

# SENATE BILL REPORT

## ESHB 2625

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As Reported by Senate Committee On:  
Ways & Means, February 28, 2020

**Title:** An act relating to local parks funding options.

**Brief Description:** Concerning local parks funding options.

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Eslick, Tarleton, Griffey, Pollet, Goehner, Senn and Chapman).

**Brief History:** Passed House: 2/16/20, 72-24.

**Committee Activity:** Ways & Means: 2/26/20, 2/28/20 [DP, w/oRec, DNP].

### Brief Summary of Bill

- Authorizes cities, counties, metropolitan park districts, and parks and recreation districts to impose a sales and use tax, and to issue general obligation and revenue bonds, for acquiring, constructing, improving, providing, and funding park maintenance and improvements.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Brown, Assistant Ranking Member, Operating; Becker, Billig, Conway, Darneille, Dhingra, Keiser, Lias, Muzzall, Rivers, Wagoner and Warnick.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Mullet, Capital Budget Cabinet; Pedersen and Schoesler.

**Minority Report:** Do not pass.

Signed by Senators Braun, Ranking Member; Honeyford, Assistant Ranking Member, Capital; Carlyle, Hasegawa, Hunt, Van De Wege and Wilson, L..

**Staff:** Alia Kennedy (786-7405)

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*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.*

**Background:** Sales and Use Tax. Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use taxes apply to the value when used in this state. The state, most cities, and all counties levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent. Local sales and use tax rates vary depending on the location.

Metropolitan Park District. A metropolitan park district may be created for the management, control, improvement, maintenance, and acquisition of parks, parkways, boulevards, recreational facilities, and may include territory located in portions or all of one or more cities or counties.

Metropolitan park districts are governed by a board of metropolitan park commissioners.

Park and Recreation District. A park and recreation district may be created for the purpose of providing leisure time activities and facilities and recreational facilities of a nonprofit nature as a public service to the residents of the geographical areas included within their boundaries.

Recreational facilities means parks, playgrounds, gymnasiums, swimming pools, field houses, bathing beaches, stadiums, golf courses, automobile racetracks and drag strips, coliseums, public campgrounds, boat ramps and launching sites, public hunting and fishing areas, arboretums, bicycle and bridle paths, senior citizen centers, community centers, and other recreational facilities.

A parks and recreation district is governed by a board of five commissioners.

General Obligation and Revenue Bonds. General obligation bonds are municipal bonds backed by the credit and taxing power of the issuing jurisdiction. Revenue bonds are bonds payable from the revenue from a specific project.

Interlocal Agreements. Washington's Interlocal Cooperation Act permits local governments to contract with other local governments to enable cooperation among the entities.

**Summary of Bill:** The legislative authority of a city or county or the governing body of a metropolitan park district or parks and recreation district may, subject to voter approval through an authorizing proposition, impose a sales and use tax for the purpose of acquiring, constructing, improving, providing, and funding park maintenance improvement. The tax may be imposed only within an existing city, county, metropolitan park district, or parks and recreation district boundary. The tax is in addition to any other taxes authorized by law, and the rate of tax equals one-tenth of 1 percent of the selling price in the case of a sales tax, or the value of the article used, in the case of a use tax.

All money collected must be used for acquiring, constructing, improving, providing, and funding park maintenance improvement. The district may deduct no more than 3 percent of the tax collected for administration and collection expenses. The tax may not be imposed for a period exceeding ten years, but may be extended for a period not exceeding ten years with an affirmative vote of the voters. The voter-approved sales tax initially imposed after July 1,

2020, may be imposed for a period exceeding ten years if the moneys received are dedicated for the repayment of indebtedness incurred in accordance with the requirements stated above.

If a city and county both impose the tax, the city must collect the tax within its incorporated boundaries, and the county must collect the tax within its unincorporated areas. Similarly, if a county and parks and recreation district or metropolitan park district both impose the tax, the park district must collect the tax within its incorporated boundaries, and the county must collect the tax within the unincorporated areas. If a city and metropolitan park district or parks and recreation district impose the tax, the park districts must collect the tax within its incorporated boundaries, and the city must collect the tax within its incorporated areas. Finally, if multiple agencies within the same service area gain approval by voters to impose the tax, they must enter into an interlocal agreement to determine how to ensure that the sales tax in any given area does not exceed the provided rate, and to determine how to distribute the collections among the jurisdictions.

The entity imposing the tax may also issue general obligation or revenue bonds for a term not to exceed 20 years and may use the money collected to repay the bonds.

**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.

**Staff Summary of Public Testimony:** PRO: The state has an interest in helping local parks because parks help make communities more vibrant, sell homes, connect communities, and enhance economic development. There is no cost to this legislation. There is a large gap in what needs to get done and what is getting done when it comes to parks. The recession resulted in cutbacks to the maintenance and capital needs of the parks and recreation arena and cities have since not not been able to catch up. Park infrastructure takes time and a steady stream of revenue to maintain, which is not reliable at this time. Limited general fund dollars must be prioritized with other local needs. This bill provides a voter approved dedicated funding source that will come from the dollars spent within that district.

**Persons Testifying:** PRO: Doug Levy, Washington Recreation and Park Association; Cities of Renton, Lake Stevens, and Fife; Mary McCluskey, City of Poulsbo Parks and Recreation Director; Mike Farrell, City of Monroe Parks Director.

**Persons Signed In To Testify But Not Testifying:** No one.