
Finance Committee

2SSB 5433

Brief Description: Modifying provisions of local option taxes.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Regala, Swecker, Rockefeller, Morton, Fraser, Ranker, Fairley and Shin).

Brief Summary of Second Substitute Bill

- Eliminates the anti-supplanting language for the public safety sales and use tax and the multi-year lid lift.
- Allows revenue from the the public safety sales and use tax to be used for the additional purpose of fire protection.

Hearing Date: 3/24/09

Staff: Jeff Mitchell (786-7139)

Background:

Public Safety Sales and Use Tax.

This local sales/use tax was adopted in 2003. Subject to voter approval, counties may impose a tax up to 0.3 percent. At least one-third of the tax receipts must be devoted to criminal justice programs, including funding of additional police officers and the relief of congested court systems and overcrowded correctional facilities. The levying county is to retain 60 percent of the receipts and the remaining 40 percent will be distributed to cities within the county on a per capita basis. The statute requires that the use of the revenues be stated in the ballot proposition that goes before the voters; further, the receipts may not be used to supplant (replace) existing funds for such programs. This local sales tax features another differential tax base which departs from the state sales tax base. Sales of motor vehicles are not subject to the local tax. The tax has been implemented in five counties: Kittitas, Walla Walla, Spokane, Whatcom, and Yakima.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Multi-Year Lid Lift.

Regular property tax revenue for local governments is restricted to a growth rate of 1 percent plus new construction. However, voters may approve regular property tax increases above this 1 percent amount. This voter-approved increase is referred to as a lid lift. A lid lift may be for a single year or for multiple years, but not to exceed six years. Multi-year lid lifts must be for a specific purpose and lid lift funds may not supplant (replace) existing funds used for the purpose specified in the lid lift ballot proposition.

Summary of Bill:

Counties are authorized to use revenue generated from the public safety sales and use tax for fire protection purposes in addition to criminal justice purposes.

The anti-supplanting language is removed from the public safety sales and use tax and the multi-year lid lift statute.

Appropriation: None.

Fiscal Note: Available.

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