BILL ANALYSIS

Ways & Means Committee

HB 1574

Brief Description: Extending the public facility district sales and use tax for certain regional centers.

Sponsors: Representatives Ormsby, Crouse, Billig, Parker, Roberts, Liias and Sullivan.

Brief Summary of Bill

- Extends the maximum period for which the public facility district sales and use tax credit can be imposed from 20 to 35 years.

Hearing Date: 2/25/11

Staff: Rick Peterson (786-7150).

Background:

Public facilities districts (PFDs) are municipal corporations with independent taxing authority and are taxing districts under the State Constitution. There are two enabling statutes, one for counties (County PFDs) and another for cities and joint arrangements between a group of cities or a county and one or more cities (City PFDs). Governance provisions are spelled out for these districts.

County PFDs may be created in any county. The boundaries of a County PFD are co-extensive 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 above. County PFDs may be funded through a combination of: (1) charges and fees for the use of facilities by organizations; (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. King County contains one County PFD created for the purpose of the construction, maintenance, and operation of Safeco Field, the

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baseball stadium.

State law authorizes a PFD to impose a local sales and use tax of up to 0.033 percent to finance regional centers. Regional centers are defined to include convention and conference centers and special events facilities, such as facilities for community events, sporting events, trade shows, and artistic performances. This tax is not an additional tax for consumers, and it does not change the overall retail sales or use tax rate. Rather, the receipts are credited against the state 6.5 percent tax, and therefore the burden is shifted to the State General Fund. Authority to levy the tax is limited to districts that were created by certain dates and commenced the construction, improvement, or rehabilitation of eligible projects prior to certain dates.

Once imposed, the tax may remain in place until bonds that finance the construction of the facility are retired, but in no case may the tax be levied for longer than 20 years. In order to utilize the state-credited tax receipts, the statute requires that public or private matching funds must be obtained for the project. First levied in August 2000, the tax is currently utilized to fund 22 projects throughout the state.

Summary of Bill:

The 20 year maximum period in which the sales and use tax credit can be imposed is changed to 35 years.

Once imposed, the tax is authorized to remain in place until bonds that finance the construction, as well as the improvement, rehabilitation, or expansion of the facility are retired.

Appropriation: None.

Fiscal Note: Requested on February 25, 2011.

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