

SENATE BILL REPORT

SB 5080

As Reported by Senate Committee On:
Ways & Means, January 25, 2021

Title: An act relating to providing flexibility in the distribution and use of local funds dedicated to facilities used for youth educational programming.

Brief Description: Providing flexibility in the distribution and use of local funds dedicated to facilities used for youth educational programming.

Sponsors: Senators Carlyle, Frockt, Hunt, Saldaña, Wellman and Wilson, C..

Brief History:

Committee Activity: Ways & Means: 1/18/21, 1/25/21 [DPS].

Brief Summary of First Substitute Bill

- Provides flexibility in the distribution and use of repaid local sales and use taxes dedicated to facilities used for youth educational programming.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5080 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Capital; Robinson, Vice Chair, Operating & Revenue; Wilson, L., Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Schoesler, Assistant Ranking Member, Capital; Braun, Carlyle, Conway, Darneille, Dhingra, Gildon, Hasegawa, Hunt, Keiser, Lias, Mullet, Muzzall, Pedersen, Rivers, Van De Wege, Wagoner, Warnick and Wellman.

Staff: Jeffrey Mitchell (786-7438)

Background: In 2019, legislation authorizing a sales and use tax deferral and payment

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plan for a qualifying arena and ice hockey practice facility was enacted. A "qualifying arena" is defined as a multipurpose sports and entertainment facility owned by the largest city in a county with a population of at least 1.5 million persons that is being redeveloped to attract professional ice hockey and basketball league franchises. It includes the arena, associated parking structures, plazas, public spaces, and one or more tunnels connecting the parking structures to the arena.

The repayment of the deferred state sales and use tax, including interest, must be made by June 30, 2023.

The repayment of the deferred local sales and use taxes must begin in the first calendar year following the date the eligible project is certified as operationally complete. Repayments are due each January 1st for the next eight years; however, the qualifying business may request an accelerated repayment schedule. Each payment must be at least 12.5 percent of the tax due plus interest. One-half of the repayment of the local deferred sales and use taxes, including interest, is deposited into the Local Sales and Use Tax Account. Distributions of local sales and use taxes from the Local Sales and Use Tax account to a local jurisdiction are done automatically by the state treasurer. The remaining one-half of the repaid deferred local sales and use tax is deposited in the State Building Construction Account (construction account) to be used for capital improvements of buildings for youth educational programming related to the discovery, experimentation, and critical thinking in the sciences. The building must be located on the same premises as the qualifying arena. Distributions from the construction account are subject to appropriation.

Summary of Bill (First Substitute): The allowable use of repaid local sales and use taxes deposited in the construction account is expanded to include not only capital improvements of buildings used for youth educational programming, but also the maintenance and operational activities associated with these facilities. Operational activities may include off-site educational programming that directly relates to the core mission of curiosity, discovery, experimentation, and critical thinking.

Repaid local sales and use taxes deposited in the construction account are redirected to the Local Sales and Use Tax Account where the state treasurer can automatically distribute funds. The revenues would be distributed to the county where the qualifying arena is located and the city would distribute the funds to the nonprofit organization operating the buildings for youth educational programming.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):

- Distributes revenues to the county where the qualifying arena is located instead of the city.
- Allows funds to be used for off-site educational programming.

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 Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: A couple years ago we passed a bill authorizing a tax deferral with interest, so it is actually a money-maker for the state. The allocation for the Pacific Science Center (PSC) is the first significant investment of public money since the PSC was built in the 1960s. The PSC, like every other art and cultural institution in the state, is struggling. This bill does not have a fiscal impact. The PSC is one of the most successful programs in our state in terms of teaching science. A couple years ago, the Legislature passed a bill increasing funding for capital purposes, which we greatly appreciate; however, funding for operational purposes has become critically important. The additional flexibility will be no cost to the state, but the entire state will benefit. The bill will allow us to maintain and grow the services we provide, especially those services targeting low-income youth. We provide free or deeply discounted science education programming to 70,000 youth each year. These educational programming services were provided throughout the entire state. COVID-19 has caused severe financial hardship for us, but we have not stopped serving and innovating. The need is urgent and action now will greatly benefit the PSC. The PSC Science on Wheels is an extraordinary program that combines STEM concepts and hands on activities. Our programs focus on students who have been historically left behind and are provided throughout the entire state. The PSC contributes to the state's social and economic well being. Our work is more important than ever. We need financial flexibility for our survival. This legislation answers that need and has no cost to the state. PSC is an opportunity engine by creating STEM access across the state.

Persons Testifying: PRO: Senator Reuven Carlyle, Prime Sponsor; Will Daugherty, Pacific Science Center; Adriane Brown, Pacific Science Center; Jason Barnwell, Pacific Science Center.

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