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**Community & Economic Development &  
Housing Committee**

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**SB 5401**

**Brief Description:** Authorizing use of sales and use tax proceeds for certain public facilities in innovation partnership zones for economic development purposes.

**Sponsors:** Senators Chase, Kastama and McAuliffe.

**Brief Summary of Bill**

- Expands the allowable uses of rural county sales and use tax proceeds for public facilities serving economic development purposes to include certain facilities in Innovation Partnership Zones.

**Hearing Date:** 2/16/12

**Staff:** Jennifer Thornton (786-7147).

**Background:**

Innovation Partnership Zones.

In 2007 the Legislature directed the Department of Community, Trade and Economic Development (now the Department of Commerce) to design and implement an Innovation Partnership Zone (IPZ) program through which the state would encourage and support research institutions, workforce training organizations, and globally competitive companies working cooperatively in close geographic proximity to create commercially viable products and jobs.

Using specified criteria, the Department of Commerce, with the advice of the Washington Economic Development Commission, designates the IPZs for a period of four years. An IPZ may renew its designation through a reapplication process, and may lose its designation for failure to meet performance standards. The IPZs are eligible for funds as provided by the Legislature or at the discretion of the Governor. There are currently 14 IPZs in Washington.

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*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.*

### Rural County Sales and Use Tax.

Rural counties may impose a local option sales and use tax of up to 0.09 percent. For purposes of the local option tax, rural counties are defined as those with a population density of less than 100 persons per square mile, or smaller than 225 square miles. The tax is deducted from the state's 6.5 percent sales tax.

Revenues from this local option tax may only be used for the purposes of financing public facilities serving economic development purposes and financing personnel in economic development offices. Public facilities must be listed as an officially adopted item in a county's overall economic development plan, the economic development section of the comprehensive plan, or listed in the capital facilities plan.

### **Summary of Bill:**

For the purposes of using rural county sales and use tax proceeds to finance public facilities serving economic development purposes, the definition of public facilities is expanded to include research, testing, training, and incubation facilities in IPZs.

**Appropriation:** None.

**Fiscal Note:** Available.

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