
Local Government Committee

HB 1987

Brief Description: Concerning the use of moneys from the rural public facilities sales and use tax for affordable workforce housing infrastructure and facilities.

Sponsors: Representatives Low, Ramel, Ryu, Eslick, Timmons, Paul, Ramos, Reed, Chapman, Ormsby, Graham, Doglio, Sandlin, Lekanoff, Tharinger and Santos.

Brief Summary of Bill
<ul style="list-style-type: none">• Specifies that revenue from the local sales and use tax for public facilities in rural counties may be used to finance the construction of affordable workforce housing infrastructure or facilities.

Hearing Date: 1/12/24

Staff: Elizabeth Allison (786-7129).

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 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 depending on the location.

Local Retail Sales and Use Tax for Public Facilities in Rural Counties.

The legislative body of a rural county may impose a sales and use tax of up to 0.09 percent of the

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selling price or value of an article of tangible personal property. The tax is deducted from the state sales and use tax collected.

A rural county is defined as a county with a population density of less than 100 persons per square mile, or counties smaller than 225 square miles. There are 30 counties that meet the rural county definition.

Moneys from the local option tax may only be used to finance public facilities serving economic development purposes and to pay for personnel in economic development offices.

"Economic development purposes" means those purposes which facilitate the creation or retention of businesses and jobs in a county.

Public facilities include bridges, roads, domestic and industrial water facilities, sanitary sewer facilities, storm sewer facilities, railroads, electrical facilities, natural gas facilities, telecommunications infrastructure, port facilities in the state, affordable workforce housing infrastructure or facilities, and other specifically identified facilities.

Summary of Bill:

Financing affordable workforce housing infrastructure or facilities is specifically provided as an authorized use of revenue from the local sales and use tax for public facilities in rural counties.

Appropriation: None.

Fiscal Note: Requested on January 5, 2024.

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