

SENATE BILL REPORT

2SHB 1659

As of February 29, 2020

Title: An act relating to modifying dates related to the application due date for health sciences and services authorities and their sales and use tax authority.

Brief Description: Modifying dates related to the application due date for health sciences and services authorities and their sales and use tax authority.

Sponsors: House Committee on Finance (originally sponsored by Representatives Corry, Riccelli, Dufault, Dent, Mosbrucker, Chandler, Ybarra and Ormsby).

Brief History: Passed House: 2/18/20, 98-0.

Committee Activity: Ways & Means: 3/02/20.

Brief Summary of Bill

- Allows an additional jurisdiction that has created a Health Sciences and Services Authority to impose a local sales and use tax to fund the health and life sciences.
- Requires an authority formed after January 1, 2020, to submit a report to the Legislature prior to collecting the authority sales and use tax.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Jeffrey Mitchell (786-7438)

Background: In 2007, legislation was enacted enabling a city, town, or county to establish a Health Sciences and Services Authority (HSSA) to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health.

The Washington State Student Achievement Council (Council) is responsible for approving or rejecting applications submitted by local governments for an area's designation as an HSSA. Applications to establish an HSSA were due by December 31, 2010.

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.

By statute, only two HSSAs are authorized. An HSSA is required to be located in a county with a population under 1 million persons and located east of the crest of the Cascade Mountains.

A local jurisdiction creating an HSSA may:

- until January 1, 2023, impose a sales and use tax credited against the state sales and use tax—the tax may be imposed only by HSSAs created prior to January 1, 2010; and
- incur general indebtedness and issue general obligation bonds to finance grants and other programs and to retire the indebtedness.

An HSSA is overseen by a board, up to 14 members, and has all the general powers necessary to carry out its purposes, including hiring staff and contracting with technical experts, leveraging the HSSA's public funds with monies received from other public and private sources, and making grants to entities to promote bioscience-based economic development.

The Spokane County HSSA, was approved in 2008 and is the only jurisdiction imposing the local sales and use tax. The sales and use tax distributions to the Spokane County HSSA were about \$1.9 million for calendar year 2016. Yakima County recently adopted an ordinance creating an HSSA, but is not currently allowed under state law to impose the HSSA sales and use tax.

Summary of Bill: The date applications are due to the Student Achievement Council is changed from December 31, 2010, to December 31, 2020.

The date HSSAs must be created, in order to impose a sales and use tax is changed from January 1, 2010, to January 1, 2020.

HSSAs formed after January 1, 2010, must submit an expenditure plan to the Legislature prior to the first day of the next scheduled regular session of the Legislature and may not begin collecting the Health Sciences and Services Authority sales and use tax prior to 90 days following the end of the legislative session for which the report was submitted. The report must include the HSSA's funding distribution plan and explain how the activities supported by the tax will address health disparities experienced by populations within the jurisdiction, including migrant populations and members of federally recognized Indian tribes.

A board of an HSSA formed after January 1, 2010, must include at least one representative from an Indian tribe located in or near the HSSA's boundaries.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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