

# SENATE BILL REPORT

## SB 6795

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As of February 5, 2008

**Title:** An act relating to a state sales and use tax credit for public facilities districts located within two counties.

**Brief Description:** Providing a state sales and use tax credit for public facilities districts located within two counties.

**Sponsors:** Senators Kauffman and Prentice.

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

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### 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. County PFDs may be funded through a combination of: (1) charges and fees for the use of

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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. PFD's using this method of funding must be matched with an amount from other public or private sources equal to at least 33 percent of the funds raised.

**Summary of Bill:** A City PFD whose boundary is included within two counties, that commences construction of a new regional center prior to July 1, 2010 may impose a sales and use tax not to exceed .033 percent. The tax is credited against the state portion of the sales and use tax, so it is not an increased tax to the consumer.

**Appropriation:** None.

**Fiscal Note:** Requested on January 24, 2008.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on July 1, 2008.

**Staff Summary of Public Testimony:** PRO: Auburn would like to use these funds to build a public sports facility in downtown. This legislation was first introduced in 1999. We have worked for years to bring an anchor tenant to downtown. This is for indoor youth soccer and other sports. We would like to increase the private sector sales tax so we take less mitigation money from the streamline sales tax. This will bring residents together of south King County and north Pierce County.

**Persons Testifying:** PRO: Senator Kaufman, prime sponsor; Pete Lewis, Mayor of Auburn; Carolyn Robertson, City of Auburn.