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## Ways & Means Committee

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### SSB 5525

**Brief Description:** Concerning hospital benefit zones that have already formed.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Kilmer and Carrell).

<p><b>Brief Summary of Substitute Bill</b></p> <ul style="list-style-type: none"><li>• Modifies the hospital benefit zone program.</li></ul>
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**Hearing Date:** 3/30/11

**Staff:** Jeffrey Mitchell (786-7139).

**Background:**

In 2006 the Legislature authorized counties, cities, and towns to finance public improvements in a defined area with a new form of tax increment financing. The defined area, called a benefit zone, must include a hospital that has received a certificate of need. Local governments may establish a hospital benefit zone (HBZ) to finance public infrastructure improvements. The state contribution for the projects is provided through a new local sales and use tax, which is credited against the state sales and use tax. The sales and use tax credit is limited to \$2 million per year per project. The state contribution must be matched with an equivalent local contribution dedicated in the prior calendar year. Eligible public improvement projects include streets, water and sewer systems, parking facilities, sidewalks, street lighting, and parks.

**Summary of Bill:**

The definition of public improvements is amended to include construction, maintenance, and improvement of state highways that are within the benefit zone, including interchanges.

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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.*

A local government may modify the public improvements to be financed with the use of HBZ financing by amending the enabling ordinance and holding a public hearing, provided that the total cost of the public improvements is not increased.

Local public sources may include amounts expended by a hospital in the HBZ since the date of formation of the zone and may be applied to the year or years designated by the local government. Unused local public sources may be carried forward.

The definition of local public sources is amended to include federal funds. The definition of items excluded from local public sources are amended to exclude local government funds derived from the state-subsidized portion of any state loan or state grant.

A city, town, or county is not required to expend the local tax credited against the state taxes imposed under an HBZ in the fiscal year in which the taxes are received.

**Appropriation:** None.

**Fiscal Note:** Requested on March 28, 2011.

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