

Local Government Committee

BILL ANALYSIS SB 5542

TITLE OF THE BILL: An act relating to the imposition of taxes by counties for emergency communication systems and facilities.

WHAT THIS BILL DOES: *Authorizes counties to put to a vote an additional sales and use tax for emergency communication systems.*

SPONSORS: Senate Ways and Means Committee (originally sponsored by Senators B. Sheldon, Oke, and T. Sheldon).

HEARING DATE: Monday, March 29, 1999

FISCAL NOTE: Available.

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BACKGROUND:

The state sales and use tax rate is set at 6.5 percent. The state sales tax is imposed on each retail sale of most articles of tangible personal property and certain services, and is applied to the selling price of the article or service. The use tax is imposed on the use of articles of tangible personal property when the sale or acquisition has not been subject to the sales tax.

Cities and counties may impose additional general and specific sales and use taxes, some being subject to referendum vote and some count against the state portion and do not count as an additional tax. The total state and local sales tax rate imposed is between 7 and 8.6 percent, depending on location. Total authorized rates are 8.3 percent in most counties, however in some counties may be as high as 9.3 percent.

There is also state and local taxes on telephone lines for emergency 911 telephone services. Emergency

911 telephone services allow callers to reach agencies that can dispatch an appropriate type of response. "Enhanced 911", known as 'E911', allows the person answering the call to identify the location of the calling party. In Washington, 911 systems are primarily administered by counties, and in some cases, cities.

Counties may impose up to a 50 cents per month tax on each wired telephone line to help fund 911 systems; counties may also impose up to a 25 cent per month tax on each cellular telephone line for the same purpose. In addition, a state E911 tax of up to a 20 cent per month tax on each wired telephone line is imposed to pay for implementation of E911 throughout the state. These taxes are used only for E911 equipment and do not fund dispatch systems.

SUMMARY:

Counties are authorized to impose an additional 0.1 percent tax for the financing, design, acquisition, construction, equipping, operating, maintaining, remodeling, repairing, reequipping, and improvement of emergency communication systems and facilities. The additional tax is subject to voter approval.

Counties are also authorized to develop joint ventures to collocate emergency communication systems and facilities.