

SENATE BILL REPORT

SB 5138

As Passed Senate, February 12, 2025

Title: An act relating to public facilities districts.

Brief Description: Concerning public facilities districts.

Sponsors: Senators Saldaña, Dhingra, Hasegawa and Nobles.

Brief History:

Committee Activity: Local Government: 1/20/25, 1/30/25 [DP].

Floor Activity: Passed Senate: 2/12/25, 48-1.

Brief Summary of Bill

- Requires counties, similar to the requirement for cities, in which a convention and trade center is located to use its portion of tax revenues collected from the imposition of the short-term rental lodging tax, by the PFD, for affordable housing and community-initiated equitable development, rather than only affordable housing.

SENATE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass.

Signed by Senators Salomon, Chair; Lovelett, Vice Chair; Torres, Ranking Member; Bateman and Goehner.

Staff: Rohan Bhattacharjee (786-7534)

Background: 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,

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conference or special events center, or any combination of facilities, and its related parking facilities.

All types of PFDs may charge fees for the use of its facilities. Each PFD may also impose a variety of taxes to fund its regional center or recreational facility, including an admissions tax not exceeding 5 percent, a vehicle parking tax not exceeding 10 percent, a local sales and use tax of up to 0.033 percent to finance regional centers, a voter-approved local sales and use tax of up to 0.2 percent, and, if applicable, a voter-approved 2 percent lodging excise tax. A convention center tax imposed by a PFD created within a county with a population of 1.5 million or more, also applies to the sale of lodging at premises with 59 or fewer units, including short-term rentals, except for lodging in a city with a population of less than 300.

The PFD may use those funds for the renovation and expansion of a convention and trade center. If a city within the PFD boundaries imposed a lodging tax on short-term rentals on or before December 31, 2017, the convention center lodging tax on short-term rentals will not be imposed in that city. If the city repeals the ordinance authorizing the city's short-term rental lodging tax, the PFD will collect and distribute the amount of the convention center lodging tax on short-term rentals revenues collected within this city's jurisdiction to the city.

These funds must be used by cities to support community-initiated equitable development and affordable housing programs. This distribution continues unless the city imposes a new tax on short-term rentals. The remaining revenue, after deducting the city's share collected from the imposition of the lodging tax on short-term rentals within the county, must be divided equally between the PFD and the county. The county must use its funds for affordable housing.

Summary of Bill: Similar to the requirement for cities, the county in which a convention and trade center is located must use its portion of revenues collected by the PFD from the imposition of the lodging tax on short-term rentals for affordable housing and community-initiated equitable development, rather than only affordable housing.

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: PRO: Communities can identify and develop housing projects which help their specific needs. The potential to combat displacement in BIPOC communities by funding holistic developments, including cultural and childcare spaces, is highlighted. The funds could preserve the livelihoods of local BIPOC farmers,

who face displacement and aging challenges, ensuring continued access to local agriculture and farmers markets. The bill would extend benefits like those seen in Seattle to the rest of King County, enhancing stability and resilience in marginalized communities.

Persons Testifying: PRO: Senator Rebecca Saldaña, Prime Sponsor; Eliana Horn, Puget Sound Sage; Friendly Vang Johnson, PNW BIPOC Farmland Trust; Aaron Garcia, White Center Community Development Association; Howard Greenwich, Puget Sound Sage; Maria Guadalupe Ramirez, Duwamish valley affordable housing coalition.

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