**Washington State**
**House of Representatives**
**Office of Program Research**

# BILL ANALYSIS

# Trade & Economic Development Committee

# SSB 6113

**Brief Description:** Modifying the rural county sales and use tax.

**Sponsors:** Senate Committee on Economic Development (originally sponsored by Senators T. Sheldon, Swecker, Haugen, Zarelli, Rasmussen and Benton).

**Brief Summary of Substitute Bill**

- Clarifies the purpose of the rural county sales and use tax is revenue to finance public facilities projects that promote economic development.
- Requires an annual report to the Office of the State Auditor by the rural counties of all projects funded by the revenue of the rural county sales and use tax during the prior fiscal year.

**Hearing Date:** 2/24/04

**Staff:** Tracey Taylor (786-7196).

**Background:**

The legislative authority of a rural county may impose a local sales and use tax of up to 0.08 percent. The tax is credited against the state's 6.5 percent sales and use tax and is not experienced as an additional tax by the consumer. An eligible county must have an average population density of less than 100 residents per square mile. The tax revenue may only be used for the financing of public facilities, such as street improvements, bridges, and water and sewer systems, that are listed in the local economic development, comprehensive or capital facilities plan. Once a county qualifies and the tax has been levied, it may continue for up to 25 years.

**Summary of Bill:**

The original goal of the 1997 act is reaffirmed. The Legislature finds that the continuing goal is the creation, attraction, expansion and retention of businesses and providing family wage jobs.

The revenue collected from the imposition of the rural sales and use tax may only be used for financing public facilities that serve an economic development purpose in a rural county.

In addition to consulting cities, towns and port districts within the county, the county must also consult with the associate development organizations serving the county to ensure that the legislative goals of the tax are met.

By October 1st each year, the county must report to the Office of the State Auditor a list of new projects from the prior fiscal year.  The county must show that the projects meet the goals of the tax.  Any projects financed prior to the effective date of the new act are not considered new projects for the purposes of the report.

Economic development purposes are defined as these purposes that facilitate the creation or retention of businesses and jobs in a county.

**Appropriation:**  None.

**Fiscal Note:**  Available.

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