

HOUSE BILL REPORT

ESHB 2625

As Passed House:
February 16, 2020

Title: An act relating to local parks funding options.

Brief Description: Concerning local parks funding options.

Sponsors: House Committee on Finance (originally sponsored by Representatives Eslick, Tarleton, Griffey, Pollet, Goehner, Senn and Chapman).

Brief History:

Committee Activity:

Local Government: 1/22/20, 1/24/20 [DP];

Finance: 2/6/20, 2/7/20 [DPS].

Floor Activity:

Passed House: 2/16/20, 72-24.

Brief Summary of Engrossed Substitute Bill

- Authorizes cities, counties, metropolitan park districts, and parks and recreation districts to impose a sales and use tax, and to issue general obligation and revenue bonds, for acquiring, constructing, improving, providing, and funding park maintenance and improvements.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 5 members: Representatives Pollet, Chair; Duerr, Vice Chair; Appleton, Goehner and Senn.

Minority Report: Without recommendation. Signed by 1 member: Representative Kraft, Ranking Minority Member.

Staff: Elizabeth Allison (786-7129).

HOUSE COMMITTEE ON FINANCE

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.

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Tarleton, Chair; Walen, Vice Chair; Chapman, Frame, Macri, Orwall, Springer, Stokesbary, Vick and Wylie.

Minority Report: Do not pass. Signed by 1 member: Representative Orcutt, Ranking Minority Member.

Minority Report: Without recommendation. Signed by 1 member: Representative Young, Assistant Ranking Minority Member.

Staff: Rachelle Harris (786-7137).

Background:

Metropolitan Park District.

A metropolitan park district may be created for the management, control, improvement, maintenance, and acquisition of parks, parkways, boulevards, recreational facilities, and may include territory located in portions or all of one or more cities or counties.

Metropolitan park districts are governed by a board of metropolitan park commissioners.

Park and Recreation District.

A park and recreation district may be created for the purpose of providing leisure time activities and facilities and recreational facilities of a nonprofit nature as a public service to the residents of the geographical areas included within their boundaries.

Recreational facilities means parks, playgrounds, gymnasiums, swimming pools, field houses, bathing beaches, stadiums, golf courses, automobile racetracks and drag strips, coliseums, public campgrounds, boat ramps and launching sites, public hunting and fishing areas, arboretums, bicycle and bridle paths, senior citizen centers, community centers, and other recreational facilities.

A parks and recreation district is governed by a board of five commissioners.

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 apply to the value of property, digital product, or service when used in this state.

General Obligation and Revenue Bonds.

General obligation bonds are municipal bonds backed by the credit and taxing power of the issuing jurisdiction. Revenue bonds are bonds payable from the revenue from a specific project.

Interlocal Agreements.

Washington's Interlocal Cooperation Act permits local governments to contract with other local governments to enable cooperation among the entities.

Summary of Engrossed Substitute Bill:

The legislative authority of a city or county or the governing body of a metropolitan park district or parks and recreation district may, subject to voter approval through an authorizing proposition, impose a sales and use tax for the purpose of acquiring, constructing, improving, providing, and funding park maintenance improvement. The tax may be imposed only within an existing city, county, metropolitan park district, or park and recreation district boundary. The tax is in addition to any other taxes authorized by law, and the rate of tax equals one-tenth of 1 percent of the selling price in the case of a sales tax, or the value of the article used, in the case of a use tax. All money collected must be used for acquiring, constructing, improving, providing, and funding park maintenance improvement, and the district may deduct no more than 3 percent of the tax collected for administration and collection expenses incurred by it. The tax may not be imposed for a period exceeding 10 years, but may be extended for a period not exceeding 10 years with an affirmative vote of the voters. The voter-approved sales tax initially imposed after July 1, 2020, may be imposed for a period exceeding 10 years if the moneys received are dedicated for the repayment of indebtedness incurred in accordance with the requirements stated above.

If a city and county both impose the tax, the city must collect the tax within its incorporated boundaries, and the county must collect the tax within its unincorporated areas. Similarly, if a county and parks and recreation district or metropolitan park district both impose the tax, the park district must collect the tax within its incorporated boundaries, and the county must collect the tax within the unincorporated areas. If a city and metropolitan park district or parks and recreation district impose the tax, the park districts must collect the tax within its incorporated boundaries, and the city must collect the tax within its incorporated areas. Finally, if multiple agencies within the same service area gain approval by voters to impose the tax, they must enter into an interlocal agreement to determine how to ensure that the sales tax in any given area does not exceed the provided rate, and to determine how to distribute the collections among the jurisdictions.

The entity imposing the tax may also issue general obligation or revenue bonds for a term not to exceed 20 years and may use the money collected to repay the bonds.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony (Local Government):

(In support) Voters should be able to make the decision whether they want to have a tax to fund local parks maintenance. Smaller municipalities with fewer resources cannot keep up with maintenance and may not have volunteer resources to put toward park maintenance.

The bill gives the choice to voters. Parks are drivers for the economy because they can host festivals, markets, concerts, fun runs, and more. They can serve large populations. Municipalities struggle to fund parks from limited general funds. Access to parks is an issue when a city does not have resources to maintain or develop the parks. The tax would provide those who are running parks to have a tool to deal with maintenance and operation. Parks can be a driver for purchasing homes.

(Opposed) None.

Staff Summary of Public Testimony (Finance):

(In support) Parks often have their budgets cut and there is rarely enough money to fund the needs of local parks. This bill will allow local jurisdictions to decide what they need and then ultimately send the decision to voters to make the final approval. The range of benefits for communities with parks and recreation is really high, and they are, in general, seeing an increase in use. This increases the need for budgets and results in higher costs.

Port Townsend has been working for years to work on improvements to providing parks options. Parks are a large economic driver for local communities, but it is a struggle to fund and maintain parks facilities. It is a great idea to have it be a voter-approved initiative. Local governments are in need of the ability to get money to maintain and improve local parks amenities. This bill is very carefully crafted at a low tax rate and for a limited period of time. Voters in general are supportive of funding for parks, but there is some fatigue about property taxes, so the sales tax option is a good alternative.

(Opposed) None.

Persons Testifying (Local Government): Representative Eslick, prime sponsor; Doug Levy, Washington Recreation and Parks Association; Mike Farrell, City of Monroe; and Jennifer Burbidge, City of Lacey.

Persons Testifying (Finance): Representative Eslick, prime sponsor; Kate Dean and Jeff Chapman, Jefferson County; Mike Farrell, City of Monroe Parks and Recreation; and Doug Levy, Washington Recreation and Park Association, Cities of Renton, Lake Stevens, and Fife.

Persons Signed In To Testify But Not Testifying (Local Government): Candice Brock, Association of Washington Cities.

Persons Signed In To Testify But Not Testifying (Finance): None.