HOUSE BILL REPORT
SB 5696

As Passed House:
April 9, 2025

Title: An act relating to the sales and use tax supporting chemical dependency and mental health treatment programs.

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

Sponsors: Senator King.

Brief History:
Committee Activity:
Finance: 3/18/25, 3/27/25 [DP].
Floor Activity:
Passed House: 4/9/25, 96-1.

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.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 15 members: Representatives Berg, Chair; Street, Vice Chair; Orcutt, Ranking Minority Member; Jacobsen, Assistant Ranking Minority Member; Abell, Chase, Mena, Parshley, Penner, Ramel, Santos, Scott, Springer, Walen and Wylie.

Staff: Kristina King (786-7190).

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.

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 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.

Staff Summary of Public Testimony:

(In support) This bill clarifies that counties can use revenue from this sales and use tax for new construction, since there was some confusion amongst counties. Some counties were already using it for new construction and others were not. Sometimes it is cheaper to build new buildings rather than renovate existing buildings. This money can be used for therapeutic courts, case management, and grants, and it is good for counties.

(Opposed) None.

Persons Testifying: Senator Curtis King, prime sponsor; LaDon Linde, Yakima County Commissioner; and Jordan Boege, Clark County .

Persons Signed In To Testify But Not Testifying: None.