
Appropriations Committee

SSB 5080

Brief Description: Providing flexibility in the distribution and use of local funds dedicated to facilities used for youth educational programming.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Carlyle, Frockt, Hunt, Saldaña, Wellman and Wilson, C.).

<p>Brief Summary of Substitute Bill</p> <ul style="list-style-type: none">• Revises the distribution and use of repaid local sales and use taxes dedicated to facilities used for youth educational programming.

Hearing Date: 3/11/21

Staff: Jessica Van Horne (786-7288).

Background:

In 2019, legislation was enacted to authorize a sales and use tax deferral and payment plan for a qualifying arena and ice hockey practice facility. A "qualifying arena" is defined as a multipurpose sports and entertainment facility that is owned by the largest city in a county with a population of at least 1.5 million persons and that is being redeveloped to attract professional ice hockey and basketball league franchises. It includes the arena, associated parking structures, plazas, public spaces, and one or more tunnels connecting the parking structures to the arena.

The repayment of the deferred state sales and use tax, including interest, must be made by June 30, 2023.

The repayment of the deferred local sales and use taxes must begin in the first calendar year following the date the eligible project is certified as operationally complete. Repayments are due

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each January 1 for the next eight years; however, the qualifying business may request an accelerated repayment schedule. Each payment must be at least 12.5 percent of the tax due plus interest. One-half of the repayment of the deferred local sales and use taxes, including interest, is deposited into the Local Sales and Use Tax Account. Distributions of local sales and use taxes from the Local Sales and Use Tax account to a local jurisdiction are done automatically by the State Treasurer. The remaining one-half of the repaid deferred local sales and use tax is deposited in the State Building Construction Account to be used for capital improvements of buildings for youth educational programming related to the discovery, experimentation, and critical thinking in the sciences. The building must be located on the same premises as the qualifying arena. Distributions from the State Building Construction Account are subject to appropriation.

Summary of Substitute Bill:

All repaid deferred local sales and use taxes are deposited in the Local Sales and Use Tax Account, where the State Treasurer can automatically distribute funds. No repaid deferred local sales and use taxes are deposited in the State Building Construction Account.

Of the total repaid deferred local sales and use taxes deposited in the Local Sales and Use Tax Account, one-half must be distributed to the county where the qualifying arena is located for specific costs associated with buildings for youth educational programming. Allowable uses of these moneys are expanded to include not only capital improvements, but also the maintenance and operational activities associated with these facilities. Operational activities include off-site educational programming that directly relates to the core mission of curiosity, discovery, experimentation, and critical thinking.

Appropriation: None.

Fiscal Note: Available.

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