
**Trade & Economic Development
Committee**

HB 1880

Brief Description: Authorizing a county sales and use tax to fund economic development.

Sponsors: Representatives Gombosky, Benson, Wood, Ahern, Veloria and Eickmeyer.

Brief Summary of Bill

- Allows counties, with the approval of a majority of the voters, to impose a 0.1 percent local sales and use tax to fund economic development and public improvements.

Hearing Date: 2/25/03

Staff: Tracey Taylor (786-7196).

Background:

Washington State law provides for thirteen different types of local sales and use taxes. These are a 0.5 percent "basic tax for cities and counties; an "optional" tax of up to 0.5 percent for cities and counties; a tax that ranges from 0.1 to a maximum of 0.9 percent for transit purposes; a tax of up to 1.0 percent to fund high capacity transportation; separate taxes of 0.1 percent each for criminal justice, public facilities, county correctional facilities, and zoos; two state-credited taxes to finance professional sports stadia; and two state-credited taxes to support rural counties and regional centers.

Currently, there are 280 incorporated cities and all of them levy the basic 0.5 percent. Seven cities, generally in border areas, levy only the basic 0.5 percent tax and none of the optional tax; the remaining 273 cities levy both the basic tax and at least some portion of the optional tax.

There are 35 counties that currently levy the full 1.0 percent tax.

Summary of Bill:

A county legislative authority may submit an authorizing proposition to the county voters to impose a sales and use tax for economic development and public improvements. Such a

proposition must be approved the majority of the county voters.

A tax of 0.1 percent of the value of the article (use tax) or selling price of the item (sales tax) could be levied on any taxable event within the county. No less than 25 percent of the money received as the result of this tax must be used for economic development. The remainder of the money received from this tax shall be used for construction of public improvements that result in additional jobs in the county with preference going to those public improvements where other sources of funding are available. An economic development advisory committee shall provide the county legislative authority recommendations regarding the expenditures of the money received as the result of this sales and use tax. Before these tax receipts can be spent, the county legislative authority must specifically identify the expenditures in the county budget.

"Economic development" is defined as economic development planning; economic and community analysis; marketing and promotion (not including hosting); demographic and data collection and publication; and technical assistance. "Technical assistance" includes assistance with strategic planning; market research; business plan development and review; organization and management development; accounting and legal services; and grant and loan packaging.

"Public improvements" mean infrastructure improvements; incubation facilities; expenditures for environmental analysis, professional management and planning; expenditures for historic preservation activities; funding for the design, planning, legal and other professional services; acquisition, site preparation, construction, reconstruction, rehabilitation, improvements and installation of public improvements; relocating, maintaining and operating property pending construction of public improvements; and funding the relocating of public utilities.

County Economic Development Advisory Committee

The economic development advisory committee shall consist of no more than 12 members, appointed by the county legislative authority. The committee should have at least one representative from a business association within the county; at least one elected official from a city or town within the county; at least one representative from an associate development organization within the county; and at least one representative from a workforce training organization within the county. The number of public sector members cannot exceed the number of private sector committee members. The chair of the economic development advisory committee shall be appointed by the county legislative authority and be a member from the private sector. The county legislative authority is allowed to prescribe the selection process, specify the appointment, term and compensation or reimbursement of expenses for the committee members.

Appropriation: None.

Fiscal Note: Requested February 21, 2003.

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