

HOUSE BILL REPORT

HB 2057

As Passed Legislature

Title: An act relating to public facilities districts.

Brief Description: Allowing public facilities districts to impose excise tax.

Sponsor(s): Representatives Day, H. Sommers, Dellwo, D. Sommers, Orr, Mielke, Nealey, Wang, Prince, Moyer, Scott, Hine and Wineberry.

Brief History:

Reported by House Committee on:
Trade & Economic Development, March 5, 1991, DP;
Revenue, March 8, 1991, DP;
Passed House, March 19, 1991, 84-14;
Passed Legislature, 84-14.

**HOUSE COMMITTEE ON
TRADE & ECONOMIC DEVELOPMENT**

Majority Report: *Do pass.* Signed by 11 members:
Representatives Cantwell, Chair; Sheldon, Vice Chair;
Forner, Ranking Minority Member; Betrozoff, Assistant
Ranking Minority Member; Ferguson; Kremen; Ludwig; Moyer;
Rasmussen; Riley; and Roland.

Staff: Bill Watterson (786-7349).

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: *Do pass.* Signed by 9 members:
Representatives Wang, Chair; Appelwick; Belcher; Brumsickle;
Day; Morris; Morton; Phillips; and Silver.

Minority Report: *Do not pass.* Signed by 3 members:
Representatives Fraser, Vice Chair; Holland, Ranking
Minority Member; and Wynne, Assistant Ranking Minority
Member.

Staff: Robin Appleford (786-7093).

Background: Cities, counties, and transportation authorities may impose additional sales and use taxes in order to carry out essential county and municipal purposes.

A public facilities district may be created in any county with a population greater than 300,000 that is located more than 100 miles from a state owned convention center. The boundaries of a public facilities district must have the same boundaries as the county in which it is located. The district has independent taxing authority, and may acquire, construct, own, and operate sports and entertainment facilities with contiguous parking facilities. The district may also levy a 2 percent hotel/motel tax in addition to the standard 2 percent local option tax, and may use the revenues for the acquisition, design, and construction of sports and entertainment facilities. Finally, the district may levy a voter-approved property tax in excess of the 1 percent limitation to be used for voter-approved general obligation bonds for sports and entertainment facilities.

Currently, only Spokane county has a public facilities district. The district was created in 1988 and was appropriated \$500,000 by the 1988 Legislature for the site, engineering, and design work of a facility. The district has sold some bonds in anticipation of building a coliseum and is using the additional hotel/motel tax to cover debt service for the bonds.

Summary of Bill: The governing board of a public facilities district may submit a sales and use tax authorizing proposition to the voters for majority approval. Moneys from the tax shall be used for sports or entertainment facilities. The rate of the tax is set at one-tenth of one percent of the selling price in the case of a sales tax, or the value of the article used, in the case of a use tax.

Fiscal Note: Available.

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

Testimony For: (Trade & Economic Development) The bill will allow the Spokane District Public Facilities Board to raise the necessary funds to replace the deteriorating Spokane Coliseum.

(Revenue) The Legislature appropriated \$500,000 for this project two years ago. The site design and preliminary work have been done, and it would be a waste of state money if the project did not proceed. A majority of Spokane residents voted for the property tax increase, and the only reason it failed is because it did not receive a 60 percent

majority. There is broad support in the Spokane area for construction of the facility.

Testimony Against: (Trade & Economic Development) None.

(Revenue) Proponents of the new facility are not telling the other side of the story. The present coliseum is not deteriorating; there has been a planned obsolescence in order to build the new facility. Raising the sales tax in Spokane would hurt business and poor people.

Witnesses: (Trade & Economic Development) Representative Bill Day, Prime Sponsor; Dave Robinson, Spokane District Public Facilities Board (supports); and Katie Reikofski, Spokane City Council (supports).

(Revenue) Jim Williams, Chairman Spokane District Public Facilities Board (supports); Dave Robinson, Spokane District Public Facilities Board (supports); Katie Riekofski, Spokane City Council (supports); Becky Bogard, Washington State Hotel and Motel Association (supports); and Frank Yuse (Against).