

SENATE BILL REPORT

EHB 1201

As Passed Senate, April 10, 2017

Title: An act relating to the taxing authority of public facilities districts.

Brief Description: Concerning the taxing authority of public facilities districts.

Sponsors: Representatives Stonier, Orcutt, Harris, Wylie, J. Walsh, Riccelli, Tharinger and Ormsby.

Brief History: Passed House: 3/02/17, 89-9.

Committee Activity: Ways & Means: 3/30/17, 4/03/17 [DP, DNP, w/oRec].

Floor Activity:

Passed Senate: 4/10/17, 40-7.

Brief Summary of Bill

- Allows a public facilities district with at least one regional center where construction occurred before January 1, 2004, to use state-shared local sales and use tax proceeds to repay bonds issued not only for construction but also for the expansion, rehabilitation, and improvement of regional centers.
- Extends the authorization for two state-shared local sales and use taxes for regional centers from up to 25 years to up to 40 years, assuming bonds have not yet been retired.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Braun, Chair; Ranker, Ranking Minority Member; Rolfes, Assistant Ranking Minority Member, Operating Budget; Frockt, Assistant Ranking Minority Member, Capital Budget; Bailey, Billig, Conway, Fain, Miloscia, Rivers, Schoesler, Warnick and Zeiger.

Minority Report: Do not pass.

Signed by Senators Honeyford, Vice Chair, Capital Budget ; Carlyle, Hasegawa, Keiser, Padden and Pedersen.

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.

Minority Report: That it be referred without recommendation.
Signed by Senators Brown, Vice Chair; Becker and Darneille.

Staff: Dean Carlson (786-7305)

Background: Public Facilities District. Public facilities districts (PFDs) are corporate municipal bodies with independent taxing authority. State law authorizes a PFD to impose a local sales and use tax of 0.033 percent to finance the construction of regional centers. This tax is not an additional tax for consumers, and it does not change the overall retail sales or use tax rate. Rather, the receipts are credited against the state 6.5 percent tax, and therefore the burden is shifted to the state General Fund.

Regional centers are defined to include convention and conference centers and special events facilities, such as facilities for community events, sporting events, trade shows, and artistic performances. Authority to levy the PFD sales and use tax for regional centers is limited to districts that were created by certain dates and commenced the construction, improvement, or rehabilitation of eligible projects prior to certain dates. Once imposed, the tax may remain in place until bonds that finance the construction of the facility are retired, but in no case may the tax be levied for longer than 25 years. In order to utilize the state-credited tax receipts, the statute requires that public or private matching funds be obtained for the project. The 0.033 percent tax is currently used to finance 22 projects statewide.

The PFDs in Cowlitz and Yakima counties are also authorized to levy an additional local sales and use tax of 0.02 percent to finance the construction of regional theaters. The same restrictions that apply to the 0.033 percent tax also apply to the 0.02 percent tax.

Summary of Bill: The maximum timeframes within which the PFDs are authorized to levy two local sales and use taxes, one to finance the construction of regional centers and one to finance the construction of regional theaters, are extended from 25 years to 40 years, provided that bonds have not yet retired. Proceeds from the taxes may be used to retire bonds issued not only for construction but also for the improvement, rehabilitation, or expansion of the regional center or regional theater, and parking facilities, so long as the PFD has at least one regional center where construction commenced prior to January 1, 2004.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: There are 22 public facilities districts across the state. This will allow for refinancing of existing debt and to take care of deferred debt. If we get the extension, it will allow us to start a new project that fits with the previous project. Kitsap has three facilities, two of which have been completed, and this will allow us to complete the third. We may also be able to do an additional project. This funded the historic

Columbia Theater. Passage of this bill would allow for the purchase of an HVAC system allowing us to use the theater in the warmer months.

Persons Testifying: PRO: Jim Hedrick, Association of Washington State Public Facilities Districts; Todd Chaput, Lewis County Public Facilities District; Mike Walton, Kitsap Public Facilities District; Mary Jane Melink, City of Longview, Council member.

Persons Signed In To Testify But Not Testifying: No one.