

HOUSE BILL REPORT

HB 1025

As Reported by House Committee On:
Finance

Title: An act relating to local parks funding options.

Brief Description: Concerning local parks funding options.

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

Brief History:

Committee Activity:

Finance: 1/21/21, 1/18/22, 1/27/22 [DPS].

Brief Summary of Substitute Bill

- 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.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Frame, Chair; Berg, Vice Chair; Walen, Vice Chair; Chopp, Harris-Talley, Morgan, Orwall, Ramel, Springer, Thai and Wylie.

Minority Report: Do not pass. Signed by 4 members: Representatives Orcutt, Ranking Minority Member; Dufault, Assistant Ranking Minority Member; Chase and Young.

Minority Report: Without recommendation. Signed by 2 members: Representatives Stokesbary and Vick.

Staff: Rachelle Harris (786-7137).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

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 4 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, unless a specific exemption is provided by law. The annual growth of all regular property tax levy revenue 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 Substitute 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.

When considering how to use funds generated by the tax, local parks and recreation agencies must:

- use a participatory framework that includes input from a community advisory committee reflective of the agency's population demographics;
- evaluate social and environmental justice conditions and impacts using the Department of Health's environmental health disparities map. This evaluation must be made public through a public meeting or made available on the city's or county's public website; and
- give special consideration to addressing environmental justice goals and policies, examining ways that local parks programs can help address health disparities, and measuring program performance in these areas.

Substitute Bill Compared to Original Bill:

The substitute bill modifies intent language and adds standards for parks and recreation agencies to use when considering how to use funds generated by the tax.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Local parks agencies will get a great funding tool with passage of this bill. COVID-19 has made clear how much value there is to the outdoors and public parks. Parks build community and allow for good public health. Parks have seen dramatic increases in use, which is great, but it has resulted in a growing maintenance backlog. Sustained budget backlogs have been experienced by many local parks, and this bill allows more budgetary

flexibility for parks. The substitute bill includes an expectation that local agencies need to focus on providing services for underserved communities. Property taxes are increasingly constrained, and increasing transportation taxes mean local parks are often overly constrained in finding sufficient revenues and budgetary tools. Parks often end up turning to fee-based options, which are more regressive than sales taxes. The tax requires community support and there are also guardrails in terms of time and application included in the bill. The equity lens will help ensure that programming and access is available to diverse communities.

(Opposed) None.

Persons Testifying: Representative Emily Wicks, prime sponsor; Doug Levy, Washington Recreation and Parks Association and Cities of Renton and Fife; Nicholas Tosaya, Pierce County; Jill Meis, City of Lake Stevens; Mike Farrell, City of Monroe; and Candice Bock, Association of Washington Cities.

Persons Signed In To Testify But Not Testifying: None.