Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Finance Committee

HB 1109

Brief Description: Concerning public facilities districts.

Sponsors: Representatives Ryu, Cortes, Peterson and Volz.

Brief Summary of Bill

- Extends the authorization for two state-shared local sales and use taxes for regional centers from 40 years to 65 years.

Hearing Date: 1/28/25

Staff: Rachelle Harris (786-7137).

Background:

Public Facilities Districts.
A public facilities district (PFD) is a municipal corporation with independent taxing authority and is a taxing district under the state constitution. A PFD may be created by a city, group of cities, county, or a group of cities and a county. PFDs are authorized to acquire, build, own, and operate regional centers. Regional centers include a convention, conference, or special events center, or any combination of facilities, and their related parking facilities. A special events center is a facility, available to the public, used for community events, sporting events, trade shows, and artistic, musical, theatrical, or other cultural exhibitions, presentations, or performances.

A PFD may charge fees for the use of its facilities. A PFD may also impose a variety of taxes to fund its regional center or recreational facility. One of these tax types includes a local sales and use tax of up to 0.033 percent to finance regional centers. Authority to levy the 0.033 percent PFD sales and use tax for regional centers is limited to districts that were created by certain dates and commenced the construction, improvement, rehabilitation, or expansion of eligible projects prior to certain dates. A PFD that has experienced an annual net loss of at least 0.5 percent due to streamlined sales tax destination sourcing may increase this rate up to 0.037 percent.

PFDs are authorized to levy an additional local sales and use tax of up to 0.025 percent if they have at least one regional center that is: used for certain performances; has 2,000 or fewer permanent seats; and financing for construction, improvement, rehabilitation, or expansion occurred before certain dates.

These local sales and use taxes are not additional taxes for consumers, and do not change the overall retail sales or use tax rate. Rather, the receipts are credited against the state sales and use tax of 6.5 percent; therefore, the burden is shifted to the State General Fund.

Once imposed, the PFD sales taxes expire when the bonds that finance the construction or improvement of the facility are retired, but in no case may the tax be levied for longer than 40 years.

Summary of Bill:

The maximum timeframes within which the PFDs are authorized to levy two local sales and use taxes, one to finance the construction of regional centers and one to finance the construction of regional theaters, are extended from 40 years to 65 years, provided that bonds have not yet retired.

Appropriation: None.

Fiscal Note: Available.

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