FINAL BILL REPORT
SSB 6113

C 130 L 04

Synopsis as Enacted

Brief Description: Modifying the rural county sales and use tax.

Sponsors: Senate Committee on Economic Development (originally sponsored by Senators T. Sheldon, Swecker, Haugen, Zarelli, Rasmussen and Benton).

Senate Committee on Economic Development
House Committee on Trade & Economic Development

Background: Current law provides that the legislative authority in a rural county may impose a local option sales and use tax of 0.08 percent on all retail sales in the county. The tax is credited against the state's 6.5 percent sales and use tax and thus, the consumer does not see an increase in the amount of tax paid. Revenues from the local option tax may only be used to finance public facilities listed in a local economic development, comprehensive, or capital facilities plan.

Advocates for the local option tax, originally enacted in 1997, saw the tax as a means to enhance infrastructure necessary to local business development. There is concern that, in some instances, the proceeds of the local option tax is not being used for this original purpose.

Summary: It is the intent of the Legislature that the local option tax promote the creation, attraction, expansion and retention of businesses and provide for family wage jobs.

Moneys collected under the local option tax in rural counties may only be used to finance public facilities serving economic development purposes. Economic development purposes are those that facilitate the creation or retention of businesses and jobs.

Counties must make yearly reports to the State Auditor on new projects, showing that the funds have been used consistent with the goals and requirements of the act. Existing projects that have bonded against the income stream from the local option tax are not considered new projects.

Votes on Final Passage:

Senate	49	0
House	96	0

Effective: June 10, 2004