

HOUSE BILL REPORT

SSB 6195

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

Title: An act relating to the definition of rural county for economic development purposes.

Brief Description: Modifying the definition of rural county for economic development purposes.

Sponsors: Senate Committee on Economic Development, Trade & Management (originally sponsored by Senators Haugen and Rasmussen).

Brief History:

Committee Activity:

Community & Economic Development & Trade: 2/21/08, 2/25/08 [DP].

Brief Summary of Substitute Bill

- Ties the definition of "rural county" under the Community Economic Revitalization Board, Associate Development Organization, Rural Washington Loan Fund, and the Electric Utility Rural Economic Development Revolving Fund program statutes to the definition contained in the Public Facilities Sales and Use tax statute.

HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

Majority Report: Do pass. Signed by 8 members: Representatives Kenney, Chair; Pettigrew, Vice Chair; Bailey, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Darneille, Haler, Rolfes and Sullivan.

Staff: Meg Van Schoorl (786-7105).

Background:

The legal definition of "rural county" differs from statute to statute. Under the Community Economic Revitalization Board (CERB) and the Rural Washington Loan Fund statutes, a "rural county" is defined as having a population density of fewer than 100 persons per square mile. The Associate Development Organization statute makes reference to the CERB "rural

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county" definition. For 2007-08, the density definition yields 31 rural and eight urban counties. However, several rural tax incentive programs, including the ".09" Public Facilities Sales and Use Tax statute, define a "rural county" as having a population density of less than 100 persons per square mile or being smaller than 225 square miles. For 2007-08, using this two-pronged "rural county" definition would shift one county (Island) from urban to rural.

Summary of Bill:

Under the CERB, the Rural Washington Loan Fund, the Associate Development Organization, and the Electric Utility Rural Economic Development Revolving Fund statutes, "rural county" has the same meaning as it does under the sales and use tax for public facilities in rural counties (.09 tax). "Rural county" is a county with a population density of less than 100 persons per square mile or a county smaller than 225 square miles as determined by the Office of Financial Management and published each year by the Department of Community, Trade and Economic Development for the period July 1 - June 30.

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) The diverse definitions of "rural county" need to be made consistent, once and for all. It is best to tie the definition in all of the economic development statutes to the definition in the tax code. We support the policy goal of including Island County as a rural county. We will work to make sure that the additional funding for Island County is included in the supplemental budget.

(With concerns) Although we support the policy goal, we are concerned that if there is no additional funding in the budget for Island County, we will have to reduce the other 31 existing associate development organization contracts to make up the difference. Another alternative would be to make the definition effective with the new biennium.

(Opposed) None.

Persons Testifying: (In support) Senator Haugen, prime sponsor; James McMahan, Washington Economic Development Association.

(With concerns) Marie Sullivan, Department of Community, Trade and Economic Development.

Persons Signed In To Testify But Not Testifying: None.