

HOUSE BILL REPORT

HB 2849

As Reported by House Committee On:
Trade & Economic Development

Title: An act relating to sales and use tax for regional centers under RCW 82.14.390.

Brief Description: Revising sales and use taxes for public facilities districts.

Sponsors: Representative Alexander.

Brief History:

Committee Activity:

Trade & Economic Development: 2/7/02 [DPS].

Brief Summary of Substitute Bill

- Extends the 0.033 percent sales and use tax credit, used by a county or city public facilities district for the new construction or improvement or repair of an existing regional center, from January 1, 2003 to January 1, 2004, for Public Facility Districts (PFDs) that are created before January 1, 2003, and where the construction of the regional center starts before January 1, 2004.

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Veloria, Chair; Eickmeyer, Vice Chair; Ahern, Chase, Dunn and Mulliken.

Staff: Kenny Pittman (786-7392).

Background:

PFDs are municipal corporations and independent taxing districts. They are created by resolution of a county or city legislative authority and their boundaries are co-extensive with those of the county or city. A PFD is authorized to build, expand, repair, own and operate sports facilities, entertainment facilities, convention facilities, or regional centers that cost at least \$10 million, including debt service.

If the construction of the new regional center or improvement of an existing regional

center begins before January 1, 2003, then the PFD may impose a 0.033 percent sales and use tax that is deducted from the state sales and use tax. It must be matched by the PFD from public or private sources to 33 percent of the sales and use tax collected. Non-voter-approved taxes may not be used for the match. A PFD could not collect this tax before August 1, 2000. The ability to collect the tax expires when the bonds issued for the construction or improvement of the regional center are retired, but not more than 25 years after the tax is first collected.

If both the city-created and county-created PFDs impose the 0.033 percent sales and use tax, the city-created PFD tax is credited against the county-created PFD tax. This tax is not available to a county-created PFD if the county legislative authority has imposed a sales and use tax to help finance a football or baseball stadium.

Summary of Substitute Bill:

The 0.033 percent sales and use tax credit that can be used by a city or county PFD to finance the new construction or improvement or repair of an existing regional center is extended from January 1, 2003 to January 1, 2004. The sales and use tax credit extension is limited to PFDs that are created before January 1, 2003, and where the construction of the regional center starts before January 1, 2004.

Substitute Bill Compared to Original Bill:

The substitute bill makes minor technical changes.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: We are one of the few state capital cities without major convention facilities. It has been shown that the development of convention/special event facilities is an investment in the local economy and will help promote tourism in the region. Our efforts in working with a variety of public and private partners to put together proposals is starting to pay off. These funds will help make the development of a convention/special event facility feasible.

Testimony Against: None.

Testified: Representative Alexander, prime sponsor; Stan Biles, Mayor of Olympia;

Mark Brown, City of Vancouver; Dennis Matson, Thurston County Economic Development Council; Nick Handy, Port of Olympia; and Jacques Baheux, Westcoast Hotels.