

HOUSE BILL REPORT

SB 6748

As Passed House:

March 1, 2000

Title: An act relating to increasing a city or town debt limit for purposes of financing capital facilities associated with economic development.

Brief Description: Increasing local government debt limits to finance capital facilities.

Sponsors: Senators Sellar, Patterson, McCaslin and T. Sheldon.

Brief History:

Committee Activity:

Local Government: 2/17/00, 2/24/00 [DP].

Floor Activity:

Passed House: 3/1/00, 86-12.

Brief Summary of Bill

- Adds capital facilities associated with economic development to the list of authorized purposes for which a city or town may incur additional indebtedness up to 2.5 percent of the value of taxable property value.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 8 members: Representatives Mulliken, Republican Co-Chair; Scott, Democratic Co-Chair; Doumit, Democratic Vice Chair; Mielke, Republican Vice Chair; Edwards; Ericksen; Fisher and Fortunato.

Staff: Scott MacColl (786-7106).

Background:

Taxing districts are prohibited from becoming indebted for an amount exceeding .375 percent of the value of the taxable property in the taxing district without the assent of .6 percent of the voters. If the cap is raised through an election held for that purpose, the total indebtedness is prohibited from exceeding 1.25 percent on the value of taxable property.

However, certain exceptions to this prohibition are as follows, including:

- Public hospital districts are limited to .75 of 1 percent of the value of taxable property, up to 2.50 percent with a supermajority vote of the people;
- Counties, cities and towns are limited to 1.50 percent of the value of taxable property, up to 2.50 percent with a supermajority vote of the people;
- School districts are limited to .375 percent of the value of taxable property, up to 2.5 percent with a supermajority vote of the people;
- The indebtedness allowed is restricted to county, city, town, school district, township, port district, metropolitan park district, or other municipal purposes. However, a city or town with a supermajority vote may extend up to an additional 2.5 percent for providing such services as water, artificial light, and sewers owned and controlled by the city or town. The additional indebtedness may also be used for acquiring or developing open space and park facilities.

Summary of Bill:

The additional 2.5 percent indebtedness allowed to cities and towns for acquiring or developing open space and park facilities is expanded to include capital facilities associated with economic development.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This addition to the uses available under this tax wouldn't increase any debt capacity, but simply adds an additional use. This is necessary for the City of Leavenworth. Currently any city can use the additional taxing capacity for open space and parks. The additional use for capital facilities should be for all cities throughout the state.

Testimony Against: None.

Testified: Ron Rosenbloom, Association of Washington Counties.