
Finance Committee

HB 2118

Brief Description: Concerning student parking fees collected by school districts.

Sponsors: Representatives Wilcox, Reykdal, Magendanz, Bergquist, Johnson, Kretz, Hunt, Vick and Freeman.

Brief Summary of Bill

- Provides explicit authority to school districts to charge a fee for student parking.
- Provides a sales and use tax exemption for ten years for students that are charged a fee for parking at their high school.
- Includes a tax preference performance statement describing the specific public policy objective of the legislation as well as the data and metrics for measuring the legislation's effectiveness in achieving the public policy objective.

Hearing Date: 1/16/14

Staff: Dominique Meyers (786-7150).

Background:

Sales and Use Tax.

Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products and some services. A retail sale is a sale to the final consumer or end user of the property, digital product or service. If retail sales taxes were not collected when the user acquired the property, digital products or services, then use taxes applies to the value of property, digital product or service when used in this state. The state, most cities, and all counties levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 3.1 percent, depending on the location.

Student Parking Fees.

School districts are authorized to lease surplus school property for lawful purposes as long as the use does not interfere with the district's educational program and related activities. The

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authorization to lease the surplus school property must be conditioned on the payment by all users, assessed on a basis that is non-discriminatory within classes of users, of such reasonable compensation and under the terms adopted by the board of directors. The compensation received for the lease of property is to be deposited into the district's debt service fund and/or capital projects fund or may be used for operation and maintenance of the leased property.

Parking fees are subject to retail sales tax or leasehold excise tax depending on the lease. Charges for parking that do not provide a designated spot for more than 30 days are subject to retail sales tax. Parking charges that provide the buyer a designated spot for more than 30 days are subject to leasehold excise tax. There is an exemption for leasehold excise tax if the amount charged is less than \$250 per year for each parking spot.

In general, student parking fees are subject to retail sales tax based on the structure and price of the fee students pay. Districts that choose to charge for parking do not generally provide students with a designated spot; rather the parking fee allows students to park in any spot on campus during regular school hours. These charges are subject to retail sales tax.

Tax Preferences.

In 2013, the Legislature passed Engrossed Substitute Senate Bill 5882 (ESSB 5882), which requires all new tax preference legislation to include a tax preference performance statement. Tax preferences include deductions, exemptions, preferential tax rates, and tax credits. The performance statement must clearly specify the public policy objectives of the tax preference, and the specific metrics and data that will be used by the Joint Legislative Audit and Review Committee (JLARC) to evaluate the efficacy of the tax preference.

ESSB 5882 also establishes an automatic 10-year expiration date for new tax preferences if an alternate expiration date is not provided in the new tax preference legislation.

Summary of Bill:

Explicit authority is provided to school districts to charge students a fee to park on campus during regular school hours. All or a portion of the revenue from student parking fees may be deposited into the associated student body fund.

A sales and use tax exemption is provided to students who are charged for parking by their high school.

The bill's tax preference performance statement specifies that the public policy objective is to provide tax relief to high school students that are charged a fee to park on campus during regular school hours. The tax preference performance statement requires JLARC to use data collected from the department of revenue on exempt sales of parking fees to evaluate the actual fiscal impact of the bill compared to the fiscal note provided to the legislature prior to the enactment of the legislation.

The bill provides an expiration date of July 1, 2024.

Appropriation: None.

Fiscal Note: Requested.

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