
Finance Committee

HB 1851

Brief Description: Providing cities with the authority to impose a local sales and use tax for the purpose of funding costs related to criminal justice services.

Sponsors: Representatives O'Brien, Chandler, Flannigan and Dunn.

Brief Summary of Bill

- Authorizes a new city sales and use tax of 0.1 percent for the purposes of providing additional funds for criminal justice services.

Hearing Date: 2/14/07

Staff: Mark Matteson (786-7145).

Background:

Retail Sales and Use Tax. The retail sales tax applies to the selling price of tangible personal property and of certain services purchased at retail. The use tax is imposed on taxable items and services used in the state that were not subject to the retail sales tax, and includes purchases made in other states and purchases from sellers who do not collect Washington sales tax. Sales tax is paid by the purchaser and collected by the seller. Use tax is paid directly to the Department of Revenue.

There are both state and local sales and use taxes. At the state level, the taxes are imposed at a 6.5 percent rate by the state. All cities and counties are required to impose a 0.5 percent basic tax for general purposes. There are a number of other local optional taxes, most of which are required to be used for specific purposes. One example is a 0.3 percent "public safety" optional tax for counties, enacted in 2003. The tax allows counties, subject to voter approval, to impose an additional local tax of up to 0.3 percent. One-third of the tax proceeds is required to be used for criminal justice purposes, including additional police protection, mitigation of congested court systems, and relief of overcrowded correctional facilities. Of the proceeds, two-fifths must be distributed to cities within the county on a per capita basis. Through 2006 four counties had imposed this tax: Walla Walla, Spokane, Whatcom, and Yakima.

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.

Summary of Bill:

Cities are authorized to impose an additional retail sales and use tax of 0.1 percent. The tax may be imposed by legislative authority action. Receipts must be used to pay for increased costs of existing criminal justice services and the costs of enhancements to such services, and may not supplant existing funding for such services.

For the purposes of the tax, criminal justice services include, but are not limited to, police, prosecutors, courts, jails, indigent defense, communication/dispatch and related technology, other supporting personnel, equipment, facilities, programs, and operating expenditures determined by the city to be part of its criminal justice system and an important part of its crime prevention and crime fighting activities.

Appropriation: None.

Fiscal Note: Requested on February 10, 2007.

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