

SENATE BILL REPORT

SB 5325

As of February 18, 2013

Title: An act relating to the definition of a rural county for public facilities' sales and use tax purposes.

Brief Description: Concerning the definition of a rural county for public facilities' sales and use tax purposes.

Sponsors: Senators Rivers, Cleveland, Benton and King.

Brief History:

Committee Activity: Trade & Economic Development: 2/14/13.

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Staff: Jack Brummel (786-7428)

Background: Sales tax is imposed on retail sales of most items of tangible personal property and some services, including construction and repair services. Sales and use taxes are imposed by the state, counties, and cities. Sales and use tax rates vary between 7 and 8.9 percent, depending on location.

Rural counties may impose a local option sales and use tax of up to 0.09 percent. The tax is deducted from the state's 6.5 percent sales tax and, thus, the consumer does not see an increase in the amount of the tax paid. Revenues from this local option tax may only be used to finance public facilities serving economic development purposes and financing personnel in economic development offices.

For the purposes of the local option tax, rural counties are defined as those with a population density of less than 100 persons per square mile, or with an area smaller than 225 square miles. This definition is referenced a number of times in the state's code.

Summary of Bill: The definition of rural county includes any county that borders a state without a sales tax. This would allow Clark County to be eligible to receive up to the 0.09 percent state-shared local sales and use tax for rural counties. It would also allow Clark County businesses and organizations to be eligible for tax credits and other benefits available only in rural counties.

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.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: Retailers in Clark County are in a tough position. This will remedy a revenue inequality and make southwest Washington more economically competitive. The 0.09 program works to address disadvantages and inequities around the state. Clark County is disadvantaged more than any other county in the state. Clark collects on average 40 percent less in sales tax than other counties because of Portland. This allows flexibility.

Persons Testifying: PRO: Senator Rivers, prime sponsor; Axel Swanson, Clark County.