Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Finance Committee

HB 1333

Brief Description: Providing an extension to the local sales and use tax for public facilities in rural counties.

Sponsors: Representatives Tharinger, Steele, Hackney and Lekanoff.

Brief Summary of Bill

- Extends until December 31, 2054, the expiration of the local sales and use tax for public facilities in rural counties for those counties imposing the full capacity of the tax prior to August 1, 2009.

Hearing Date: 2/1/21

Staff: Nick Tucker (786-7383).

Background:

Retail 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 were not collected when the user acquired the property, digital products, or services, then use tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and all cities levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 3.9 percent, depending on the location.

Local Sales and Use Tax for Public Facilities in Rural Counties.
Rural counties may impose a 0.09 percent sales and use tax (rural public facility tax), credited against the state rate, to fund certain public facilities and economic development activities. For

purposes of the rural public facility tax, a rural county is a county with a population density of less than 100 persons per square mile or a county smaller than 225 square miles.

Revenues collected from the rural public facility tax must be used to finance public facilities serving economic development purposes in rural counties and to finance personnel in economic development offices. Public facilities generally include telecommunications infrastructure, transportation infrastructure, commercial infrastructure, some utilities infrastructure, and other specifically identified facilities. A public facility must be listed as an item in: the officially adopted county overall economic development plan; the economic development section of the county's comprehensive plan; or the comprehensive plan of a city or town located within the county, for those counties planning under the Growth Management Act.

Counties must consult with cities, towns, and port districts within the county, and the associate development organization serving the county to ensure expenditures meet the goals of the rural public facility tax. Additionally, counties must annually report, to the Office of the State Auditor, a list of projects implemented and expenditures made using revenues from the rural public facility tax.

For counties imposing the rural public facility tax at a rate of 0.09 percent prior to August 1, 2009, the tax expires 25 years after the tax was first imposed.

Summary of Bill:

For counties imposing the rural public facility tax at a rate of 0.09 percent prior to August 1, 2009, the tax expires December 31, 2054.

Appropriation: None.

Fiscal Note: Requested on January 26, 2021.

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