

SENATE BILL REPORT

2SHB 1477

As Reported By Senate Committee On:
Ways & Means, March 4, 2002

Title: An act relating to the imposition of taxes by counties for emergency communication systems and facilities.

Brief Description: Allowing counties to impose taxes for emergency communication systems.

Sponsors: House Committee on Finance (originally sponsored by Representatives Dunshee, Mulliken, Lantz, Rockefeller, G. Chandler, Cooper and McIntire).

Brief History:

Committee Activity: Ways & Means: 2/28/02, 3/4/02 [DP, DNP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Regala, Vice Chair; Fairley, Vice Chair; Fraser, Kline, Kohl-Welles, Long, Parlette, Poulsen, Rasmussen, B. Sheldon, Snyder, Spanel, Thibaudeau and Winsley.

Minority Report: Do not pass.

Signed by Senators Honeyford and Zarelli.

Staff: Terry Wilson (786-7433)

Background: The state sales and use tax 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 and use tax rate imposed is between 7 and 8.6 percent, depending on location. Total authorized rates are 8.7 percent in most counties; however, in some counties it may be as high as 9.8 percent.

There are 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 'E-911', 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 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 phone

line for the same purpose. In addition, a state E-911 tax of up to 20 cents per month tax on each wired telephone line is imposed to pay for implementation of E-911 throughout the state. These taxes are used only for E-911 equipment and do not fund dispatch systems.

Summary of Bill: 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.

Prior to submitting the tax authorization for the additional sales tax for emergency communication systems, a county and any city that contracts with that county for the emergency communication system must review the contract and either affirm the existing contract or negotiate a new contract.

Also, a county over 500,000 in population that operates an emergency communication system must enter into an interlocal agreement with any city over 50,000 in the county to determine revenue distribution of the new tax.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: A strong public safety infrastructure is needed. This can be used to replace aging equipment and ensures that trained personnel answer 911 calls. This is just enabling legislation that grants local control. Alternative local tax options are needed. The citizens want options other than the property tax. This is needed to maintain quality services.

Testimony Against: None.

Testified: PRO: Richard Kirton, Kitsap County 911; Mike Brown, WA Assn. of Fire Chiefs, Kitsap Fire District 7.