

SENATE BILL REPORT

SB 6823

As Reported by Senate Committee On:
Ways & Means, February 9, 2010

Title: An act relating to naming credits against the state sales tax.

Brief Description: Naming credits against the state sales tax.

Sponsors: Senators Fraser, Parlette and Prentice.

Brief History:

Committee Activity: Ways & Means: 2/09/10 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hewitt, Hobbs, Keiser, Kline, Kohl-Welles, McDermott, Murray, Oemig, Parlette, Pflug, Pridemore and Regala.

Staff: Dean Carlson (786-7305)

Background: The Legislature has developed and used, in recent years, a credit type funding mechanism to fund various projects for local jurisdictions. This funding mechanism requires the legislative authority of a local government to enact a sales tax to make them eligible to receive the funding. However, the sales tax is credited against the state sales tax generated within the local jurisdiction. So instead of the mechanism being an additional sales tax to the consumer, it acts as a diversion of revenue from the state portion of the sales tax that would normally be deposited into the general fund. Because this funding mechanism requires a local government to enact a tax, these are often referred to as taxes. The following are examples of items that use this funding mechanism:

- infrastructure funding for rural counties;
- funding for Safeco Field;
- funding for public facilities districts;
- funding for quest field and the exhibition center;
- funding for cities annexing certain areas;
- funding for hospital benefit zones;
- hotel/motel stays for funding tourism;

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.

- funding for health science and service authorities; and
- funding for local infrastructure projects.

Summary of Bill: Credits against the state portion of the sales tax to fund local government projects are given a specific name and must be cited as such. Any new or updated forms, publications, or other documents must refer to the credits by its given statutory name. The following are names identified specifically in statute:

- state rural county credit;
- state baseball stadium credit;
- state public facilities district credit;
- state stadium and exhibition center credit;
- state annexation credit;
- state hospital benefit zone credit;
- state hotel/motel credit;
- state health sciences and services credit; and
- state local infrastructure financing credit.

Appropriation: None.

Fiscal Note: Not requested.

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: A name is very important as it can create clarity or confusion. The perfect example of this is the hotel/motel tax. We have one hotel/motel tax that is a credit against the state portion of the sales tax and we have other hotel/motel taxes that are add-on taxes paid by the consumer. These are often confused, and as they are very different items, the confusion gets in the way.

Persons Testifying: PRO: Senator Fraser, prime sponsor.