

# SENATE BILL REPORT

## SB 5542

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As Passed Senate, January 21, 2000

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

**Brief Description:** Allowing counties to vote on an additional sales and use tax for emergency communication systems.

**Sponsors:** Senators B. Sheldon, Oke and T. Sheldon.

**Brief History:**

**Committee Activity:** Ways & Means: 2/16/99, 2/17/99 [DP].  
Passed Senate, 3/5/99, 38-7; 1/21/00, 35-6.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Loveland, Chair; Bauer, Vice Chair; Brown, Vice Chair; Fairley, Fraser, Kline, Kohl-Welles, Rasmussen, B. Sheldon, Snyder, Spanel, West and Wojahn.

**Staff:** Terry Wilson (786-7433)

**Background:** 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. The use tax commonly applies to purchases made from out-of-state firms. The state sales tax rate is 6.5 percent.

Cities and counties may impose local sales and use taxes of 1.0 percent for general purposes. In addition, counties may impose a tax of 0.1 percent which is shared with the cities for criminal justice purposes. This tax is subject to referendum. Counties under 1,000,000 in population may impose a tax of 0.1 percent for juvenile detention and jail facilities, subject to voter approval. Other special taxes are also authorized for distressed counties (0.04 percent), for construction of a baseball stadium (0.017 percent), and for construction of a football stadium (0.016 percent). These special taxes are credited against the state rate and therefore do not result in higher taxes. Finally, an additional tax of 0.5 percent is authorized in King County on food and beverages sold by restaurants, taverns, and bars for a baseball stadium.

Transit districts may also impose voter-approved sales and use taxes of up to 0.6 percent for transit services and an additional 1.0 percent for high capacity transit (0.9 percent if the county criminal justice tax is imposed). In addition, public facilities districts may impose a voter-approved sales and use tax of 0.1 percent.

The total state and local sales tax rate imposed is between 7 percent and 8.6 percent, depending on the location. Total authorized rates are 8.3 percent in most counties but can be as high as 9.3 percent in some counties.

In addition to sales and use taxes, there are 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 50 cents per month on each wired telephone line to help fund 911 systems; counties may also impose up to 25 cents per month on each cellular telephone line for this purpose. In addition, a state E911 tax of up to 20 cents per month on each wired telephone line is imposed to pay for implementation of E911 throughout the state. Statewide E911 was to be implemented through a statewide E911 office by 1999. These taxes are used only for E911 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, subject to voter approval. Authority is provided for counties to develop joint ventures to collocate emergency communication systems and facilities.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** This bill was initiated by Kitsap County. The E911 system is aging and needs updating. Even used parts cannot be found to repair it. Over 250,000 calls are handled every year, and the service cannot be provided without reliable communications. The E911 tax only pays the cost the telephone companies charge the counties for E911. The voters have rejected a property tax.

**Testimony Against:** None.

**Testified:** PRO: Senator Betti Sheldon, prime sponsor; Bill Vogler, WA State Assn. of Counties; Mike Brown, Kitsap Co. Fire District #7; Dave Magnenat, Kitsap Cencom (911).