

HOUSE BILL REPORT

HB 2030

As Reported by House Committee On:
Local Government & Housing

Title: An act relating to creating a capitol city district.

Brief Description: Creating a capitol city district.

Sponsors: Representatives Hunt and Williams.

Brief History:

Committee Activity:

Local Government & Housing: 2/16/09, 2/18/09 [DPS].

Brief Summary of Substitute Bill

- Allows a capital city to designate a capital city district.
- Allows a capital city to levy a sales and use tax of 0.9 percent, to be credited against the state's portion of this tax, to fund capital improvements in the district.
- Limits the time period during which the tax is assessed to 25 years.

HOUSE COMMITTEE ON LOCAL GOVERNMENT & HOUSING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Simpson, Chair; Nelson, Vice Chair; Ericksen, Miloscia, Springer, White and Williams.

Minority Report: Do not pass. Signed by 3 members: Representatives Angel, Ranking Minority Member; Cox, Assistant Ranking Minority Member; Short.

Staff: Sara del Moral (786-7291) and Thamas Osborn (786-7129)

Background:

The Capitol Committee.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Consisting of the Governor, the Lieutenant Governor, the Secretary of State, and the Commissioner of Public Lands, the Capitol Committee is charged with:

- managing construction and renovation of buildings on the Capitol Campus; and
- approving names for buildings on the Capitol Campus.

Summary of Substitute Bill:

A capital city (city) may designate by ordinance a capitol city district (district) that includes the Capitol Campus, along with the core downtown retail areas and traffic corridors that are most impacted by the Capitol Campus and state buildings adjacent to it.

If the Capitol Committee recognizes the district by majority vote, the city may levy a sales and use tax of 0.9 percent within the district, to be credited against the state's portion of the sales and use tax.

The levy may not go into effect until July 1, 2011. Additionally, the levy may not be assessed for longer than 25 years after the date it is first imposed.

Levy revenues may only be expended for capital improvements within the district. These include, but are not limited to, acquisition of and improvements to:

- public spaces;
- transportation corridors;
- signage;
- tourism enhancements;
- parking structures;
- beautification;
- public walkways;
- waterfront access;
- lighting; and
- safety amenities.

Every year, beginning July 2013, the city must provide the Capitol Committee with an accounting of:

- how funds were expended;
- the amount of funds pledged to match district funds in support of capital improvements; and
- a proposed capital city district development plan for the subsequent year. This plan must include proposed funding allocations for the levy revenues.

Substitute Bill Compared to Original Bill:

The substitute bill: (1) changes the tax rate from 1 percent to 0.9 percent; and (2) limits the time period during which the levy is assessed to 25 years.

Appropriation: None.

Fiscal Note: Requested February 13, 2009.

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

Staff Summary of Public Testimony:

(In support) Residents want Olympia to be a great place to live, work and visit. Olympia needs help from the state because 40 percent of the core downtown area is owned by Washington. That's a big chunk of property tax revenues lost. We need to build a high quality capital city environment that is the envy of other states. This bill provides a good source of funding for our capital city. The downtown private sector was declining even before the economic downturn. It has been hard to maintain downtown as a vibrant district with such a high proportion of publicly owned land. This bill offsets lost tax revenues. Sales tax revenues are stagnating, in part due to the failure to invest in downtown. There is lots of undeveloped property downtown, but no revenue to develop it. The downtown census tracts are the poorest in Thurston County. Even during the housing boom, only 10 market rate units were produced in the downtown core. Olympia needs the amenities in the bill to upgrade downtown. This is a win-win because it increases the tax base. If the City can fix downtown, state sales tax revenues would increase. Public investment will leverage private investment. This allows the city to create public spaces and enhance the waterfront. It enables a strapped downtown core to become viable. This partnership would make Olympia a world class city. The mechanism formalizes the relationship between downtown Olympia and the Capitol Campus. Thirty-one of the 39 counties are allowed to impose this type of tax to finance public investment. Olympia deserves the same investment from the state. A parking structure, funded by the tax, would offset the cost of mixed-use residential construction, as such construction would not require as much parking would otherwise be needed. Too much land downtown is dedicated to parking. This use should be replaced by pedestrian-friendly uses. City officials face a challenge to comply with the Growth Management Act and the efforts to clean up Puget Sound. This would help Olympia meet these demands. It is hard to recruit medical personnel to relocate to jobs in Olympia because downtown is deteriorating.

(In support with concerns) The Capitol Committee should have the authority to approve Olympia's decisions regarding allocations of funds. This would assure that the City would spend funds only on things the citizens want.

(Opposed) None.

Persons Testifying: (In support) Representative Hunt, prime sponsor; Mayor Doug Mah and Steve Hall, City of Olympia; Tim Rowling, Thurston County; Peter Stroble; Enid Layes; Maureen Morris; Jackie Barrett Sharar; and Jerry Reilly, Olympia Capitol Park Foundation.

(In support with concerns) Arthur West.

Persons Signed In To Testify But Not Testifying: None.