

# SENATE BILL REPORT

## SHB 1155

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As of March 16, 2021

**Title:** An act relating to sales and use tax for emergency communication systems and facilities.

**Brief Description:** Concerning sales and use tax for emergency communication systems and facilities.

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Riccelli, Ormsby and Lekanoff).

**Brief History:** Passed House: 3/1/21, 56-41.

**Committee Activity:** Housing & Local Government: 3/17/21.

### Brief Summary of Bill

- Modifies requirements related to interlocal agreements for the emergency communications systems and facilities local sales and use tax.

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## SENATE COMMITTEE ON HOUSING & LOCAL GOVERNMENT

**Staff:** Jeff Olsen (786-7428)

**Background:** Retail Sales and Use Tax. Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use tax applies to the value of property, digital products, or services when used in this state. The state, all counties, and all cities levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent. Local sales and use tax rates vary from 0.5 percent to 3.9 percent, depending on the location.

Emergency Communications Systems and Facilities Local Sales and Use Tax. Counties

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may levy a sales and use tax to fund costs associated with emergency communication systems and facilities (emergency communications sales and use tax) with voter approval. The maximum tax rate is 0.2 percent. The funds must be used for costs associated with financing, design, acquisition, construction, equipping, operating, maintaining, remodeling, repairing, re-equipping, and improvement of emergency communication systems and facilities.

Any county with a population of more than 500,000 but less than 1.5 million and any city in that county with a population over 50,000 operating emergency communication systems and facilities must enter into an interlocal agreement to determine distribution of revenue prior to submitting the authorizing ballot to the voters. Any 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.

**Summary of Bill:** Any county with a population over 1.5 million imposing the emergency communications sales and use tax and any city in that county with a population over 50,000 operating emergency communications systems and facilities, either independently or as a member of regional agency, must enter into an interlocal agreement to determine the distribution of revenue from the tax within 12 months of meeting the city and county population thresholds, or within 12 months of the effective date of the bill, whichever is later.

Any county with a population between 500,000 and 1.5 million imposing the emergency communications sales and use tax and any city in that county with a population over 50,000 operating emergency communications systems and facilities must enter into an interlocal agreement to determine the distribution of revenue from the tax within 12 months of meeting the city and county population thresholds or within 12 months of the effective date of the bill, whichever is later.

The deadline to enter into an interlocal agreement may be extended for an additional three months with the agreement of the city and the county.

If the city and county fail to enter into an interlocal agreement within the allotted time frame, then the city or county may seek equitable apportionment of the tax in the county's superior court and that apportionment must be retroactive to when the city and county met the relevant population thresholds or the effective date of the bill, whichever is later.

**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.