

Finance Committee

HB 1147

Brief Description: Modifying provisions of local option taxes.

Sponsors: Representatives Hunt, Alexander, Williams, Orwall, DeBolt, Simpson and Hinkle.

Brief Summary of Bill

- Eliminates anti-supplanting language in several local taxes.
- Makes changes retroactive to October 1, 2008.

Hearing Date: 2/24/09

Staff: Jeffrey Mitchell (786-7139)

Background:

PUBLIC SAFETY SALES/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 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.

MENTAL HEALTH/CHEMICAL DEPENDENCY: A county tax of 0.1 percent was authorized in 2005. The proceeds of the tax must be devoted to new or expanded county programs devoted to mental health treatment, chemical dependency services, or therapeutic court programs. The tax may not supplant (replace) existing funds for these purposes. The tax has been imposed in eight counties: Clallam, Clark, Island, Jefferson, King, Okanogan, Skagit, and Spokane.

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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:

The anti-supplanting language is removed from the public safety sales/use tax, the mental health/chemical dependency sales/use tax, and the multi-year lid lift statute, thereby allowing existing funds to be replaced by these revenue sources.

The change is made retroactive to October 1, 2008.

Appropriation: None.

Fiscal Note: Requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.