

# SENATE BILL REPORT

## SB 5006

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As of January 18, 2021

**Title:** An act relating to local parks funding options.

**Brief Description:** Concerning local parks funding options.

**Sponsors:** Senators Van De Wege, Kuderer, Lias, Nguyen, Rivers, Saldaña and Wilson, C..

**Brief History:**

**Committee Activity:** Housing & Local Government: 1/19/21.

**Brief Summary of Bill**

- Authorizes cities, counties, metropolitan park districts, and parks and recreation districts to impose a sales and use tax for acquiring, constructing, and funding park maintenance and improvements.

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### SENATE COMMITTEE ON HOUSING & LOCAL GOVERNMENT

**Staff:** Jeff Olsen (786-7428)

**Background:** 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 when used in this state. The state, most cities, and all counties 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.

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

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metropolitan park commissioners.

Park and Recreation District. A park and recreation district may be created to provide 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.

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 Bill:** The legislative authority of a city or county or the governing body of a metropolitan park district, or parks and recreation district, may impose a sales and use tax for acquiring, constructing, improving, providing, and funding park maintenance improvement. The tax is subject to voter approval through an authorizing proposition and may be imposed only within an existing city, county, metropolitan park district, or parks 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. The district may deduct no more than 3 percent of the tax collected for administration and collection expenses. The tax may not be imposed for a period exceeding ten years, but may be extended for a period not exceeding ten years with an affirmative vote of the voters. The voter-approved sales tax initially imposed after July 1, 2021, may be imposed for a period exceeding ten years if the moneys received are dedicated for the repayment of bonds.

If a city and county both impose the tax, the city must impose the tax within its incorporated boundaries, and the county must impose 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 impose the tax within its incorporated boundaries, and the county must impose 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 impose the tax within its incorporated boundaries, and the city must impose the tax within its incorporated areas. 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 the sales tax in any given area does not exceed the authorized 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.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.