

# HOUSE BILL REPORT

## HB 2882

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**As Reported by House Committee On:**  
Economic Development, Agriculture & Trade

**Title:** An act relating to public facilities districts.

**Brief Description:** Modifying sales and use tax provisions for public facilities districts.

**Sponsors:** Representatives Williams, Skinner and Hunt.

**Brief History:**

**Committee Activity:**

Economic Development, Agriculture & Trade: 1/24/06, 2/1/06 [DP].

**Brief Summary of Bill**

- Authorizes public facilities districts created prior to June 30, 2008, located in a county with a population of less than 300,000 to impose an additional sales and use tax of up to 0.033 percent for the construction of a new regional center or the improvement or rehabilitation of an existing regional center to be used for community and cultural events, so long as work on the regional center commences prior to January 1, 2008, and the center has 2,000 or fewer permanent seats.

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**HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT, AGRICULTURE & TRADE**

**Majority Report:** Do pass. Signed by 15 members: Representatives Linville, Chair; Pettigrew, Vice Chair; Bailey, Blake, Chase, Clibborn, Grant, Haler, Holmquist, McCoy, Morrell, Newhouse, Quall, P. Sullivan and Wallace.

**Minority Report:** Do not pass. Signed by 7 members: Representatives Kristiansen, Ranking Minority Member; Appleton, Buri, Dunn, Kilmer, Kretz and Strow.

**Staff:** Tracey Taylor (786-7196).

**Background:**

A public facilities district (PFD) may be created upon adoption of a resolution by the legislative authority in which the proposed district is located. A PFD is a municipal corporation, and independent taxing authority within the meaning of Article VII, Section 1 of the State Constitution, and a taxing district within the meaning of Article VII, Section 2 of the State Constitution. A PFD is a body corporate and possesses all the usual powers of a corporation for public purposes or specially conferred by statute.

A PFD is authorized to acquire, construct, own, remodel, maintain, equip, reequip, repair, and operate sports facilities, entertainment facilities, convention facilities or regional centers, together with contiguous parking facilities. In addition to existing authorities, public facilities districts formed after January 1, 2000, may acquire, construct, maintain, and operate recreation facilities other than ski areas.

The districts formed prior to 2002 may impose a 0.033 percent sales tax that is deducted from the state sales tax and is not an increase to taxpayers. A PFD also may levy a 0.2 percent sales tax and a 2 percent lodging tax if approved by a majority of voters in the district. A PFD may also levy an admission charge, not to exceed 1 cent for every 20 cents charged for admission. An admission charge includes charges made for season tickets or subscriptions, a cover charge, food and beverage charges, rental or use charges for the equipment and/or facilities, and automobile charge based on the number of passengers in the vehicle. A PFD may also impose parking charges.

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**Summary of Bill:**

A PFD created by a city, town, or county in a county before June 30, 2008, may impose an additional sales and use tax for the construction, improvement or rehabilitation of a regional center to be used for community events, and artistic, musical, theatrical, or other cultural exhibitions, presentations, or performances and having 2,000 or fewer permanent seats. The construction of a new regional center or the improvement or rehabilitation of an existing regional center must begin prior to January 1, 2008, and the PFD must be located in a county with a population of less than 300,000.

The public facilities additional sales and use tax may not exceed 0.033 percent and cannot be imposed prior to July 1, 2006. The public facilities sales and use tax must be deducted from the amount of sales and use tax due to the Department of Revenue. The sales and use tax expires on the earlier of: (a) the date when the bonds issued for the construction of the regional center and related parking garage are retired; or (b) after 20 years.

The moneys collected from the public facilities sales and use tax must be used for the construction, improvement or rehabilitation of a regional center and be matched with private or other public sources equal to 33 percent of the moneys collected by the public facilities sales and use tax. The public source cannot include nonvoter approved taxes authorized by the public facilities district.

If both the city's or town's public facilities district and the county's public facilities district impose a sales and use tax for a regional center, then the city's or town's public facilities district tax shall be credited against the county sales and use tax.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** We are concerned about the exodus of economic opportunities, businesses, and jobs from Yakima's downtown. The Capitol Theatre is a vital part of the Yakima downtown and the revitalization plans. The plan is for the Capitol Theatre to anchor the downtown as a viable destination point by providing an expanded variety of activities that draw and keep the visitor. It is the same experience economy as demonstrated in the downtown cores of Seattle, Tacoma, and Bellingham, where the arts are literally setting the stage for economic growth. This bill is not an attempt to capitalize on the state's project surplus, it is funding that is secured and matched with private and community investments. In fact, the city continues to provide some limited funding for capital investment, but it cannot finance the project on its own. This bill would provide the mechanism for the community to finance the Capital Theatre as part of the downtown revitalization.

**Testimony Against:** None.

**Persons Testifying:** Representative Williams, prime sponsor; Representative Skinner; Steve Caffery, The Capitol Theatre; and Paul George, former Mayor of Yakima.

**Persons Signed In To Testify But Not Testifying:** None.