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**Ways & Means Committee**

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**HB 1949**

**Brief Description:** Concerning local retail sales and use tax for parks and recreation, trails, and open space allocation.

**Sponsors:** Representatives Seaquist, Jinkins, Kirby and Green.

**Brief Summary of Bill**

- Allows a county, city, and metropolitan park district to jointly submit a ballot proposition to the voters for a 0.1 percent sales and use tax to funds parks, recreation, trails, and open space allocation.

**Hearing Date:** 2/24/11

**Staff:** Jeffrey Mitchell (786-7139).

**Background:**

A metropolitan park district (MPD) is a type of special purpose district that may be created for the management, control, improvement, maintenance, and/or acquisition of parks, parkways, boulevards, and recreational facilities. A MPD may include territory located in portions or in all of one or more cities or counties.

Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and 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 property, digital products, or services were acquired by the user, then use taxes apply to the value of most tangible personal property and digital products and some services when used in this state. The state sales and use tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 3.0 percent, depending on the location. The average local tax rate is 2 percent, for an average combined state and local tax rate of 8.5 percent.

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State law currently authorizes 25 different types of local sales and use taxes. These range from a two-part city/county tax of up to 1 percent used for general local purposes that is levied in all counties to a 0.1 percent tax that is restricted to funding of zoos in a single county. Of the currently levied local sales taxes, 12 are paid directly by purchasers, while 10 are credited against the state sales tax, resulting in no extra tax burden for buyers but with the impact being shifted to the state.

**Summary of Bill:**

Upon the joint request of a metropolitan park district (MPD), a city with a population of more than 150,000 and a county legislative authority in a county with a national park and a population of more than 500,000 and less than 1,000,000 may submit an authorizing proposition to the voters for the imposition of a sales and use tax, the rate of which may not exceed 0.1 percent. The proposition must be placed on a ballot no later than one year after the date of the joint request.

If approved by a majority of those voting on the proposition, the monies received from this tax can be used solely for the purpose of providing funds for: the financing, acquisition, repair, and maintenance of trails, parks, and recreation; building, acquiring, and maintaining an interconnecting trail system; and purchasing open space, all within the requesting county. Funds raised by this tax are distributed 30 percent to the requesting metropolitan park district; 33 percent to the county; 20 percent to a grant program for cities, towns, and communities for an interconnecting trail system; 10 percent to open space allocation; and 7 percent to existing MPDs that are not the requesting MPD.

**Appropriation:** None.

**Fiscal Note:** Requested on February 23, 2011

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