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## Capital Budget Committee

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### HB 2891

**Brief Description:** Providing state budget appropriations in lieu of state sales and use tax credits for certain public facilities districts.

**Sponsors:** Representative Hunter.

#### Brief Summary of Bill

- Appropriates a total of \$39 million of state general obligation bonds for regional centers in Kent, Yakima, and Cowlitz County.
- Eliminates the sales and use tax for regional centers in Kent, Yakima, and Cowlitz County.

**Hearing Date:** 1/24/08

**Staff:** Nona Snell (786-7153).

#### **Background:**

Public facilities districts (PFDs) are municipal corporations with independent taxing authority and are taxing districts provided for in the State Constitution. Two statutes allow for the creation of PFDs; one for counties (County PFDs), and one for cities and joint arrangements between a group of cities or a county and one or more cities (City PFDs). Governance provisions are specified for these districts.

#### City PFDs

Generally City PFDs must be located in a county with a population that is less than one million. However, a City PFD may be enacted in a city with a population between 80,000 and 115,000. City PFDs are authorized to construct, improve, or remodel regional centers. The boundaries of a City PFD are coextensive with the city. However, if the PFD has been jointly created, the boundaries are coterminous with all cities jointly participating or the unincorporated areas of a county jointly participating.

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City PFDs may be funded through a combination of: (1) charges and fees for the use of facilities; (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

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 below.

County PFDs may be funded through a combination of: (1) charges and fees for the use of facilities; (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.

#### Regional Center

A regional center is a convention, conference, or special events center, and related parking facilities, that costs at least \$10 million.

#### Special Events Center

A special events center is a facility available to the public and used for community events, sporting events, trade shows, and artistic, musical, theatrical, or other cultural exhibitions, presentations, or performances.

Existing PFDs may impose a sales and use tax within the boundaries of the district. A PFD created after September 30, 2007, may not impose the tax. The rate of tax is 0.033 percent. The tax is a credit against the state sales and use tax.

#### **Summary of Bill:**

Appropriates a total of \$39 million from State general obligation bonds for regional centers: \$18 million to the City of Kent; \$12 million to the Yakima Convention Center Public Facilities District; and \$9 million to Cowlitz County Public Facilities District. The Kent and Yakima appropriations must be matched with \$4 million in public or private funds, and the Cowlitz appropriation must be matched with \$3 million in public or private funds. The bill repeals the sales and use tax for regional centers specific to Kent, Yakima, and Cowlitz.

**Appropriation:** The sum of \$39 million is appropriated from the State Building Construction Account: \$18 million to the City of Kent; \$12 million to the Yakima Convention Center Public Facilities District; and \$9 million to the Cowlitz County Public Facilities District.

**Fiscal Note:** Requested on 01/18/2008.

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