

HOUSE BILL REPORT

SSB 5301

As Reported by House Committee On:
Finance

Title: An act relating to permissible uses of moneys collected under the sales and use tax for chemical dependency or mental health treatment services or therapeutic courts.

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 History:

Committee Activity:

Finance: 3/17/09, 4/3/09 [DPA].

Brief Summary of Substitute Bill
(As Amended by House)

- Allows the county mental health and chemical dependency sales and use tax to partially supplant existing funds until January 1, 2015.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass as amended. Signed by 6 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Conway, Ericks, Santos and Springer.

Minority Report: Do not pass. Signed by 3 members: Representatives Orcutt, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Condotta.

Staff: Jeffrey 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

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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 13 counties: Clallam, Clark, Island, Jefferson, King, Okanogan, San Juan, Skagit, Snohomish, Spokane, Thurston, Wahkiakum, and Whatcom.

Summary of Amended Bill:

Counties are authorized to use the mental health and chemical dependency sales and use tax to supplant existing funds as follows: up to 50 percent may be used to supplant existing funds in calendar year 2010, 40 percent in calendar year 2011, 30 percent in calendar year 2012, 20 percent in calendar year 2013, and 10 percent in calendar year 2014.

The act is set to expire on January 1, 2015.

Amended Bill Compared to Original Bill:

The lower supplanting amount for counties with a population over 1.5 million is eliminated. Therefore, all counties are placed on the same phase-out schedule, which starts at 50 percent.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill gives counties who have enacted this sales and use tax more flexibility. By removing the anti-supplanting language, counties will be able to maintain their current programs, which given their budget situations, would be very difficult to do without this bill. These programs have been successful and have made a difference in peoples' lives. It is recommended that the bill language be changed from "fiscal year" to "calendar year," since that is the year counties use for their budgets.

(Opposed) None.

Persons Testifying: Scott Merriman, Association of Counties; and Jonathan Rosenblum, Service Employees International Union #1199.

Persons Signed In To Testify But Not Testifying: Seth Dawson, National Alliance on Mental Illness.