



2023-24 LEGISLATIVE SESSION

# Support the Critical Facilities Rural Counties Need



## EXTEND THE SALES & USE TAX FOR PUBLIC FACILITIES

### What is the Sales & Use Tax for Public Facilities in Rural Counties?

Since 1998, the Legislature has authorized rural counties to impose and collect a sales and use tax as a credit against the state's share of tax, to be used for economic development facilities and affordable workforce housing. The rate is currently set at up to .09% and is good for up to 25 years from when it was first imposed. It generates about \$48 million per year for local projects. The relevant state law is RCW 82.14.370. (see the summary table on the back page for more details).

### OUR REQUEST:



**Extend the Tax through 2054.**



### Why are we asking for this extension?

- 1 Affordable workforce housing and other projects can take years to plan and permit. Funding needs to be available in the future to implement projects planned for and authorized by this program.
- 2 This funding should align with county comprehensive plans. Twenty year comprehensive plans require planning for necessary capital and transportation investments, including funding. This extension ensures this funding will be available.
- 3 This program is proven effective and is accountable. It is fully transparent and funded projects have created jobs in rural communities that are directly traceable to this funding source.
- 4 Rural counties have relied on this revenue source for 25 years. It is counted on to fund essential public facilities, promote economic growth, and support affordable housing.

### What will the extension cost?

**\$48 MILLION**

The effect on the state general fund is small and already assumed. While this tax is a rebate of the State's share of the local sales and use tax, it is already factored into state budget calculations. The extension is not a new "hit" to the general fund. This is a small amount to the state budget, but a huge help to rural counties.

## SUMMARY OF THE SALES & USE TAX FOR PUBLIC FACILITIES

<b>Who is eligible?</b>	Rural counties. "Rural county" means a county with a population density of less than 100 persons per square mile, or a county smaller than 225 square miles as determined by the OFM. 35 counties currently qualify.
<b>What is the rate/duration?</b>	Up to 0.09%, expires 25 years from when imposed.
<b>How much does it raise?</b>	About \$48 million annually.
<b>How is it imposed?</b>	Councilmanic level (no ballot measure/vote needed).
<b>How can money be spent?</b>	Affordable workforce housing and public facilities which support economic development, and to pay for personnel in economic development offices.
<b>Where must projects (facilities) be listed?</b>	<ul style="list-style-type: none"> <li>• In the county's officially adopted, overall economic development plan; the economic development section of a comprehensive plan; or listed in a capital facilities plan; or</li> <li>• Not necessarily listed so long as it provides affordable workforce housing infrastructure or facilities.</li> </ul>
<b>What are some examples of projects?</b> <b>All must be for "economic development purposes," which means creation or retention of businesses and jobs in a county. Affordable workforce housing is specifically listed as a qualifying purpose.</b>	<ul style="list-style-type: none"> <li>• Affordable workforce housing infrastructure or facilities.</li> <li>• Bridges, roads, buildings, structures domestic and industrial water facilities, sanitary sewer facilities, earth stabilization, storm sewer facilities, railroads, electrical facilities, natural gas facilities, telecommunications infrastructure, transportation infrastructure, commercial infrastructure, or port facilities.</li> <li>• Research, testing, training, and incubation facilities in innovation partnership zones, buildings, or structures.</li> </ul>



## Who will benefit from the extension?

The entire county will benefit from continued funding. Counties utilize these funds for eligible projects, but other entities also qualify for support from this program. These include:

- Cities
- Port Districts
- Economic Development Organizations
- Water and Sewer Districts
- Public Development Authorities
- Airports
- Innovation Partnership Zones
- And Others

## PROJECTS AND JOBS CREATED

### BENTON



Vintners Village II (Port of Benton -- \$1.2 million) –

a new incubator-type industrial/retail space in Prosser anchoring a development augmenting the wine industry.

### JEFFERSON



Fort Warden employee housing.

### PACIFIC



Port of Willapa Harbor - Tokeland Marina

water system and South Fork Industrial Park electrical upgrades

### SKAGIT



Investments in public infrastructure to support the agricultural industry. Skagit County is home to one of the most diverse agricultural communities in Western Washington worth over \$300 million annually.