

SENATE BILL REPORT

SB 5604

As of February 5, 2023

Title: An act relating to county sales and use taxes for mental health and housing.

Brief Description: Concerning county sales and use taxes for mental health and housing.

Sponsors: Senators Robinson, Nguyen and Stanford.

Brief History:

Committee Activity: Local Government, Land Use & Tribal Affairs: 2/07/23.

Brief Summary of Bill

- Allows counties to use chemical dependency and mental health treatment services tax revenue for modifications to existing facilities to address health and safety needs of chemical dependency or mental health treatment programs or services.
- Allows revenue from the affordable and supportive housing sales tax to be used for rental assistance in all jurisdictions.

SENATE COMMITTEE ON LOCAL GOVERNMENT, LAND USE & TRIBAL AFFAIRS

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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 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.

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

Chemical Dependency and Mental Health Treatment Services Tax. The Legislature authorized a sales tax to be used to fund the operation of chemical dependency or mental health treatment programs, or for the operation of therapeutic court programs. This tax may be imposed by a county, or, because Pierce County had not imposed the tax by 2011, by a city with more than 30,000 people in Pierce County, at a rate of 0.01 percent.

Revenue from the tax must be used solely for chemical dependency or mental health treatment programs and services and for the operation of therapeutic court programs and services. Revenue collected by cities may also be used for modifications to existing facilities to address health and safety needs necessary for the provision, operation, or delivery of chemical dependency or mental health treatment programs or services otherwise funded with revenue from the tax.

Affordable and Supportive Housing. Local jurisdictions may impose a local state-shared sales and use tax to fund affordable or supportive housing. The maximum rate imposed may not exceed either 0.0146 percent or 0.0073 percent. The tax is credited against the state sales tax collected in the jurisdiction. To impose the tax, the local jurisdiction must adopt both of the following:

- a resolution of intent to adopt legislation by January 28, 2020; and
- legislation to authorize the tax by July 28, 2020.

Depending on the population of the local jurisdiction, funds from this tax must be used for the following:

- acquisition, rehabilitation, or construction of affordable housing; or
- funding the operations and maintenance costs of new units of affordable or supportive housing.

Counties with a population of 400,000 or less and cities with a population of 100,000 or less may also use the revenue to provide rental assistance to tenants. Housing and services may only be provided to persons whose income is at or below 60 percent of the county median income.

Counties and cities imposing the tax must submit annual reports on the collection and uses of the revenue to the Department of Commerce, and Commerce must submit a report annually to the appropriate legislative committees. The tax expires 20 years after the jurisdiction first imposes the tax.

Summary of Bill: Chemical dependency and mental health treatment services tax revenue collected by counties may also be used for modifications to existing facilities to address health and safety needs necessary for the provision, operation, or delivery of chemical dependency or mental health treatment programs or services otherwise funded with revenue from the tax.

Revenue from the affordable and supportive housing sales tax may be used for rental assistance in all jurisdictions.

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.