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**Finance Committee**

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**HB 2330**

**Brief Description:** Dedicating a portion of state sales tax revenues derived from certain short-term major public events for county economic development use.

**Sponsors:** Representatives Green, Muri, Sawyer, Jinkins and Zeiger.

**Brief Summary of Bill**

- Dedicates a portion of state sales tax revenues derived from certain short-term major public events for county economic development use.

**Hearing Date:** 2/4/14

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

**Background:**

Retail sales taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. The state sales tax rate is 6.5 percent, and local tax rates vary from 0.5 percent to 3.1 percent, depending on the location. The Department of Revenue (Department) administers the collection of state and local sales taxes through the monthly, quarterly, or annual collection of taxes from retailers.

The U.S. Open is the national golf championship of the United States. It was first played in 1895 and is conducted annually in June. The championship is played at a different site every year. In 2008 Pierce County invited the United States Golf Association (USGA) to conduct the U.S. Open at Chambers Bay. The USGA accepted the bid and is planning all aspects of the championship in partnership with Pierce County for the 2015 U.S. Open.

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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.*

**Summary of Bill:**

A county special events tax program is established authorizing an eligible county to receive a temporary additional portion of the state sales tax. An eligible county must be a county that is host to a paid admission event where the venue selection is made independently of the county. In addition, preparation requirements for the event must extend beyond the normal use of the venue and include event support costs borne by the county.

A county executive authority seeking eligibility for the program must notify the Department 90 days prior to the first day of the event that it expects to be eligible for temporary shared revenue under the program. The Department must ensure it has the means to track collections in the eligible county for validation after the event. Within 90 days following the fiscal year in which the event occurred, the Department must compute the sales tax revenue derived during the event period and compare it to the average for the three previous years. If the Department finds that the revenue exceeds the three-year average by more than \$2 million, it must declare the county eligible to receive a temporary share of the additional revenue. The state must provide 40 percent of the state sales tax revenue in excess of the three-year average for a one-time disbursement to the economic development account of an eligible county.

An eligible county seeking to participate in the county special events tax program must create and maintain an economic development endowment account. Funds deposited in the account must be used for the support of venues suitable for hosting eligible events.

The bill expires December 31, 2016.

**Appropriation:** None.

**Fiscal Note:** Requested on 1/27/14.

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