

SENATE BILL REPORT

ESSB 5272

As Passed Senate, March 8, 2019

Title: An act relating to increasing the maximum tax rate for the voter-approved local sales and use tax for emergency communication systems and facilities.

Brief Description: Increasing the maximum tax rate for the voter-approved local sales and use tax for emergency communication systems and facilities.

Sponsors: Senate Committee on Local Government (originally sponsored by Senator Hunt).

Brief History:

Committee Activity: Local Government: 1/31/19, 2/05/19 [DPS].

Floor Activity:

Passed Senate: 3/08/19, 36-12.

Brief Summary of Engrossed First Substitute Bill

- Increases the rate of the sales and use tax for emergency communication systems and facilities from 0.1 percent to 0.2 percent of the selling price in the case of sales tax, or value of the article used, in the case of a use tax.
- Requires voter approval for any tax rate increase in counties already imposing this tax.
- Requires a county with a population of more than 1.5 million to enter into interlocal agreements with its cities with populations over 50,000 regarding revenue distribution, even if a city is part of a regional communication system.

SENATE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: That Substitute Senate Bill No. 5272 be substituted therefor, and the substitute bill do pass.

Signed by Senators Takko, Chair; Salomon, Vice Chair; Short, Ranking Member; Honeyford and Liias.

Staff: Bonnie Kim (786-7316)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background: A county legislative authority may, after voter approval, impose a sales and use tax for emergency communication systems and facilities. The tax rate is 0.1 percent of the selling price in the case of sales tax, or value of the article used, in the case of a use tax.

Monies received from this sales and use tax must be used solely for the purpose of providing funds for costs associated with financing, design, acquisition, construction, equipping, operating, maintaining, remodeling, repairing, reequipping, and improving emergency communication systems and facilities.

Summary of Engrossed First Substitute Bill: The tax rate for a sales and use tax for emergency communication systems and facilities is increased from 0.1 percent to 0.2 percent of the selling price in the case of sales tax, or value of the article used, in the case of a use tax. However, any county already imposing the tax must submit an authorizing proposition to the voters before it may increase the tax rate. A county with a population of more than 1.5 million must enter into interlocal agreements with its cities with populations over 50,000 regarding revenue distribution, even if a city is part of a regional communication system.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill was requested by fire chiefs following the Amtrak crash on I-5. Communication between our emergency personnel became difficult because they were operating on different systems. This bill would allow the first responders to fund upgrades to their communications systems. This bill will give us the flexibility to upgrade our systems as we face rising infrastructure costs. 911 communication centers are completely dependent on telephone excise tax, user agency fees, and the sales and use tax addressed in this bill. These funds are insufficient to cover major capital expenses. Our communication infrastructure is weak and needs to be replaced. We appreciate that this sales tax increase is subject to voter approval. This gives our community and voters another option to fund 911 operations. The current tax funds operations but leaves no room for improvements. It will cost Thurston County approximately \$30 million to upgrade its emergency communication systems.

Persons Testifying: PRO: Senator Sam Hunt, Prime Sponsor; Steve Brooks, Legislative Chair, Washington Fire Chiefs; Greg Wright, Fire Chief, Olympia Fire Department; Keith Flewelling, Thurston 911 Communications; Judy Wilson, Thurston 911 Communication; Steve Rogers, Kitsap 911 Communications; Vickie Raines, Grays Harbor County Commissioner.

Persons Signed In To Testify But Not Testifying: No one.