SENATE BILL REPORT
SHB 1751

As of March 12, 2009

Title: An act relating to the time period during which sales and use tax for public facilities in rural counties may be collected.

Brief Description: Concerning the time period during which sales and use tax for public facilities in rural counties may be collected.

Sponsors: House Committee on Finance (originally sponsored by Representatives Kessler, Van De Wege, Takko, Kenney, Finn, Haigh and Blake).

Brief History: Passed House: 3/10/09, 94-2.
Committee Activity: Agriculture & Rural Economic Development:

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Staff: Bob Lee (786-7404)

Background: Sales tax is imposed on retail sales of most items of tangible personal property and some services, including construction and repair services. Sales and use taxes are imposed by the state, counties, and cities. Sales and use tax rates vary between 7 and 8.9 percent, depending on location.

Rural counties may impose a local options sales and use tax of up to 0.09 percent. The tax is deducted from the state's 6.5 percent sales tax and, thus, the consumer does not see an increase in the amount of the tax paid. Revenues from this local option tax may only be used to finance public facilities serving economic development purposes and finance personnel in economic development offices. Public facilities are those listed as an item in an officially adopted county's overall economic development plan, the economic development section of the comprehensive plan, or listed in the capital facilities plan.

"Rural counties" are defined, for purposes of the tax credit, as counties with a population density of less than 100 persons per square mile, or smaller than 225 square miles.

This crediting mechanism for economic development of rural counties was first enacted in 1997. The maximum tax/credit rate at that time was 0.04 percent, could commence on July 1, 1998, and last for a period of 25 years after the date it was first imposed.

Summary of Bill: No tax may be collected by a county for more than 25 years after the date that the tax under this section was first imposed. For counties imposing the tax at the rate of 0.09 percent before August 1, 2009, the tax expires on the date that is 25 years after the date that the 0.09 percent tax rate was first imposed by that county.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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