Mitigation and destination-based sales tax

Impacts for Public Facilities Districts (PFDs)

What is a Public Facilities District (PFD)?

In order to provide funds to cover the costs associated with the construction and rehabilitation of regional centers, a public facilities district (PFD) is authorized under RCW 82.14.390 to impose a local sales tax not to exceed 0.033 percent that is credited against the state sales tax (state-shared).

This tax rate does not increase the tax rate paid by the consumer. Instead, the tax shifts money from the state general fund to the public facilities district.

Do PFDs receive mitigation payments?

Regional centers tax
PFDs do not receive mitigation payments for any net losses in the regional centers tax. Instead, legislation passed in 2007 (SSB 5089) amended the mitigation ruling (RCW 82.14.390) to allow *tax rate increases* to the regional centers tax imposed by PFDs.

Other PFD taxes
PFDs will receive mitigation payments on other taxes, such as the public facilities tax and the regional theaters tax.

Determining a PFD increase

If a PFD experienced a sales and use tax collections net loss of at least .5 percent due to destination-based sales tax by 2011, they qualified for a rate increase. The Department provided written notice to qualifying PFDs once a year from 2009-2011.

Example:

Actual Fiscal Year 2009 Collections	≤	**99.5% of Estimated Fiscal Year 2009 Origin-based Collections**	=	**PFD may increase tax rate**

Tax rate increase

A qualifying PFD may increase its tax rate according to the following criteria:

- Total increase cannot exceed .037 percent,
- Increases must be made in .001 increments,
- the increase must be the least amount necessary to mitigate the PFD's net loss,
- notice of any changes must be given to the Department 30 days in advance, *and*
- new rates must be implemented on the first day of a month.

Annualized Regional Centers Impact Reports
Fiscal Year 2009
Fiscal Year 2010
Fiscal Year 2011