city, town, or county after July 1, 2005, but before June 30, 2007, may impose a sales and use tax for the construction, improvement or rehabilitation of a cultural center if the PFD is located in a county with a population in excess of 215,000. The construction of a new cultural center or the improvement or rehabilitation of an existing cultural center must begin prior to January 1, 2008.

The public facilities sales and use tax may not exceed 0.033 percent and cannot be imposed prior to September 1, 2005. This public facilities sales and use tax must be deducted from the amount of sales and use tax due to the Department of Revenue. This sales and use tax expires when the bonds issued for the construction of the regional center and related parking garage are retired, after 20 years, or the date when the cumulative

total of taxes collected has exceeded \$18 million, whichever is first.

The moneys collected from the public facilities sales and use tax must be used for the construction, improvement or rehabilitation of a cultural center and be matched with private or other public sources equal to 33 percent of the moneys collected by the public facilities sales and use tax. The public source cannot include nonvoter approved taxes authorized by the public facilities district.

If both the city's or town's public facilities district and the county's public facilities district impose a sales and use tax for a cultural center, then the city's or town's public facilities district tax shall be credited against the county sales and use tax.

If a county PFD in a county with a population of one million or more has imposed a sales and use tax for a baseball stadium or if a county created public stadium authority has imposed a sales and use tax to develop a stadium and exhibition center, then it cannot also impose the sales and use tax for the construction, improvement or rehabilitation of a cultural center.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: (Trade & Economic Development) This is about partnerships that enrich the community. Pierce College is constructing a new Arts and Communications building. The City of Puyallup realized it could work with Pierce College to add a performing arts center. By sharing the facilities, including the lobbies and restrooms, Puyallup and Pierce College are able to maximize resources. This "two-for-one" will enrich the students' experiences by offering additional opportunities for instruction and participation. It will also offer city residents and others in the region an opportunity for increased exposure to the cultural arts.

Testimony For: (Finance) This is about partnerships that enrich the community. Pierce College is constructing a new Arts and Communications building. The City of Puyallup realized it could work with Pierce College to add a performing arts center. By sharing the facilities, including the lobbies and restroom, Puyallup and Pierce College are able to maximize resources. This two-for-one will enrich the students' experiences by offering additional opportunities for instruction and participation. It will also offer city residents and others in the region an opportunity for increased exposure to the cultural arts.

Testimony Against: (Trade & Economic Development) None.

Testimony Against: (Finance) None.

Persons Testifying: (Trade & Economic Development) Representative McDonald, prime sponsor; Representative Morrell, Jim Bacon, City of Puyallup; and Mary A. Chikwinya, Pierce College.

Persons Testifying: (Finance) (In support) Steve Wall, Pierce College; and Jim Bacon, City of Puyallup.

Persons Signed In To Testify But Not Testifying: (Trade & Economic Development) None.

Persons Signed In To Testify But Not Testifying: (Finance) None.