
Local Government Committee

HB 1702

Brief Description: Imposing a local sales tax wholly credited against the state sales tax to support programs for senior citizens.

Sponsors: Representatives Orcutt, Abbarno, Volz and Jacobsen.

Brief Summary of Bill

- Authorizes a rural county to impose a sales and use tax credited against the state sales and use tax for purposes of administering senior citizens programs.

Hearing Date: 2/15/23

Staff: Elizabeth Allison (786-7129).

Background:

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 product, or service, then use tax applies to the value of property, digital product, or service 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 4 percent, depending on the location.

Senior Citizens Programs.

Counties, cities, and towns are authorized to establish and administer senior citizens programs either directly or by creating public corporations or authorities to carry out the programs and to

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expend their own funds for such purposes.

Counties, cities, and towns may also establish and administer long-term care ombuds programs for residents, patients, and clients if such a program is not prohibited by federal or state law.

Rural Counties.

A rural county is a county with a population density of less than 100 persons per square mile, or a county smaller than 225 square miles, as determined by the Office of Financial Management.

Summary of Bill:

Rural counties are authorized to impose a sales and use tax of 0.01 percent of the selling price in the case of a sales tax, or value of the article used in the case of a use tax. The tax must be deducted from the state sales and use tax. The money collected must only be used for administering senior citizens programs.

Appropriation: None.

Fiscal Note: Requested on February 2, 2023.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2023.