Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Finance Committee

SB 5696

Brief Description: Concerning the sales and use tax supporting chemical dependency and mental health treatment programs.

Sponsors: Senator King.

Brief Summary of Bill

- Expands allowable uses of revenue from the local mental health and chemical dependency sales tax to include the new construction of facilities for the purposes of mental health treatment programs or services.

Hearing Date: 3/18/25

Staff: Kristina King (786-7190).

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 are not collected when the user acquires 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 4.1 percent, depending on the location.

Local Mental Health and Chemical Dependency Sales and Use Tax.
All counties and certain cities may impose, by councilmanic action, a mental health and chemical

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dependency sales and use tax up to 0.1 percent. Revenue from the tax must be used for expenses related to the operation or delivery of chemical dependency or mental health treatment programs or services, including, but not limited to, therapeutic court programs, treatment services, case management, transportation, and housing that are components of a treatment program or service. Funds may also be used to modify existing facilities to address the health and safety needs necessary for the provision, operation, or delivery of chemical dependency or mental health treatment programs or services.

Summary of Bill:

In addition to modifying existing facilities, revenue from the local mental health and chemical dependency sales and use tax may be used for new construction of facilities addressing the health and safety needs necessary for the provision, operation, or delivery of chemical dependency or mental health treatment programs or services.

Appropriation: None.

Fiscal Note: Available.

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