

SENATE BILL REPORT

SB 5660

As Reported By Senate Committee On:
Water, Energy & Telecommunications, February 23, 2007

Title: An act relating to rural county authority to fund certain power line conversions with sales and use tax collections.

Brief Description: Authorizing rural counties to use local sales and use tax collections to fund certain power line conversions in rural counties.

Sponsors: Senator Haugen.

Brief History:

Committee Activity: Water, Energy & Telecommunications: 2/9/07, 2/23/07 [DP].

SENATE COMMITTEE ON WATER, ENERGY & TELECOMMUNICATIONS

Majority Report: Do pass.

Signed by Senators Poulsen, Chair; Rockefeller, Vice Chair; Honeyford, Ranking Minority Member; Delvin, Fraser, Holmquist, Marr, Morton, Oemig, Pridemore and Regala.

Staff: Margaret King (786-7416)

Background: In 1997, the Legislature authorized a local option sales and use tax for public facilities in distressed counties. A distressed county could impose a 0.04 percent local sales and use tax with the tax being credited against the state's 6.5 percent sales and use tax. Accordingly, the consumer does not see an increase in the amount of tax paid. The revenue from the distressed counties' local option sales and use tax must be used to finance public facilities. A public facility was not defined. A "distressed county" was defined as a county with an average unemployment rate that exceeds the state's unemployment rate by 20 percent for the previous three-year period, as determined by the Employment Security Department (23 counties were eligible under that definition).

In 1999, the Legislature revised the distressed counties' local option sales and use tax to be used in rural counties. The Legislature also increased the local option tax rate from 0.04 percent to 0.08 percent for the rural counties. The revenues from the local option sales and use tax must be used to finance public facilities in a rural county that are listed as an item on the county's overall economic development plan, or the economic development section of the county's comprehensive plan, or the comprehensive plan of a city, or the county's or cities' capital facilities plan.

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.

A "public facility" is defined to mean bridges, roads, domestic and industrial water, sanitary sewer and storm sewer facilities, earth stabilization, railroad, electricity, natural gas, buildings, structures, telecommunications, transportation and commercial infrastructure, and port facilities.

A "rural county" is defined as 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 for the period July 1 to June 30. Thirty-two counties are currently eligible for the local option sales and use tax.

Summary of Bill: Adds the conversion of above ground power lines to underground power lines to the definition of "public facilities."

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Island County was hit hard by the wind storm this winter with many businesses being without power for several weeks. This bill would simply allow rural counties to add the under-grounding of power to their public facilities infrastructure. It is up to the individual county and will have no fiscal impact.

Persons Testifying: PRO: Senator Haugen, prime sponsor.