

HOUSE BILL REPORT

HB 1152

As Reported by House Committee On:
Community & Economic Development & Trade

Title: An act relating to public facilities districts.

Brief Description: Modifying sales and use tax provisions for public facilities districts.

Sponsors: Representatives Takko, Skinner, Blake, Springer, Hunt, Williams and Orcutt.

Brief History:

Committee Activity:

Community & Economic Development & Trade: 2/7/07, 2/21/07 [DPS].

Brief Summary of Substitute Bill

- Authorizes certain public facilities districts (PFDs) located in a county with a population under 300,000 residents and the PFD has a population between 90,000 and 100,000 residents to impose an additional 0.033 percent sales and use tax to finance the improvements or rehabilitation of a regional center for cultural events with 2,000 or fewer permanent seats so long as the work commences prior to January 1, 2009.

HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Kenney, Chair; Pettigrew, Vice Chair; Bailey, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Chase, Darneille, Haler, Rolfes and P. Sullivan.

Staff: Tracey Taylor (786-7196).

Background:

A public facilities district (PFD) may be created upon adoption of a resolution by the legislative authority in which the proposed district is located. A PFD is a municipal corporation, and independent taxing authority within the meaning of Article VII, Section 1 of the State Constitution, and a taxing district within the meaning of Article VII, Section 2 of the

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.

State Constitution. A PFD is a body corporate and possesses all the usual powers of a corporation for public purposes or specially conferred by statute.

A PFD is authorized to acquire, construct, own, remodel, maintain, equip, reequip, repair, and operate sports facilities, entertainment facilities, convention facilities or regional centers, together with contiguous parking facilities. In addition to existing authorities, public facilities districts formed after January 1, 2000, may acquire, construct, maintain, and operate recreation facilities other than ski areas.

The districts formed prior to 2002 may impose a 0.033 percent sales tax that is deducted from the state sales tax and is not an increase to taxpayers. A PFD also may levy a 0.2 percent sales tax and a 2 percent lodging tax if approved by a majority of voters in the district. A PFD may also levy an admission charge, not to exceed 1 cent for every 20 cents charged for admission. An admission charge includes charges made for season tickets or subscriptions, a cover charge, food and beverage charges, rental or use charges for the equipment and/or facilities, and an automobile charge based on the number of passengers in the vehicle. A PFD may also impose parking charges.

Summary of Substitute Bill:

A city PFD created prior to August 1, 2001, or a county PFD created prior to January 1, 2000, may impose an additional sales and use tax to finance the improvements or rehabilitation of an existing regional center, to be used for community events, and artistic, musical, theatrical, or other cultural exhibitions, presentations, or performances. The regional center must have 2,000 or fewer permanent seats. In addition, the PFD must be located in a county with a population of less than 300,000 residents, and the PFD must have a total population within the district of more than 90,000, but less than 100,000 residents. The work on the regional center must commence prior to January 1, 2009.

The sales and use tax shall be deducted from the state's portion of the sales and use tax and the consumer shall not experience a tax increase. The public facilities additional sales and use tax may not exceed 0.033 percent. The public facilities sales and use tax must be deducted from the amount of sales and use tax due to the Department of Revenue. The sales and use tax expires on the earlier of: (a) the date when the bonds issued for the construction of the regional center and related parking garage are retired; or (b) after 20 years.

Substitute Bill Compared to Original Bill:

The substitute narrows the eligibility for the additional PFD sales and use tax for a regional center for cultural events to a county PFD created prior to January 1, 2000, or a city PFD created prior to August 1, 2001, that are located in a county with a population of less than 300,000 residents and a PFD district population between 90,000 and 100,000 residents.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) This bill is intended to assist important community assets in Yakima and Longview. The Capitol Theatre in Yakima is an economic engine and educational tool in the downtown. In the recent past, downtown Yakima suffered an exodus of businesses, jobs, and tourists creating a huge economic vacuum. A key part of revitalizing the downtown is the rehabilitation of the historic Capitol Theatre. This theatre provides an important recruiting tool for the community and will increase visits to the downtown by residents and tourists alike. It is estimated that investment in the Capital Theatre will create \$25 million in new state tax revenues.

The Columbia Theatre in Longview is a catalyst for the historic downtown revitalization. It will provide one of the major focal points for attracting visitors and patrons to downtown for the enjoyment of the arts, support for downtown businesses and other entertainment opportunities. Currently, Longview is changing from a timber-based and manufacturing economy into a growing professional-technical job market. The Columbia Theatre will help drive this transition by: positively impacting the economic vitality of the city and region; revitalizing historic downtown; generating new mixed-use commercial and housing development; and creating a thriving cultural arts district for Longview-Kelso.

(Opposed) None.

Persons Testifying: (In support) Representative Takko, prime sponsor; Representative Skinner; Steve Caffery, Capitol Theatre; Ramona Leber, City of Longview; Bettie Ingham; and Virginia Sewell, Columbia Theatre.

Persons Signed In To Testify But Not Testifying: None.