Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Finance Committee

SSB 5301

Brief Description: Concerning permissible uses of moneys collected under the sales and use tax for chemical dependency or mental health treatment services or therapeutic courts.

Sponsors: Senate Committee on Human Services & Corrections (originally sponsored by Senators Hargrove and Parlette).

Brief Summary of Substitute Bill

- Allows the county mental health and chemical dependency sales and use tax to partially supplant existing funds until July 1, 2014.

Hearing Date: 3/17/09

Staff: Jeff Mitchell (786-7139)

Background:

Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services. If retail sales taxes were not collected when the property or services were acquired by the user, then use taxes are applied to the value of most tangible personal property and some services when used in this state. Use tax rates are the same as retail sales tax rates. The state tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 2.5 percent, depending on the location. The average local tax rate is 2.0 percent, for an average combined state and local tax rate of 8.5 percent.

A county mental health and chemical dependency sales and use 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 used for those purposes. The sales and use tax has been imposed in thirteen counties: Clallam, Clark, Island, Jefferson, King, Okanogan, San Juan, Skagit, Snohomish, Spokane, Thurston, Wahkiakum, and Whatcom.

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Summary of Bill:

Counties are authorized to use the mental health and chemical dependency sales and use tax to supplant existing funding as follows: a county with a population of more than 1.5 million may use up to 25 percent to supplant existing funds in fiscal year 2010, 20 percent in fiscal year 2011, 15 percent in fiscal year 2012, 10 percent in fiscal year 2013, and 5 percent in fiscal year 2014; and a county with a population of less than 1.5 million may use up to 50 percent to supplant existing funds in fiscal year 2010, 40 percent in fiscal year 2011, 30 percent in fiscal year 2012, 20 percent in fiscal year 2013, and 10 percent in fiscal year 2014.

This bill is set to expire on July 1, 2014.

Appropriation: None.

Fiscal Note: Available.

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