

HOUSE BILL REPORT

SB 5731

*As Reported By House Committee on:
Trade & Economic Development*

Title: An act relating to public facilities districts.

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

Sponsor(s): Senators West, Stratton, Saling, Barr, McCaslin, Hayner, Madsen, McMullen, Gaspard, Patterson, Nelson, Moore, von Reichbauer, Talmadge, Hansen, Newhouse, Sellar, Rinehart, Bluechel and Johnson.

Brief History:

Reported by House Committee on:
Trade & Economic Development, April 5, 1991, DP.

**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).

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.

A public facilities district has independent taxing authority and may acquire, construct, own, and operate sports and entertainment facilities with contiguous parking. After plans for a facility have been approved, the district may levy a hotel/motel tax, not to exceed 2 percent, to acquire, design, or construct a facility. With 60 percent voter approval, the district may levy a property tax in excess of the 1 percent limitation to be used for the

capital and operating expenses of a sports and entertainment facility.

The district may also issue general obligation bonds. Bonds, for capital and operating expenses, may be issued without voter approval up to an amount equal to $\frac{3}{8}$ of 1 percent of the value of taxable property within the district. For capital purposes only, and with voter approval, the district may issue general obligation bonds up to an amount equal to $1\frac{1}{4}$ percent of the value of taxable property within the district. With 60 percent voter approval, the district may also levy a property tax in excess of 1 percent in order to retire voter-approved general obligation bonds.

Currently, only Spokane County has a public facilities district. The district was created in 1988. The sum of \$500,000 was appropriated by the Legislature for site, engineering and design work for a facility. The district has issued 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 $\frac{1}{10}$ of 1 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: The bill will allow the Spokane District Public Facilities Board to raise the necessary funds to replace the deteriorating Spokane Coliseum.

Testimony Against: None.

Witnesses: Senator James E. West, Prime Sponsor.