

HOUSE BILL REPORT

HB 1919

As Reported by House Committee On: Finance

Title: An act relating to allowing certain county legislative authorities to impose a sales and use tax by ordinance.

Brief Description: Allowing certain county legislative authorities to impose a sales and use tax by ordinance.

Sponsors: Representatives Fitzgibbon, Moscoso, Springer, Pollet, Goodman, Sullivan, Maxwell and Upthegrove.

Brief History:

Committee Activity:

Finance: 2/26/13, 2/28/13 [DPS].

Brief Summary of Substitute Bill

- Allows counties to impose the public safety sales and use tax without voter approval.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Carlyle, Chair; Tharinger, Vice Chair; Fitzgibbon, Hansen, Lytton, Pollet, Reykdal and Springer.

Minority Report: Do not pass. Signed by 5 members: Representatives Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta, Vick and Wilcox.

Staff: Dominique Meyers (786-7150).

Background:

A county public safety sales and use tax was authorized in 2003. Subject to voter approval, counties may impose a tax of up to 0.3 percent. At least one-third of the tax receipts must be devoted to criminal justice purposes, fire protection purposes, or both. A levying county

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retains 60 percent of the receipts and the remaining 40 percent is distributed to cities within the county on a per capita basis. The use of tax receipts must be stated in the ballot proposition that goes before the voters. The sales and use tax has been implemented in 10 counties: Cowlitz, Franklin, Mason, Okanogan, Jefferson, Kittitas, Walla Walla, Spokane, Whatcom, and Yakima.

Cities are also authorized to seek voter approval to impose the public safety sales and use tax at a rate not to exceed 0.1 percent. If a county imposes the public safety sales and use tax prior to a city within the county, the city tax rate may not exceed an amount that would cause the total tax rate for the county and city to exceed 0.3 percent. If a city imposes the tax prior to the county in which the city is located, the county must provide a credit against its tax for the city tax. Fifteen percent of the tax proceeds received by a city imposing the public safety sales and use tax must be distributed to the county. Fifteen cities are currently imposing the tax.

Summary of Substitute Bill:

Counties may impose the public safety sales and use tax without voter approval.

Substitute Bill Compared to Original Bill:

The substitute bill removes the population provision authorizing all counties to impose the public safety sales and use tax without voter approval.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on March 4, 2013.

Effective Date of Substitute 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) The state's largest county, King County, has very large criminal justice needs. Elected representatives should be able to make the decision to provide public safety for the community. With the recession, human service needs are growing. Within the last five years \$30 million has been lost for human services in the community. Local jurisdictions need control over local revenue.

(Opposed) The impact to the accounting system of businesses collecting revenue for the state is huge when changes are made. If the legislative body wants to give councilmatic authority, the citizens of the local area should be asked if they want that authority for their own local municipality.

Persons Testifying: (In support) Representative Fitzgibbon, prime sponsor; Barbara Landon, Lifewire; and Stan Kehl, Eastside Legal Assistance Program.

(Opposed) Amber Carter, Association of Washington Business.

Persons Signed In To Testify But Not Testifying: None.