FINAL BILL REPORT
E2SSB 5557

C 478 L 07

Synopsis as Enacted

Brief Description: Concerning public facilities for economic development purposes.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Hargrove, Prentice, Zarelli, Hatfield, Brandland, Brown, Poulsen, Pridemore and McAuliffe).

Senate Committee on Economic Development, Trade & Management
Senate Committee on Ways & Means
House Committee on Finance

Background: Sales tax is imposed on retail sales of most items of tangible personal property and some services, including construction and repair services. Sales and use taxes are imposed by the state, counties, and cities. Sales and use tax rates vary between 7 and 8.9 percent, depending on location.

Rural counties may impose a local option sales and use tax of 0.08 percent. The tax is deducted from the state's 6.5 percent sales and use tax and, thus, the consumer does not see an increase in the amount of the tax paid. Revenues from this local option tax may only be used to finance public facilities serving economic development purposes.

"Rural counties" are defined, for purposes of the tax credit, as a county with a population density of less than 100 persons per square mile, or smaller than 225 square miles.

Summary: The 0.08 percent rural county sales and use tax used for economic development is increased to 0.09 percent. Counties collecting the tax are required to provide yearly reports to the State Auditor within 150 days after the close of each fiscal year. The reports will include information on expenditures made on projects begun in prior years. Monies from the credit may not be used to fund judicial system facilities.

Votes on Final Passage:

Senate	46	0	
House	97	1	(House amended)
Senate	47	0	(Senate concurred)

Effective: August 1, 2007