

HOUSE BILL REPORT

SB 5596

As Passed House:
April 27, 2019

Title: An act relating to extending the expiration date on the health sciences and services authority sales and use tax authorization.

Brief Description: Extending the expiration date on the health sciences and services authority sales and use tax authorization.

Sponsors: Senators Holy and Billig.

Brief History:

Committee Activity:

Finance: 3/26/19, 4/2/19 [DP].

Floor Activity:

Passed House: 4/27/19, 98-0.

Brief Summary of Bill

- Extends the expiration date for the 0.020 percent local sales and use tax for a Health Sciences and Services Authority.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 12 members: Representatives Tarleton, Chair; Walen, Vice Chair; Orcutt, Ranking Minority Member; Young, Assistant Ranking Minority Member; Chapman, Frame, Macri, Orwall, Springer, Stokesbary, Vick and Wylie.

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

Background:

Retail 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 tax applies to the value of

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property, digital product, or service when used in this state. The state, all counties, and all cities 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 3.9 percent, depending on the location.

Health Sciences and Services Authority.

In 2007 legislation was enacted that enabled a city, town, or county (local government) to establish by ordinance or resolution a Health Sciences and Services Authority (Authority) to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health.

An Authority has all the general powers necessary to carry out its purposes and duties such as make and execute agreements and contracts, establish special funds, hire staff, leverage the Authority's public funds with monies received from other public and private sources, hold funds received by the Authority in trust, and make grants to entities to promote bioscience-based economic development.

A local government that creates an Authority may incur general indebtedness, and issue general obligation bonds, to finance the grants and other programs and retire the indebtedness. The bonds issued by a local government do not constitute an obligation of Washington, either general or special.

The legislative authority of a local jurisdiction that has created an Authority may impose a retail sales tax credited against the state portion of the retail sales tax from the local jurisdiction. The rate of the tax must not exceed 0.020 percent. The authorization to impose an additional sales and use tax expires January 1, 2023. The authorizing statute allowed one Authority to imposed this retail sales tax. This Authority is in Spokane County.

An Authority is allowed to borrow money and incur indebtedness if the creating local government authorizes it through ordinance. Monies borrowed by an Authority must be secured by funds derived from gifts or grants from any source. The Authority must incur no expense or liability that is an obligation of the state or local government and must pay no expense from funds other than funds of the Authority.

No more than 10 percent of the tax distribution an Authority receives may be used for staff or for contracting with other individuals.

Summary of Bill:

The expiration date for the 0.020 percent sales and use tax is extended to January 1, 2038.

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:

(In support) Since its creation in 2007, the Health Sciences and Services Authority (Authority) in Spokane has been an economic engine for the area. The mission of the Authority is to invest in life and health sciences research and infrastructure to promote economic development, advance new therapies and procedures to combat disease, and to promote public health. The Authority has brought \$35 million in extramural grants to the Spokane region and received National Institute of Health funding that provided over \$70 million in economic activity. In addition, 450 jobs have been created. There are several new partnerships that the Authority will be involved in that include the Steven M. Gleason Institute of Neuroscience, Photon Bioscience, and the purchase of a multi-user Single Crystal X-ray Diffractometer. In addition, the Authority provides funding for grants for small companies and academic researchers. All in all, the Authority accomplishes a lot with very little money to create jobs and promote important research. Extending the authorization for this sales tax makes financial sense for Spokane and Washington.

(Opposed) None.

Persons Testifying: Senator Holy, prime sponsor; Nancy Isserlis, Health Sciences and Services Authority of Spokane County; and Ian Goodhew, University of Washington School of Medicine Spokane.

Persons Signed In To Testify But Not Testifying: None.