
Local Government Committee

HB 1155

Brief Description: Modifying county and city sales and use tax provisions.

Sponsors: Representatives Upthegrove, Jarrett, B. Sullivan, Haler, Clibborn, Simpson and McIntire.

Brief Summary of Bill

- Allows the proceeds from a voter-approved sales and use tax to supplant existing funds that had previously been used for the purposes stated in the ballot measure in which the tax was approved.
- Eliminates the requirement that one third of all funds obtained via voter-approved sales or use taxes be used for criminal justice purposes.
- Revises election requirements for the approval of county sales or use taxes so as to allow a special election to be held for the determination of the issue and eliminates the requirement that a proposal for a county sales or use tax be submitted to the voters only at a primary or general election.

Hearing Date: 1/26/05

Staff: Thamas Osborn (786-7129).

Background:

State law allows a county to impose a sales and use tax provided such tax is approved by the majority of the voters through a ballot measure considered at a primary or general election. The ballot measure must clearly describe the purposes for which the tax is to be used. The tax rate is limited to three-tenths of one percent of either the selling price or the value of the article used. Except for certain types of automobile leases, the tax cannot be imposed on either the sale, use, or leasing of motor vehicles.

The use of the funds obtained through the tax is subject to several conditions and restrictions, including:

- The funds raised through the tax cannot supplant existing funds that are available for the purposes described in the ballot measure;

- One-third of the tax proceeds must be used solely for "criminal justice purposes", which are defined to include additional police protection, mitigation of congested court systems, or the relief of overcrowded jails or other local correctional facilities; and
- Sixty percent of the tax money must be allocated to the county and the remaining forty percent must be distributed to cities on a per capita basis.

Summary of Bill:

The proceeds from the voter-approved sales and use tax may be used to supplant existing funds that had previously been used for the purposes stated in the ballot measure in which the tax was approved.

Counties and cities are granted broad discretion in the use of the funds obtained through the tax and are no longer subject to the requirement that one-third of all such funds be used for criminal justice purposes.

Revises election requirements for the voter approval of county sales or use taxes so as to allow a special election to be held for the determination of the issue. The requirement that a proposal for a county sales or use tax be submitted to the voters *only* at a primary or general election is eliminated.

Appropriation: None.

Fiscal Note: Requested on January 20, 2005.

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