SENATE BILL REPORT
ESB 5289

As Passed Senate, March 9, 2001

Title: An act relating to public facilities in rural counties.

Brief Description: Expanding the definition of "public facilities" for purposes of the use of certain revenues in rural counties.

Sponsors: Senators T. Sheldon and Gardner.

Brief History:
Committee Activity: Economic Development & Telecommunications: 1/24/01, 2/6/01 [DP].
Passed Senate: 3/9/01, 49-0.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT & TELECOMMUNICATIONS

Majority Report: Do pass.
Signed by Senators T. Sheldon, Chair; B. Sheldon, Vice Chair; Fairley, Finkbeiner, Haugen, McCaslin and Rossi.

Staff: Andrea McNamara (786-7483)

Background: The state Legislature has authorized a number of local options sales and use tax programs to assist local jurisdictions in carrying out a variety of county and municipal purposes. One such program, enacted in 1997, is a local option tax for public facilities in rural counties.

Public facilities are defined for the purposes of the program to include the following types of infrastructure: bridges, roads, domestic and industrial water facilities, sewer, storm sewer, and earth stabilization facilities, railroads, electricity, natural gas, buildings, structures, telecommunications and transportation, or commercial infrastructure, and port facilities.

To qualify as a public facility eligible for the program, the facility must be listed as an item in a city or county's official economic development plans or capital facilities plans.

The maximum allowable tax rate may not exceed 0.08 percent and is deducted from the amount of tax the state would otherwise receive in sales and use taxes. Thirty-one counties have participated in the program since it started, generating nearly $12.5 million of local revenue for public facilities in rural counties. No county program can last for more than 25 years.

Summary of Bill: The rural county local option sales tax program for public facilities is modified to clarify and expand the allowable purposes for which the moneys can be used.

The financing of public facilities is clarified to include the acquisition, construction, rehabilitation, alteration, expansion or improvement of public facilities and to exclude electricity generation or distribution facilities. The financing of related costs is also allowed and defined to include a variety of development costs such as permitting, project design, feasibility studies, site planning and financing analysis.

Obsolete language is deleted.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This program has been extremely successful in helping counties finance needed infrastructure. Some smaller counties have trouble even financing the feasibility analysis and preliminary planning that is necessary to develop good infrastructure projects. Counties would like to be able to do more co-planning with other cities and neighboring counties, and this bill will authorize financing for those efforts.

Testimony Against: None.

Testified: Ron Newbry, WA Economic Development Association; Paul Parker, WA State Association of Counties; Scott Taylor, WA Public Ports Association.

House Amendment(s): The House amendment requires that .08 percent sales/use tax money must be used for the purpose of private sector job creation or retention. It also replaces the prohibition against using the money for financing any electric generation or distribution facilities with a narrower prohibition: money may not be used to finance electric facilities that provide (1) electric service to premises that already have electric service; (2) transmission/distribution lines beyond the boundaries of the undeveloped site; or (3) electric service beyond the boundaries of a development site. The amendment also prohibits any of the .08 percent money from being provided to any public or private electric utility.