

# HOUSE BILL REPORT

## HB 1164

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**As Reported by House Committee On:**  
Community & Economic Development & Trade  
Finance

**Title:** An act relating to extending the state sales and use tax credit for public facilities districts created before September 1, 2007.

**Brief Description:** Extending the sales and use tax credit for certain public facilities districts.

**Sponsors:** Representatives Alexander, Hunt, DeBolt, Pettigrew, Armstrong, Lovick, Kessler, Grant, Chase, Haler, Bailey and Moeller.

**Brief History:**

**Committee Activity:**

Community & Economic Development & Trade: 1/24/07, 1/29/07 [DP];  
Finance: 2/21/07, 3/1/07 [DP].

**Brief Summary of Bill**

- Authorizes a county public facilities district (PFD), created before September 1, 2007, located in a county or counties with no other PFD and with a population that exceeds 70,000, to impose a sales and use tax of up to 0.033 percent for the construction or rehabilitation of a regional center so long as work on the regional center commences prior to January 1, 2009.

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**HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE**

**Majority Report:** Do pass. Signed by 9 members: Representatives Kenney, Chair; Pettigrew, Vice Chair; Bailey, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Chase, Darneille, Haler, Rolfes and P. Sullivan.

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

**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

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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, re-equip, repair, and operate sports facilities, entertainment facilities, convention facilities or regional centers, together with contiguous parking facilities. In addition to existing authorities, PFDs formed after January 1, 2000, may acquire, construct, maintain, and operate recreation facilities other than ski areas.

The PFDs 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.

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**Summary of Bill:**

A county PFD created prior to September 1, 2007, located in a county or counties with no other PFD and in which the total population is greater than 70,000, may impose a sales and use tax of not more than 0.033 percent for the construction or rehabilitation of a regional center. The construction or rehabilitation must begin prior to January 1, 2009.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) This bill is about economic opportunities and the prosperity of a community. In 2006, the community experienced the loss of a major employer with the closure of the mine resulting in the loss of 600 family wage jobs. Now the community is looking for economic diversity, including increased tourism. Assistance with the development of a regional equestrian center, that has a high level of private investment, will provide a needed boost to the tourism sector in Lewis County. A feasibility study has been completed and the area lacks modern professional facilities. The facility will also include a learning center which will help promote agribusiness in the community and provide an excellent resource for our schools. In addition, the facility will provide much needed capacity for hoofed animal rescue. In order to make the 7,000 seat arena and associated equestrian facilities a reality, a public facilities district with bonding authority and some revenue to assist in the financing of this \$60 to \$80 million facility is required. The economic impact of the facility is estimated to bring 150 to 300 construction-related jobs and 30 to 50 full-time jobs once the facility is

completed. The equestrian center will act as a magnet to attract added development in the area, including lodging business and retail. Similar centers in other states have promoted their local equestrian related industry.

(Opposed) None.

**Persons Testifying:** Representative Alexander, prime sponsor; Larry Hewitt, Southwest Washington Regional Equestrian Center; Ron Averill, Lewis County Commissioner; Cy Meyers, Mayor of Winlock; Mary Garrison, South Lewis County Chamber of Commerce; Tom Crowson, Backcountry Horsemen of Washington; Bill Lotto, Lewis County Economic Development Council; and Sue Gordon.

**Persons Signed In To Testify But Not Testifying:** None.

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## HOUSE COMMITTEE ON FINANCE

**Majority Report:** Do pass. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Conway, Ericks, McIntire, Roach and Santos.

**Staff:** Rick Peterson (786-7150).

### **Summary of Recommendation of Committee On Finance Compared to Recommendation of Committee On Community & Economic Development & Trade:**

No new changes were recommended.

**Appropriation:** None.

**Fiscal Note:** Available.

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

### **Staff Summary of Public Testimony:**

(In support) This bill allows for the creation of a PFD in Lewis County to help facilitate the construction of a regional, multi-event equestrian center in Lewis County. The project is ready to go, has strong private support, and would create jobs during the construction and operational stages. This project would also bring tourism dollars and economic development to our community. Also, this would help offset the hit from the logging industry and manufacturing situation. This is not like the Sonics stadium or NASCAR proposals. The feasibility study has been conducted. We need the economic growth in Lewis County. Private-public partnerships work out well, and this adds a nice balance to the community. Businesses have come and gone in south Lewis County at an alarming rate, communities are deteriorating, and crime is growing. This center will bring us the boost we need.

The taxing authority created by the PFD allows two-thirds of the project to be funded with state revenue bonds, which are issued and sold to private investors and are not a debt to the county. The other one-third of the capital will be covered by the Southwest Washington Regional Equestrian Center, which is very generous. Unlike the Sonics and NASCAR, this is not a large taxing authority and we cannot extend taxes to industries such as hotels or rental cars. We will be using only sales tax from Lewis County. The facilities managed by private parties, rather than public, generate much greater revenues. For-profit bases for these projects meet revenue objectives. For this project, we at least will break even with the amount of money collected from taxes and returned to the state in the form of taxes from new revenues. This center will hold events that attract people from outside the state who would otherwise not visit Washington. This will serve as a multi-purpose facility. We are not the Sonics or NASCAR, we are local people, with letters of support from the county commissioners and others.

Over 26 million people attended rodeo events nationwide. One location in the state holds rodeo events indoors, and two locations outdoors. Washington is not on the map for equestrian facilities in this nation, and we need to put it on the map. The success of this project will depend on legislative support. The long list of synergistic small business opportunities surrounding the equestrian facility will generate economic growth.

(Opposed) None.

**Persons Testifying:** Representative Alexander, prime sponsor; Cy Meyers, Mayor of Winlock; Larry Hewitt and Mike Garrison, Southwest Washington Regional Equestrian Center; David Danton, Cascade Mountain Radio Events; and Phil Smith.

**Persons Signed In To Testify But Not Testifying:** None.