
Finance Committee

HB 1948

Brief Description: Supporting warehousing and manufacturing job centers.

Sponsors: Representatives Entenman, Stokesbary, Sullivan, Senn, Chambers, Ramos, Callan and Graham.

Brief Summary of Bill

- Creates the manufacturing and warehousing jobs centers account.
- Provides for mitigation payments for the support of manufacturing and job centers in manufacturing and warehousing communities negatively impacted by the Streamlined Sales and Use Tax Agreement.

Hearing Date: 2/26/19

Staff: Tracey O'Brien (786-7152).

Background:

Streamlined Sales and Use Tax Agreement.

In 2007 legislation was enacted fully adopting the Streamlined Sales and Use Tax Agreement (SSUTA).

The SSUTA includes provisions for determining where a sale is deemed to occur for local sales and use tax purposes. As part of the legislation, the Streamlined Sales and Use Tax Mitigation Account was created to mitigate the effect of the change in sourcing rules to negatively impacted local jurisdictions. Each July 1, the State Treasurer must transfer an amount determined by the DOR to fully mitigate negatively impacted local jurisdictions. The DOR determines each local jurisdiction's annual losses. Distributions are made quarterly representing one-fourth of a jurisdiction's annual loss less voluntary compliance revenue from the previous quarter.

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.

In 2017, the Legislature repealed local mitigation payments, effective October 1, 2019. Until that time, payments must be adjusted to reflect the impact of marketplace fairness on local tax revenues and will be made only to cities, counties, and public facilities districts.

Summary of Bill:

Qualified local taxing districts negatively impacted by the SSUTA may receive annual mitigation payments each July 1. To qualify a local taxing district must be a city and have received a mitigation payment of at least \$50,000 in calendar year 2018 from the Streamlined Sales and Use Tax Mitigation Account. In addition, the taxing district must continue to have local sales tax revenue loss due to the sourcing provisions in the SSUTA.

The Department of Revenue (DOR) must calculate each qualified taxing districts annual loss. The annual loss is calculated by comparing at least 12 months of tax return data from before and after July 1, 2008. Each quarter, distributions are made from the warehousing and manufacturing jobs centers account ("Account") created in this act. The distributions from the account will be in an amount equal to one-quarter of the taxing district's annual loss. The DOR will reduce this amount by the voluntary compliance revenue and marketplace fairness revenue.

Appropriation: None.

Fiscal Note: Requested on February 15, 2019.

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