

SENATE BILL REPORT

HB 1109

As Reported by Senate Committee On:
Ways & Means, April 3, 2025

Title: An act relating to public facilities districts.

Brief Description: Concerning public facilities districts.

Sponsors: Representatives Ryu, Cortes, Peterson and Volz.

Brief History: Passed House: 3/11/25, 95-1.

Committee Activity: Ways & Means: 3/18/25, 4/03/25 [DPA, DNP, w/oRec].

Brief Summary of Amended Bill

- Extends the authorization for two state-shared local sales and use taxes for regional centers from 40 years to 55 years.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Robinson, Chair; Stanford, Vice Chair, Operating; Trudeau, Vice Chair, Capital; Frame, Vice Chair, Finance; Gildon, Ranking Member, Operating; Torres, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Dozier, Assistant Ranking Member, Capital; Boehnke, Cleveland, Conway, Dhingra, Hansen, Kauffman, Riccelli, Saldaña, Warnick, Wellman and Wilson, C..

Minority Report: Do not pass.

Signed by Senator Hasegawa.

Minority Report: That it be referred without recommendation.

Signed by Senators Braun, Muzzall, Pedersen and Wagoner.

Staff: Jeffrey Mitchell (786-7438)

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: 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, 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 2000 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 Amended 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 55 years, provided that bonds have not yet retired.

EFFECT OF WAYS & MEANS COMMITTEE AMENDMENT(S):

- Extends the authorization for the two state-shared local sales and use taxes from 40 years to 55 years instead of 65 years.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on House Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill would allow a PFD to collect additional sales tax to improve and build new facilities, create jobs, and improve tourism. PFD were created back in 2000 to create community benefits for certain smaller communities. This funding keeps these projects out of the capital budget. 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. Extension of sales tax revenue will contribute significantly to community projects. Several facilities in Kitsap are funded with PFD support, and with these changes additional projects can be completed. Returns on the use of PFD tax dollars are more than 20 times.

Persons Testifying: PRO: Betty Erickson, Public Facilities District State Chair; Adam Cook, Tacoma PFD; Russ Shiplet, Kitsap County PFD; Janet Pope, Lynnwood Public Facilities District; Jim Hedrick, Association of Washington State Public Facility Districts (AWSPFDs).

Persons Signed In To Testify But Not Testifying: No one.