

SENATE BILL REPORT

SB 6368

As of February 5, 2008

Title: An act relating to extending the date to finance public facilities district regional centers in cities with a population between eighty thousand and one hundred fifteen thousand.

Brief Description: Extending the date to finance public facilities district regional centers in cities with a population between eighty thousand and one hundred fifteen thousand.

Sponsors: Senators Eide and Prentice.

Brief History:

Committee Activity: Ways & Means: 1/30/08.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: Public facilities districts (PFDs) are municipal corporations with independent taxing authority and are taxing districts under the State Constitution. There are two enabling statutes, Chapter 36.100 RCW (County PFDs) for counties and Chapter 35.57 RCW (City PFDs) for cities and joint arrangements between a group of cities or a county and one or more cities. Governance provisions are spelled out for these districts.

City PFDs must be located in a county with a population less than one million with the exception of cities with a total population of less than 115,000 and greater than 80,000. City PFDs are authorized to construct, improve, or remodel regional centers. A regional center is a convention, conference, or special events center, and related parking facilities, that costs at least \$10 million. A special events center is a facility, available to the public, used for community events, sporting events, trade shows, and artistic, musical, theatrical, or other cultural exhibitions, presentations, or performances. The boundaries of a City PFD are coextensive with the city. However, if the city has been jointly created, the boundaries are coterminous with all cities jointly participating or the unincorporated areas of a county jointly participating. City PFDs may be funded through a combination of: (1) charges and fees for the use of facilities by organizations; (2) admission charges; (3) taxes on vehicle parking charges; (4) voter-approved sales and use taxes; (5) credits against the state sales and use tax; (6) voter-approved property taxes; and (7) bonds.

County PFDs may be created in any county. The boundaries of a County PFD are coextensive with the boundaries of the county. Many County PFD provisions were modified as part of the baseball stadium legislation in 1995. County PFDs may construct, improve, or remodel sports facilities, entertainment facilities, convention facilities, or regional centers as defined above.

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County PFDs may be funded through a combination of: (1) charges and fees for the use of facilities by organizations; (2) taxes on admission charges; (3) taxes on vehicle parking charges; (4) voter-approved sales and use taxes; (5) credits against the state sales and use tax; (6) lodging taxes; (7) voter-approved property taxes; and (8) bonds.

Existing PFDs may impose a sales and use tax within the boundaries of the district. A PFD created after June 30, 2006, may not impose the tax; however in 2007, the Legislature authorized four additional PFD's to impose the tax. The rate of tax ranges from .020 percent to 0.033 percent. The tax is a credit against the state sales and use tax.

Under current law a city in a county with a population of greater than one million persons may only create a City PFD if it has a population of less than 115,000 and greater than 80,000 and it commences construction of a regional center prior to July 1, 2008.

The City of Federal Way has plans to build a 500-700 seat performing arts center.

Summary of Bill: The criteria for a City PFD, in a county with a population of greater than one million persons that has a total population of less than 115,000 and greater than 80,000 which it must commence construction of a regional center by 2008 is extended to 2009.

This change will allow Federal Way to impose a tax of up to .033 percent which is credited against the state portion of the state sales and use tax.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This is one of the most important items for Federal Way. Our community is passionate about the performing arts center. It would help provide an identity for our downtown. This will help us build a \$40 million performing arts center as well as a conference center. Last year we had not yet done the due diligence to pass this, but now we have. This project pencils out and the state taxes add up to over \$1 million. This would amount to 25 percent of the financing and we will provide the other 75 percent. Our schools have over 25,000 students. It will provide a well rounded education for our students and provide life long learning. We are providing the vacant land. Schools have to go outside the community for performances. South King County is a very diverse community and 40 percent live below the median income. We have done more than our share in providing for the least fortunate people of our community. We should be rewarded for our service to the state and the community. We inherited a city without a downtown and we are building one. Help us help our economy.

Persons Testifying: Senator Eide, prime sponsor; Jeanne Burbidge, Federal Way City Council; Suzanne Smith, Federal Way School Board; Peggy LaPorte, Federal Way Arts Commission; Tom Pierson, Federal Way Chamber.