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## Finance Committee

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### HB 1025

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

**Sponsors:** Representatives Wicks, Eslick, Shewmake, Duerr, Ramel, Senn, Ortiz-Self, Ryu, Goehner, Jacobsen and Pollet.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Allows cities, counties, metropolitan park districts, and park and recreation districts to submit an authorizing proposition to voters to impose a local sales and use tax of 0.1 percent.</li></ul>
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**Hearing Date:** 1/21/21

**Staff:** Rachelle Harris (786-7137).

**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. Some other local government entities and special purpose districts also impose sales and use taxes for specific purposes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 3.9 percent, depending on the location.

Property Tax.

All real and personal property is subject to a tax each year based on the highest and best use,

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unless a specific exemption is provided by law. The annual growth of all regular property tax levy revenue other than the state levies is limited as follows:

- For jurisdictions with a population of less than 10,000, revenue growth is limited to 1 percent.
- For jurisdictions with a population of 10,000 or more, revenue growth is limited to the lesser of inflation or 1 percent plus the value of new construction.

The constitution also provides for a levy rate limit of \$10 per \$1,000 of assessed value, referred to as the constitutional \$10 limit.

#### Metropolitan Park and Recreation Districts.

A metropolitan park and recreation district (MPD) may be created for the management, control, improvement, maintenance, and acquisition of parks, parkways, boulevards, and recreational facilities.

An MPD may include territory located in portions or in all of one or more cities or counties. An MPD may impose a regular property tax levy of up to 75 cents per \$1,000 of assessed value.

#### Park and Recreation Districts.

A county is permitted to form a park and recreation district (PRD) for purposes of providing leisure and recreational activities and facilities. A PRD may impose a regular property tax levy of up to 60 cents per \$1,000 of assessed value.

#### **Summary of Bill:**

The legislative authority of a city or a county, the governing body of an MPD, or the governing body of a PRD may submit an authorizing proposition to voters to impose a local sales and use tax of 0.1 percent. The proposition must be approved by a majority of persons voting. The tax may be imposed for up to 10 years, and may be extended by an additional 10 years by another vote of the people.

The tax may only be imposed within an existing city, county, metropolitan park district, or park and recreation district boundary. Moneys collected from the sales and use tax must be used for the purpose of acquiring, constructing, improving, providing, and funding park maintenance and improvement within the taxing area. The entity imposing the tax may issue general obligation or revenue bonds for up to 20 years for the purpose of acquiring, constructing, improving, providing, and funding park maintenance and improvement.

**Appropriation:** None.

**Fiscal Note:** Requested on January 12, 2021.

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