
Technology, Economic Development, & Veterans Committee

HB 1408

Brief Description: Establishing funding for community preservation and development authorities approved through RCW 43.167.060.

Sponsors: Representatives Santos, Orcutt, Leavitt, Thai, Duerr, Pollet, Street and Macri.

Brief Summary of Bill

- Directs the Joint Legislative Audit and Review Committee to review each Community Preservation and Development Authority's (CPDA) use of funding for specified objectives, including assisting small businesses, repairing unreinforced masonry, addressing litter, addressing housing needs, and supporting homelessness remediation and outreach.
- Requires a portion of the sales and use tax collected on retail sales at certain stadiums to be deposited into the CPDA Account.
- Requires each CPDA to submit a biennial report on strategic plans, use of funding, and impacts on their communities.

Hearing Date: 1/29/25

Staff: Martha Wehling (786-7067).

Background:

Community Preservation and Development Authorities.

Community Preservation and Development Authorities (CPDAs) are entities created to restore or enhance the health, safety, and economic wellbeing of communities adversely impacted by the construction of, or ongoing operation of, multiple major public facilities, public works, and

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capital projects with significant public funding or other land use decisions. The formation of a CPDA must be authorized by statute. The two CPDAs are the Pioneer Square-International District CPDA and the Central District CPDA, both in the City of Seattle.

A CPDA is required to have one or more of the following purposes:

- to revitalize, enhance, and preserve the unique character of impacted communities;
- to mitigate the adverse effects of multiple major public facilities projects, public works projects, or capital projects with significant public funding, a secure community transition facility, or other land use decisions;
- to restore a local area's sense of community;
- to reduce the displacement of community members and businesses;
- to stimulate the community's economic vitality;
- to enhance public service provisions;
- to improve the standard of living of community members; or
- to preserve historic buildings or areas by returning them to economically productive uses that are compatible with or enhance their historic character.

Among other duties, a CPDA has a duty to develop a strategic preservation and development plan to restore and promote the health, safety, and economic well-being of the impacted community and to restore and preserve its cultural and historical identity. The strategic plan must include a prioritized list of projects. The CPDA is required to establish funding mechanisms to support projects and programs identified and supported in the strategic plan such as grants and loans. Each CPDA is required to report to the Legislature every biennium on its strategic plan, activities, accomplishments, and recommendations for statutory changes.

The CPDA account in the state treasury has two subaccounts. The first is for appropriations for operating purposes, and the second is for appropriations for capital purposes. Operating purposes are administrative and service functions, while capital purposes are acquisition, construction, or improvement of fixed assets such as land and buildings.

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 are not collected when the user acquires the property, digital products, or services, then use taxes apply to the value of property, digital products, or services when used in this state. The state, most cities, and all counties levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent.

Joint Legislative Audit and Review Committee.

The Joint Legislative Audit and Review Committee (JLARC) is a statutorily created committee of eight senators and eight representatives, equally divided between the two major political parties. The JLARC staff conduct performance audits, program evaluations, sunset reviews, and other policy and fiscal studies.

Summary of Bill:

The Joint Legislative Audit and Review Committee is directed to review the funding for Community Preservation and Development Authorities (CPDAs) by December 1, 2034. If the review makes certain findings, the January 1, 2037, expiration date may be extended. Those findings include:

- assistance with struggling small businesses and repairing unreinforced masonry;
- enhancing community livability by addressing litter and debris and homelessness remediation; and
- addressing housing needs and street outreach.

Each CPDA is required to submit biennial reports to the Legislature on its strategic plan, use of funding, and impacts on the community beginning November 1, 2025.

A portion of retail sales at qualified facilities are required to be deposited into the CPDA Account beginning January 1, 2026. Thirty percent of the revenue of the state retail sales tax on personal property should be deposited equally in the operating and capital subaccounts. A "qualified facility" is a stadium located in a county with a CPDA that has either 68,000 seats with an event space, or 47,000 seats and a retractable roof.

Twice a year, the Department of Revenue is required to calculate the amount of sales and use tax collected from the retail sales at a qualified facility and determine the amount to be deposited into the CPDA Account. The State Treasurer is then required to deposit the amount identified by the Department of Revenue into the CPDA Account twice a year, by December 31 and June 30.

The same process for retail sales applies to the state's use tax.

The act expires on January 1, 2037.

Appropriation: None.

Fiscal Note: Requested on January 20, 2025.

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