

SENATE BILL REPORT

SB 6149

As of February 7, 2008

Title: An act relating to higher education investment districts.

Brief Description: Providing for higher education investment districts.

Sponsors: Senators Hobbs, Haugen, Berkey and Shin.

Brief History:

Committee Activity: Higher Education: 2/06/08.

SENATE COMMITTEE ON HIGHER EDUCATION

Staff: Aldo Melchiori (786-7439)

Background: The retail sales tax applies to the selling price of tangible personal property and of certain services purchased at retail. Sales tax is paid by the purchaser and collected by the seller. The use tax is imposed on items used in the state that were not subject to the retail sales tax and includes purchases made in other states and from sellers who do not collect Washington sales tax. The retail sales and use tax is imposed at a 6.5 percent rate by the state. In addition, state law allows for 17 different local option sales and use taxes for purposes including but not limited to transportation, criminal justice, public safety, public facilities, zoos, and sports stadiums. Local retail sales tax rates range from 0.5 percent to 2.4 percent.

Summary of Bill: The county legislative authority of a county with a population between 600,000 and 750,000 persons may create a higher education investment district (district). The county may enter interlocal cooperation agreements with contiguous counties for the creation and operation of the district. The district is created by resolution by the county legislative authority.

The district is a municipal corporation, an independent taxing authority, and a taxing district. The district is governed by a nine member board consisting of two members appointed by the legislative authorities of the cities and towns, three members appointed by the legislative authorities of the counties, and four members appointed based on recommendations from local organizations.

No taxes may be imposed without a majority vote of the voters of the district. If the voters approve, the district may impose a sales and use tax. Moneys received from the tax must be used solely for providing funds for the costs associated with the financing, design, acquisition,

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construction, equipping, maintaining, and operations of an independent comprehensive four-year institution of higher education with a polytechnic focus.

Appropriation: None.

Fiscal Note: Requested on February 1, 2008.

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: The reason for the bill is to help finance a higher education institution in Snohomish County. Without a reliable funding mechanism, the development of a campus in this area will be too slow to respond to the student demand.

Persons Testifying: PRO: Senator Hobbs, prime sponsor.