
Finance Committee

SB 5868

Brief Description: Expanding the use of the rural counties public facilities sales and use tax to include affordable workforce housing.

Sponsors: Senators Hawkins, Kuderer, Braun, Fortunato, Lovelett, Nguyen, Nobles, Salomon, Trudeau and Warnick.

<p>Brief Summary of Bill</p> <ul style="list-style-type: none">• Adds affordable workforce housing as an authorized use of moneys collected from the rural county public facilities sales and use tax.

Hearing Date: 2/21/22

Staff: Kyle Raymond (786-7190).

Background:

Retail 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 tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and all cities levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 4.0 percent, depending on the location.

Local Retail Sales and Use Tax for Public Facilities in Rural Counties.

The legislative body of a rural county may impose a sales and use tax of up to 0.09 percent of the selling price or value of the article of tangible personal property. The tax is deducted from the

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state sales and use tax collected.

A rural county is defined as a county with a population density of less than 100 persons per square mile or counties smaller than 225,000 square miles as of April 1, 2021. Currently, there are 30 counties that meet the rural county definition.

The tax may be collected by a county for 25 years after the date that a tax is first imposed. Rural counties that imposed the tax at the 0.09 percent rate before August 1, 2009, may impose the tax for 25 years from the date the county first imposed the tax at the 0.09 percent rate.

Moneys from the local option tax may only be used to finance public facilities serving economic development purposes and to pay for personnel in economic development offices. "Economic development purposes" means those purposes which facilitate the creation or retention of businesses and jobs in a county.

A public facility must be listed as an item in a county's officially adopted overall economic development plan, the economic development section of the county's comprehensive plan, or the comprehensive plan of a city or town located within the county planning under the Growth Management Act (GMA). For counties that do not have an adopted overall economic development plan and do not plan under the GMA, the public facility must be listed in the county's capital facilities plan or the capital facilities plan of a city or town located within the county.

"Public facilities" are defined as bridges, roads, domestic and industrial water facilities, sanitary sewer facilities, earth stabilization, storm sewer facilities, railroads, electrical facilities, natural gas facilities, research, testing, training, and incubation facilities in innovation partnership zones, buildings, structures, telecommunications infrastructure, transportation infrastructure, or commercial infrastructure, and port facilities in the state.

Summary of Bill:

Moneys from the local option tax for public facilities in rural counties may also be used to provide affordable workforce housing infrastructure and facilities. Affordable workforce housing infrastructure or facilities includes housing infrastructure or facilities for a single person, family, or unrelated persons living together whose income is at least 60 percent and no more than 120 percent of the median income, adjusted for housing size, for the county where the housing is located.

Appropriation: None.

Fiscal Note: Requested on February 16, 2022.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.