HOUSE BILL REPORT
HB 1109

As Reported by House Committee On:
Finance

Title: An act relating to public facilities districts.

Brief Description: Concerning public facilities districts.

Sponsors: Representatives Ryu, Cortes, Peterson and Volz.

Brief History:
Committee Activity:
Finance: 1/28/25, 2/6/25 [DP].

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.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 14 members: Representatives Berg, Chair; Orcutt, Ranking Minority Member; Jacobsen, Assistant Ranking Minority Member; Abell, Chase, Mena, Parshley, Penner, Ramel, Santos, Scott, Springer, Walen and Wylie.

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. The PFDs are authorized to acquire, build, own, and operate regional centers. Regional centers include a convention,

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.

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.

The 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.

Staff Summary of Public Testimony:

(In support) Regional centers and theaters are gathering places that are good for the community and for regional economic development. They host regional and local events such as weddings and conventions, which are good for communities. Tourism brings in money and exports memories. Extra time is needed to have access to financial credit. State authorization for the duration of bonding capacity is key to the funding of the PFDs. The economic benefits provided by the PFDs go to locals as well as to the state, generating hundreds of millions in economic returns. A district cannot bond against real estate assets; only bonding against revenue streams is possible. The Tacoma Convention Center is a great example of a well-run PFD, and it generates millions of dollars in economic impact. The maintenance of facilities requires long-term improvements and investments. Many districts generate substantial tax revenue and job creation. Fees charged do not cover long-term capital investments. Extension of sales tax revenue will contribute significantly to community projects.

(Opposed) None.

Persons Testifying: Representative Cindy Ryu, prime sponsor; Jim Hedrick, Association of Washington State Public Facility Districts; Betty Erickson, Cowlitz County Public Facility District; Janet Pope, Lynnwood Public Facility District; Adam Cook, Tacoma Public Facility District; David Brewster, Edmonds Center for the Arts; Russ Shiplet, Kitsap Public Facilities District; and Patty Belmonte, Hands On Children's Museum.

Persons Signed In To Testify But Not Testifying: None.