

HOUSE BILL REPORT

EHB 2388

As Amended by the Senate

Title: An act relating to financing regional centers with seating capacities less than ten thousand that are acquired, constructed, financed, or owned by a public facilities district.

Brief Description: Financing regional centers with seating capacities less than ten thousand that are acquired, constructed, financed, or owned by a public facilities district.

Sponsors: By Representatives Alexander, P. Sullivan and Hunter.

Brief History:

Committee Activity: None.

Floor Activity:

Passed House: 3/14/07, 80-16.

Senate Amended.

Passed Senate: 4/10/07, 41-7.

Brief Summary of Engrossed Bill

- Authorizes a public facilities district with a population greater than 70,000 to impose a sales and use tax if the district is created before September 1, 2007, and commences construction of a new regional center before January 1, 2009.
- Authorizes the creation of a city public facilities district in a city with a population between 80,000 and 115,000 located in a county with a population greater than one million.
- Authorizes a second county-wide public facilities district located in a county with a population greater than one million to impose a sales and use tax to finance a regional center constructed and operated by a city public facilities district.

Staff: Rick Peterson (786-7150).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Public facilities districts (PFDs) are municipal corporations with independent taxing authority and are taxing districts under the State Constitution. There are two enabling statutes, Chapter 36.100 RCW (County PFDs) for counties and Chapter 35.57 RCW (City PFDs) for cities and joint arrangements between a group of cities or a county and one or more cities. Governance provisions are spelled out for these districts.

City PFDs must be located in a county with a population less than one million. City PFDs are authorized to construct, improve, or remodel regional centers. A regional center is a convention, conference, or special events center, and related parking facilities, that costs at least \$10 million. A special events center is a facility, available to the public, used for community events, sporting events, trade shows, and artistic, musical, theatrical, or other cultural exhibitions, presentations, or performances. The boundaries of a City PFD are coextensive with the city. However, if the city has been jointly created, the boundaries are coterminous with all cities jointly participating or the unincorporated areas of a county jointly participating. City PFDs may be funded through a combination of: (1) charges and fees for the use of facilities by organizations; (2) admission charges; (3) taxes on vehicle parking charges; (4) voter-approved sales and use taxes; (5) credits against the state sales and use tax; (6) voter-approved property taxes; and (7) bonds.

County PFDs may be created in any county. The boundaries of a County PFD are coextensive with the boundaries of the county. Many County PFD provisions were modified as part of the baseball stadium legislation in 1995. County PFDs may construct, improve, or remodel sports facilities, entertainment facilities, convention facilities, or regional centers as defined above. County PFDs may be funded through a combination of: (1) charges and fees for the use of facilities by organizations; (2) taxes on admission charges; (3) taxes on vehicle parking charges; (4) voter-approved sales and use taxes; (5) credits against the state sales and use tax; (6) lodging taxes; (7) voter-approved property taxes; and (8) bonds. A County PFD may also receive a sales and use tax deferral for taxes paid on the construction of a facility with a retractable roof and natural turf. King County contains one County PFD created for the purpose of the construction, maintenance, and operation of Safeco Field, the baseball stadium.

Existing PFDs may impose a sales and use tax within the boundaries of the district. A PFD created after June 30, 2006, may not impose the tax. The rate of tax is 0.333 percent. The tax is a credit against the state sales and use tax.

Summary of Engrossed Bill:

A City PFD or County PFD created before September 1, 2007, that commences construction of a new regional center before January 1, 2009, may impose a 0.033 percent sales and use tax. The population within the boundaries of the PFD must be greater than 70,000.

The creation of a City PFD is authorized in a county with a population greater than one million. The city must have a population between 80,000 and 115,000. The construction of the regional center must commence prior to July 1, 2008. A sales and use tax deferral is

provided for the construction of the regional center. The district would begin paying deferred taxes in the fifth year after the date the regional center is certified as operationally complete. A county with a population over one million may create a second County PFD to finance the construction, maintenance, and operation of a regional center owned and operated by a City PFD. The County PFD may impose a sales and use tax at a rate not to exceed 0.0017 percent. The tax is a credit against the state sales and use tax. The County PFD may not impose the tax if the county is currently imposing the sales and use tax under RCW 82.14.0485, which is a tax specifically dedicated to financing the bonds used to construct Safeco Field.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment allows an additional 0.033 percent sales tax credited against the state sales tax for city public facility districts with population between 80,000 and 115,000 located in a county with population over a million and for existing public facilities districts located in counties with population less than 300,000 where the public facility district has a population between 90,000 to 100,000.

Appropriation: None.

Fiscal Note: Requested on March 16, 2007.

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

Staff Summary of Public Testimony:

None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.